

TIMKEN CO  
Form 11-K  
June 29, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2014

OR  
o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from to  
Commission file number: 1-1169

THE TIMKEN COMPANY SAVINGS AND INVESTMENT PENSION PLAN  
(Full title of the Plan)

THE TIMKEN COMPANY, 4500 Mt. Pleasant St., NW,  
North Canton, OH 44720-5450  
(Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office)

---

Table of Contents

The Timken Company Savings and Investment Pension Plan  
Financial Statements and Supplemental Schedules  
December 31, 2014 and 2013 and  
Year Ended December 31, 2014

Table of Contents

<u>Report of Independent Registered Public Accounting Firm</u>	<u>1</u>
Financial Statements	
<u>Statements of Net Assets Available for Benefits</u>	<u>2</u>
<u>Statement of Changes in Net Assets Available for Benefits</u>	<u>3</u>
<u>Notes to Financial Statements</u>	<u>4</u>
Supplemental Schedules	
<u>Schedule H, Line 4a - Schedule of Delinquent Participant Contributions</u>	<u>20</u>
<u>Schedule H, Line 4i - Schedule of Assets (Held at End of Year)</u>	<u>21</u>

Exhibit 23 - Consent of Independent Registered Public Accounting Firm

---

Report of Independent Registered Public Accounting Firm

The Timken Company, Administrator of  
The Timken Company Savings and  
Investment Pension Plan

We have audited the accompanying statements of net assets available for benefits of The Timken Company Savings and Investment Pension Plan as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of The Timken Company Savings and Investment Pension Plan at December 31, 2014 and 2013, and the changes in its net assets available for benefits for the year ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2014, and delinquent participant contributions for the year then ended, have been subjected to audit procedures performed in conjunction with the audit of The Timken Company Savings and Investment Pension Plan's financial statements. The information in the supplemental schedules is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedules. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP  
Akron, Ohio  
Date: June 29, 2015

Table of Contents

## The Timken Company Savings and Investment Pension Plan

## Statements of Net Assets Available for Benefits

	December 31,	
	2014	2013
Assets		
Investments, at fair value:		
Interest in The Master Trust Agreement for The Timken Company Defined Contribution Plans	\$1,032,983,138	\$1,283,691,961
Receivables:		
Contributions receivable from participants	2,638,979	2,306,690
Contributions receivable from The Timken Company	2,921,279	3,906,841
Participant notes receivable	23,568,264	27,047,631
	29,128,522	33,261,162
 Total assets reflecting investments at fair value	 1,062,111,660	 1,316,953,123
 Adjustment from fair value to contract value for interest in The Master Trust Agreement for The Timken Company Defined Contribution Plans relating to fully benefit-responsive investment contracts	 (1,764,987	 ) (43,698
Net assets available for benefits	\$1,060,346,673	\$1,316,909,425

See accompanying notes.

Table of Contents

## The Timken Company Savings and Investment Pension Plan

## Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2014

## Additions

## Investment Income:

Net appreciation from The Master Trust Agreement for The Timken Company Defined Contribution Plans	\$78,533,293
--	--------------

Interest income from participant notes	1,081,194
--	-----------

Participant rollovers	3,914,117
-----------------------	-----------

## Contributions:

Participants	32,442,424
--------------	------------

The Timken Company	24,269,722
--------------------	------------

	56,712,146
--	------------

Total additions	140,240,750
-----------------	-------------

## Deductions

Benefits paid directly to participants	125,083,797
--	-------------

Administrative expenses	1,019,375
-------------------------	-----------

Total deductions	126,103,172
------------------	-------------

Net increase prior to transfers	14,137,578
---------------------------------	------------

Transfers to TimkenSteel Corporation	(277,218,784)	)
--------------------------------------	---------------	---

Transfers In	6,518,454
--------------	-----------

Net decrease	(256,562,752)	)
--------------	---------------	---

## Net assets available for benefits:

Beginning of year	1,316,909,425
-------------------	---------------

End of year	\$1,060,346,673
-------------	-----------------

See accompanying notes.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements  
December 31, 2014 and 2013 and  
Year Ending December 31, 2014

1. Description of the Plan

The following description of The Timken Company Savings and Investment Pension Plan (the Plan) provides only general information. Participants should refer to the Total Rewards handbook (Summary Plan Description) for a more complete description of the Plan's provisions. Copies of the handbook are available from the Plan Administrator, The Timken Company (the Company).

On June 30, 2014, the Company completed the separation of its steel business from its bearing and power transmissions business through a spinoff, creating a new independent publicly traded company, TimkenSteel Corporation (TimkenSteel). The Company's board of directors declared a distribution of all outstanding common shares of TimkenSteel through a dividend. At the close of business on June 30, 2014, the Company's shareholders received one common share of TimkenSteel for every two common shares of the Company they held as of the close of business on June 23, 2014. A dividend of \$80,427,192 in TimkenSteel was distributed to participants in the Plan, creating the TimkenSteel Common Stock Fund. In addition, as a result of the spinoff, \$277,218,784 of plan assets were transferred to The TimkenSteel Corporation Savings and Investment Pension Plan for TimkenSteel employees and retirees.

General

The Plan is a defined contribution plan available to salaried employees of The Timken Company, The Timken Corporation, Timken LLC, Timken Boring Specialties, LLC, Timken Housed Units, TSB Metal Recycling, Timken Gears & Services Inc., Timken Drives LLC, MPB Corporation, Timken Alcor Aerospace Technologies, Inc., Timken Aerospace Transmissions, Timken Aerospace Bearing Inspection, Timken Motor & Crane Services LLC, and Timken ILS Dayton Inc., and to nonbargaining hourly employees at the following locations: Rutherfordton, North Carolina; Honea Path, South Carolina; Tyger River, South Carolina; Canton, Georgia; Pulaski, Tennessee; Mascot, Tennessee; Ogden, Utah; Carlyle, Illinois; Lenexa, Kansas; Carolina Service Center; Indiana Service Center; Bucyrus, Ohio; Gaffney, South Carolina; Lincolnton, North Carolina; and hourly employees of Timken LLC, Timken Boring Specialties, LLC, Timken Housed Units, Timken Gears & Services Inc., Timken Drives LLC, MPB Corporation, Timken Alcor Aerospace Technologies, Inc., Timken Aerospace Transmissions, Timken Aerospace Bearing Inspection, Timken Motor & Crane Services LLC, Timken ILS Dayton Inc, and The Schulz Electric Company. Employees of these entities become eligible to participate in the Plan the first of the month following the completion of one full calendar month of full-time service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). TimkenSteel employees of The Timken Company, Timken Boring Specialties, LLC, and TSB Metal Recycling were part of the spinoff of TimkenSteel.

Plan Mergers

Effective June 28, 2013, the assets and liabilities of The Timken Company Employee Savings Plan were transferred to and merged into the Plan. The net assets transferred into the Plan are reflected on the December 31, 2014 statement of changes in net assets available for benefits as a transfer into The Plan.

Contributions

Under the provisions of the Plan, participants may elect to contribute between 1% and 75% of their gross earnings directly to the Plan, depending on their monthly wages and subject to Internal Revenue Service (IRS) limitations. The Company matches such employee contributions, "Matching Contributions," at an amount equal to 100% of the first 3% of the participant's gross earnings deferred to the Plan, and 50% of the next 3% of gross earnings deferred to the Plan. Participants may also roll over amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Plan provides for a quarterly 401(k) Plus Contribution by the Company for employees hired prior to January 1, 2004 at the Company's facilities in Altavista, Virginia; Asheboro, North Carolina; St. Clair, Ohio; Tryon Peak, North

Carolina; and the Indiana Service Center, and who did not have five years of Continuous Service and 50 points (in Continuous Service and age) as of December 31, 2003. This contribution is based on the participant's full years of service at amounts ranging from 2.5% to 8.0% of the participant's eligible compensation.

The Plan provides for a quarterly "Core Contribution" by the Company for all plan participants except employees of Timken Drives LLC, Timken Housed Units, Timken Motor & Crane Services LLC, and Timken Boring Specialties LLC those accruing service under a defined benefit pension plan sponsored by the Company, and those receiving a 401(k) Plus Contribution. This contribution is based on the participant's full years of service and age as of December 31 of the previous calendar year. Core Contribution amounts range from 1.0% to 4.5% of the participant's eligible compensation.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

The Plan provides for a quarterly “Timken Drives 401(k) Plus Contribution” by the Company for employees of Timken Drives, LLC. This contribution is based on the participant’s full years of service in amounts of 1.0% (for those with 25-29 years of services) or 2.0% (for those with 30 or more years of service) of the participant’s eligible compensation.

Effective April 15, 2010, any employee hired prior to 2007 who had not enrolled as a participant in the Plan as of February 22, 2010; and any employee hired after 2006 who, prior to February 22, 2010, had elected not to participate in the Plan, were automatically enrolled in the Plan at a 3% deferral rate. If the participant makes no further changes to his/her deferral rate, then each year following the year in which the participant was automatically enrolled in the Plan the participant’s deferral rate will be increased by 1% until a deferral rate of 6% has been attained. Matching Contributions are made in common stock of the Company.

Participants are not allowed to diversify the Matching Contributions made in common shares of the Company until (i) attaining age 55, (ii) the third anniversary of the date on which such participant is hired, (iii) the date such participant obtains three years of Continuous Service, or (iv) following retirement. 401(k) Plus Contributions and Core Contributions are invested based on the participant’s investment election. If a participant fails to make investment elections, his/her deferrals will default to an appropriate Vanguard Target Retirement Fund, based on the participant’s age.

Participants have access to their account information and the ability to make account transfers and contribution changes daily through an automated telecommunications system and through the Internet.

Participants may elect to have their vested dividends in The Timken Company Common Stock Fund distributed to them in cash rather than automatically reinvested in common shares of the Company.

**Delinquent Participant Contributions**

During 2014, the Company failed to transmit certain participant contributions to the Plan in the amount of \$61,815 within the time period prescribed by ERISA. Late transmissions of participant contributions constitute a prohibited transaction under ERISA section 406, regardless of materiality. The Company transmitted the delinquent participant contributions to the Plan by December 31, 2014 and reimbursed the Plan for lost earnings in the amount of \$1,756 on February 20, 2015. Related excise taxes were paid by the Company.

**Participant Accounts**

Each participant’s account is credited with the participant’s contributions and allocations of (a) the Company’s contributions and (b) Plan earnings, and is charged administrative expenses, as appropriate. Plan earnings are allocated based on the participant’s share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on participant’s account balances, as defined. Forfeited balances of terminated participants’ nonvested accounts are used to reduce future Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

**Vesting**

Participants are immediately vested in their contributions and Matching Contributions plus actual earnings thereon. Participants vest in the 401(k) Plus Contributions and Core Contributions after the completion of three years of service. Participants vest in the Base Contributions (contributions made prior to 2007) on a five-year graduated vesting scale based on years of continuous service. Participants who ceased employment on December 31, 2009, as a direct result of the sale of Timken’s Needle Roller Bearing assets became fully vested in their account.

**Forfeitures**

Under the provisions of the Plan, if a participant leaves the Company with less than three years of Continuous Service, all Core Contributions and any earnings on those contributions are forfeited and used to fund other Company contributions for eligible associates. In addition, if a participant leaves the Company with less than five years of Continuous Service, any non-vested matching contributions, company retirement contributions, base contributions, and any earnings on those contributions are forfeited and used to fund other Company contributions for eligible



associates. Forfeitures balances as of December 31, 2014 and 2013 were approximately \$62,600 and \$431,200, respectively.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

Participant Notes Receivable

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms generally cannot exceed five years for general purpose loans, and 30 years for residential loans.

The loans are secured by the balance in the participant's account and bear interest at an interest rate of 1% in excess of the prime rate, as published the first business day of each month in the Wall Street Journal. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

Benefits are recorded when paid. On termination of service, a participant may receive a lump-sum amount equal to the vested balance of their account or elect to receive installment payments of their vested assets over a period of time not to exceed their life expectancy. If a participant's vested account balance is greater than \$1,000, they may leave their vested assets in the Plan until age 70-1/2.

Hardship withdrawals are allowed for participants incurring an immediate and severe financial need, as defined by the Plan. Hardship withdrawals are strictly regulated by the IRS and a participant must exhaust all available loan options and distributions prior to requesting a hardship withdrawal.

Transfers between Plans

Certain participants who change job positions within the Company and, as a result, are covered under a different defined contribution plan offered by the Company may be eligible to transfer his or her account balance between plans.

Administrative Expenses

The plan's administrative expenses are paid by either the Plan or the Company, as provided by the Plan's provisions. Administrative expenses paid by the Plan include recordkeeping and trustee fees. Expenses relating to purchases, sales or transfers of the Plan's investments are charged to the particular investment fund to which the expenses relate. All other administrative expenses of the Plan are paid by the Company. Expenses that are paid by the Company are excluded from these financial statements.

Plan Termination

Although it has not expressed any interest to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the Plan's trustee, JP Morgan (Trustee), shall distribute to each participant the vested balance in their separate account.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

2. Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Participant Notes Receivable

Participant notes receivable represents participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2014 or 2013. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value and are invested in The Master Trust Agreement for The Timken Company Defined Contribution Plans (Master Trust), which was established for the investment of assets of the Plan and the two other defined contribution plans sponsored by the Company. The Plan's trustee maintains a collective investment trust of common shares of the Company in which the Company's defined contribution plans participate on a unit basis. Timken common shares are traded on a national securities exchange and participation units in The Timken Company Common Stock Fund are valued at the last reported sales price on the last business day of the plan year.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes and supplemental schedules. Actual results could differ from those estimates.

New Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent), (ASU 2015-07). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient provided by Accounting Standards Codification 820, Fair Value Measurement. Disclosures about investments in certain entities that calculate net asset value per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient. ASU 2015-07 is effective for entities (other than public business entities) for fiscal years beginning after December 15, 2016, with retrospective application to all periods presented. Early application is permitted. The Company is currently evaluating the impact of adopting ASU 2015-07.

Table of ContentsThe Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

## 3. Investments

The Plan's assets are held in the Master Trust, commingled with assets of other Company-sponsored benefit plans. Each participating plan's interest in the investment funds (i.e., separate accounts) of the Master Trust is based on account balances of the participants and their elected investment funds. The Master Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Master Trust. The Plan's ownership percentage in the Master Trust as of December 31, 2014 and 2013 was 97.24% and 88.72%, respectively.

The following tables present the fair value of investments in the Master Trust and the Plan's ownership percentage in each investment fund of the Master Trust:

	December 31, 2014				Total Assets	Plan's Ownership Percentage	
	Cash and Cash Equivalents	Company Stock	Registered Investment Companies	Common Collective			
Investment, at Fair Value:							
The Timken Company Common Stock Fund	\$ 657,641	\$ 169,394,951	\$—	\$—	\$ 170,052,592	98.21	%
TimkenSteel Common Stock Fund	11,108	63,360,126	—	—	\$63,371,234	98.09	%
Morgan Stanley Small Company Growth	—	—	14,813,430	—	14,813,430	98.08	%
American Funds EuroPacific Growth	—	—	86,365,892	—	86,365,892	99.10	%
American Funds Washington Mutual Investors	—	—	29,056,130	—	29,056,130	98.37	%
American Beacon Small Cap Value	—	—	19,829,041	—	19,829,041	97.80	%
Vanguard Target Retirement Income	—	—	18,682,387	—	18,682,387	90.60	%
Vanguard Target Retirement 2015	—	—	53,853,742	—	53,853,742	95.64	%
Vanguard Target Retirement 2025	—	—	42,876,841	—	42,876,841	98.45	%
Vanguard Target Retirement 2035	—	—	35,591,237	—	35,591,237	98.77	%
Vanguard Target Retirement 2045	—	—	14,860,688	—	14,860,688	99.03	%
Vanguard Target Retirement 2020	—	—	14,653,078	—	14,653,078	96.50	%
Vanguard Target Retirement 2030	—	—	10,230,594	—	10,230,594	94.87	%
Vanguard Target Retirement 2040	—	—	3,273,703	—	3,273,703	96.94	%
	—	—	2,702,181	—	2,702,181	98.75	%

Edgar Filing: TIMKEN CO - Form 11-K

Vanguard Target Retirement 2050								
JPMorgan S&P 500 Index	—	—	—	8,519,545	8,519,545	0.00	%	
The Timken Company - JPMCB Core Bond Fund	—	—	—	88,400,086	88,400,086	97.71	%	
JPMorgan Equity Index	—	—	—	149,370,583	149,370,583	100.00	%	
Nuveen Winslow Large-Cap Growth	—	—	—	56,696,153	56,696,153	98.14	%	
SSgA Russell 2000-A Index	—	—	—	47,039,238	47,039,238	98.40	%	
	\$ 668,749	\$ 232,755,077	\$ 346,788,944	\$ 350,025,605	\$ 930,238,375			
Wells Fargo Stable Value Fund:								
Wells Fargo Stable Return Fund	—	—	—	3,264,205	3,264,205			
Wells Fargo Stable Value Fund	—	—	—	128,802,600	128,802,600			
Adjustment from fair value to contract value	—	—	—	(1,823,408	) (1,823,408	)		
	\$ —	\$ —	\$ —	\$ 130,243,397	\$ 130,243,397	96.80	%	
Net Assets of Master Trust	\$ 668,749	\$ 232,755,077	\$ 346,788,944	\$ 480,269,002	\$ 1,060,481,772	97.24	%	

Table of ContentsThe Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

	December 31, 2013								
	Cash and Cash Equivalents	Company Stock	Registered Investment Companies	Common Collective	Government and Agency Securities	Mortgage and Asset Backed Securities	Corporate Bonds	Wrap Contracts	Total
Investment, at Fair Value: The Timken Company Common Stock Fund	\$2,272,411	\$311,718,611	\$—	\$—	\$—	\$—	\$—	\$—	\$313,991,022
Morgan Stanley Small Company Growth	—	—	26,341,600	—	—	—	—	—	26,341,600
American Funds EuroPacific Growth	—	—	122,203,443	—	—	—	—	—	122,203,443
American Funds Washington Mutual	—	—	37,090,782	—	—	—	—	—	37,090,782
Investors American Beacon Small Cap Value	—	—	32,171,620	—	—	—	—	—	32,171,620
Vanguard Target Retirement Income	—	—	25,366,044	—	—	—	—	—	25,366,044
Vanguard Target Retirement 2015	—	—	74,178,696	—	—	—	—	—	74,178,696
Vanguard Target Retirement 2025	—	—	49,463,045	—	—	—	—	—	49,463,045
Vanguard Target Retirement 2035	—	—	42,757,483	—	—	—	—	—	42,757,483

Edgar Filing: TIMKEN CO - Form 11-K

Vanguard Target Retirement 2045	—	—	20,055,670	—	—	—	—	—	20,0
Vanguard Target Retirement 2020	—	—	14,424,622	—	—	—	—	—	14,4
Vanguard Target Retirement 2030	—	—	6,253,997	—	—	—	—	—	6,25
Vanguard Target Retirement 2040	—	—	2,596,672	—	—	—	—	—	2,59
Vanguard Target Retirement 2050	—	—	2,152,852	—	—	—	—	—	2,15
JPMorgan S&P 500 Index	—	—	—	40,380,646	—	—	—	—	40,3
The Timken Company - JPM Bond Fund	—	—	—	7,415,239	24,596,335	66,456,847	18,282,643	—	116
JPMorgan Equity Index	—	—	—	180,551,056	—	—	—	—	180
Nuveen Winslow Large-Cap Growth	—	—	—	80,486,000	—	—	—	—	80,4
SSgA Russell 200-A Index	—	—	—	69,365,489	—	—	—	—	69,3
	\$2,272,411	\$311,718,611	\$455,056,526	\$378,198,430	\$24,596,335	\$66,456,847	\$18,282,643	\$—	\$1,2
JPMorgan Stable Value Fund:									
JPMorgan Liquidity Fund	—	—	—	5,763,603	—	—	—	—	5,76
JPMorgan Intermediate Bond Fund	—	—	—	184,514,113	—	—	—	—	184
JPMorgan Mortgage Private Placement	—	—	—	—	—	—	—	—	—

Edgar Filing: TIMKEN CO - Form 11-K

Fund Wrapper Value	—	—	—	—	—	—	—	45,074	45,074
Adjustment from fair value to contract value	—	—	—	(51,241)	—	—	—	—	(51,241)
	\$—	\$—	\$—	\$190,226,475	\$—	\$—	\$—	\$45,074	\$190,181,434
Net Assets of Master Trust	\$2,272,411	\$311,718,611	\$455,056,526	\$568,424,905	\$24,596,335	\$66,456,847	\$18,282,643	\$45,074	\$1,446,817,772



Table of Contents

The Timken Company Savings and Investment Plan  
 Notes to Financial Statements (continued)

Changes in net assets for the Master Trust are as follows:

	Year Ended December 31, 2014
Net Transfers (contributions, transfers and benefit payments for the participating plans)	\$(549,368,057 )
Net appreciation in fair value of instruments:	
Company Stock	16,572,021
Registered Investment Companies	6,303,835
Common Collective Funds	34,646,492
Government and Agency Securities	1,885,282
Mortgage and Asset Backed Securities	1,441,975
Corporate Bonds	1,848,486
Investment Contracts	1,957,632
	(484,712,334 )
Interest	1,382
Dividends	99,370,299
	99,371,681
Total investment income (net of transfers)	(385,340,653 )
Administrative expenses	(1,030,927 )
Net decrease	(386,371,580 )
Net assets:	
Beginning of the year	1,446,853,352
End of the year	\$1,060,481,772

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

4. Fair Value

The fair value framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

The following tables present the fair value hierarchy for those investments of the Master Trust measured at fair value on a recurring basis as of December 31, 2014 and 2013:

	Assets at Fair Value as of			
	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and Cash Equivalents:				
JPMorgan US Government Money Market	\$668,749	\$—	\$668,749	\$—
Company Stock:				
The Timken Company Common Stock	169,394,951	169,394,951	—	—
TimkenSteel Common Stock	63,360,126	63,360,126	—	—
Registered Investment Companies:				
Morgan Stanley Small Company Growth	14,813,430	14,813,430	—	—
American Funds EuroPacific Growth	86,365,892	86,365,892	—	—
American Funds Washington Mutual Investors	29,056,130	29,056,130	—	—
American Beacon Small Cap Value	19,829,041	19,829,041	—	—
Vanguard Target Retirement Income	18,682,387	18,682,387	—	—
Vanguard Target Retirement 2015	53,853,742	53,853,742	—	—
Vanguard Target Retirement 2020	14,653,078	14,653,078	—	—
Vanguard Target Retirement 2025	42,876,841	42,876,841	—	—
Vanguard Target Retirement 2030	10,230,594	10,230,594	—	—
Vanguard Target Retirement 2035	35,591,237	35,591,237	—	—
Vanguard Target Retirement 2040	3,273,703	3,273,703	—	—
Vanguard Target Retirement 2045	14,860,688	14,860,688	—	—
Vanguard Target Retirement 2050	2,702,181	2,702,181	—	—
Common Collective Funds:				
JPMorgan S&P 500 Index	8,519,545	—	8,519,545	—
SSgA Russell 2000-A Index	47,039,238	—	47,039,238	—
JPMorgan Equity Index	149,370,583	—	149,370,583	—
Nuveen Windsor Large-Cap Growth	56,696,153	—	56,696,153	—
The Timken Company-JPM Bond Fund:				
Common Collective Fund:				
JPM Core Bond	88,400,086	—	88,400,086	—
Wells Fargo Stable Value Fund:				
Common Collective Funds:				
Wells Fargo Stable Return Fund	3,264,205	—	3,264,205	—
Wells Fargo Stable Value Fund	128,802,600	—	128,802,600	—
Total assets	\$1,062,305,180	\$579,544,021	\$482,761,159	\$—

Table of ContentsThe Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

	Assets at Fair Value as of			
	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and Cash Equivalents:				
JPMorgan US Government Money Market	\$2,272,411	\$—	\$2,272,411	\$—
Company Stock:				
The Timken Company Common Stock	311,718,611	311,718,611	—	—
Registered Investment Companies:				
Morgan Stanley Small Company Growth	26,341,600	26,341,600	—	—
American Funds EuroPacific Growth	122,203,443	122,203,443	—	—
American Funds Washington Mutual Investors	37,090,782	37,090,782	—	—
American Beacon Small Cap Value	32,171,620	32,171,620	—	—
Vanguard Target Retirement Income	25,366,044	25,366,044	—	—
Vanguard Target Retirement 2015	74,178,696	74,178,696	—	—
Vanguard Target Retirement 2020	14,424,622	14,424,622	—	—
Vanguard Target Retirement 2025	49,463,045	49,463,045	—	—
Vanguard Target Retirement 2030	6,253,997	6,253,997	—	—
Vanguard Target Retirement 2035	42,757,483	42,757,483	—	—
Vanguard Target Retirement 2040	2,596,672	2,596,672	—	—
Vanguard Target Retirement 2045	20,055,670	20,055,670	—	—
Vanguard Target Retirement 2050	2,152,852	2,152,852	—	—
Common Collective Funds:				
JPMorgan S&P 500 Index	40,380,646	—	40,380,646	—
SSgA Russel 2000-A Index	69,365,489	—	69,365,489	—
JPMorgan Equity Index	180,551,056	—	180,551,056	—
Nuveen Windslow Large-Cap Growth	80,486,000	—	80,486,000	—
The Timken Company-JPM Bond Fund:				
Common Collective Fund:				
JPMorgan Liquidity Fund	7,415,239	—	7,415,239	—
Government and Agency Securities	24,596,335	—	24,596,335	—
Mortgage and Asset Backed Securities	66,456,847	—	66,456,847	—
Corporate Bonds	18,282,643	—	18,282,643	—
JPMorgan Stable Value Fund:				
Common Collective Funds:				
JPMorgan Liquidity Fund	5,763,603	—	5,763,603	—
JPMorgan Intermediate Bond Fund	184,514,113	—	184,514,113	—
Wrapper Value	45,074	—	—	45,074
Total assets	\$1,446,904,593	\$766,775,137	\$680,084,382	\$45,074



Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

The investment strategy for American Funds Washington Mutual Investors is to invest in common stocks of established companies that are listed on, or meet the financial listing requirements of, the New York Stock Exchange and have a strong record of earnings and dividends.

The Timken Company and TimkenSteel Common Stock Funds participate in units and are valued based on the closing price of each company's common shares traded on a national securities exchange. Registered investment companies are valued based on quoted market prices reported on the active market on which the individual securities are traded. The JPMorgan S&P 500 Index Fund and the JPMorgan Equity Index Fund include investments that provide exposure to a broad equity market and are designed to mirror the aggregate price and dividend performance of the S&P 500 Index. The fair values of the investments in this category have been determined using the net asset value per share. At December 31, 2013, the Plan was invested in the Timken Company JPM Bond Fund. The JPM Bond Fund included investments that seek to maximize total return by investing primarily in a diversified portfolio of intermediate and long term debt securities. The JP Morgan Liquidity Fund was valued using the net asset value per share. The Government and Agency Securities were valued at the closing prices on the date of the last transaction. Mortgage and Asset Backed Securities were valued based on quoted prices for similar assets in active markets. Corporate Bonds were valued at the closing price on the date of the last transaction. During 2014, the Company replaced the JPM Bond Fund with the JPMCB Core Bond Fund. The JPMCB Core Bond Fund invests primarily in a diversified portfolio of intermediate and long-term debt securities and is valued using the net asset value per share. The SSgA Russell 2000-A Index Fund includes investments seeking an investment return that approximates as closely as practicable, before expenses, the performance of the Russell 2000 Index over the long term. The fund includes exposure to stocks of small U.S. companies. The fair value of the investments in this category has been determined using the net asset value per share.

The Nuveen Winslow Large-Cap Growth Fund is a portfolio that invests at least 80% of its net assets in equity securities of U.S. companies with market capitalization in excess of \$4 billion at the time of purchase. The fair value of the investments in this category has been determined using the net asset value per share on the active market on which the individual securities are traded.

At December 31, 2013, the Company was invested in the JP Morgan Stable Value Fund. The Stable Value Fund was invested in the JPMorgan Liquidity and JPMorgan Intermediate Bond funds. The fair value of the investment in these funds was estimated using the net asset value per share. The JPMorgan Liquidity Fund invested in a diversified portfolio of fixed and floating rate short-term money market instruments and U.S. Treasury securities. The JPMorgan Mortgage Private Placement invested primarily in privately placed fixed rate and floating rate mortgages and leasebacks secured by apartment complexes and single family homes, as well as commercial properties, such as office buildings, shopping centers, retail stores and warehouses. The JPMorgan Intermediate Bond Fund was designed as a fixed income portfolio strategy for stable value funds and other conservative fixed income investors. During 2014, the Company replaced the JP Morgan Stable Value Fund with the Wells Fargo Stable Value Fund. The Wells Fargo Stable Value Fund primarily invests in security backed investment contracts and is measured using the net asset value per share. As a result of the transition to the Wells Fargo Stable Value Fund, there are no Level 3 assets at December 31, 2014.

The following tables present a summary of changes in the fair value of the Master Trust's Level 3 assets as of December 31, 2014 and December 31, 2013:

	Wrapper Value	Total
Balance, January 1, 2014	\$45,074	\$45,074
Realized gains	(45,074 )	(45,074 )
Balance, December 31, 2014	\$—	\$—

Edgar Filing: TIMKEN CO - Form 11-K

	Wrapper Value		Total	
Balance, January 1, 2013	\$48,420		\$48,420	
Unrealized losses	(3,346	)	(3,346	)
Balance, December 31, 2013	\$45,074		\$45,074	

14

---

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

The following table represents the Plan's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs as of December 31, 2013:

December 31, 2013

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Synthetic guaranteed investment contract wrapper	\$45,074	Replacement Cost	Swap Yield Rate	0.81	%0.81
			Duration	3.05	
			Payout Date	N/A	
			Payout Percentage	N/A	

The following tables summarize investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2014 and 2013, respectively:

December 31, 2014	Fair Value	Redemption Unfunded Commitments	Redemption Frequency	Redemption Notice Period
JPMorgan S&P 500 Index	\$8,519,545	Not applicable	Daily	Trade Day
The Timken Company - JPM Core Bond Fund	\$88,400,086	Not applicable	Daily	Trade Day
SSgA Russell 2000-A Index	\$47,039,238	Not applicable	Daily	Trade Day
JPMorgan Equity Index	\$149,370,583	Not applicable	Daily	Trade Day + 1 day
Nuveen Windslow Large Cap Growth	\$56,696,153	Not applicable	Daily	Trade Day
Wells Fargo Stable Return Fund	\$3,264,205	Not applicable	Daily	Trade Day
Wells Fargo Stable Value Fund	\$128,802,600	Not applicable	Daily	Trade Day
December 31, 2013	Fair Value	Redemption Unfunded Commitments	Redemption Frequency	Redemption Notice Period
JPMorgan S&P 500 Index	\$40,380,646	Not applicable	Daily	Trade Day
The Timken Company - JPM Bond Fund	\$116,751,064	Not applicable	Daily	Trade Day
SSgA Russell 2000-A Index	\$69,365,489	Not applicable	Daily	Trade Day
JPMorgan Equity Index	\$180,551,056	Not applicable	Daily	Trade Day + 1 day
Nuveen Windslow Large Cap Growth	\$80,486,000	Not applicable	Daily	Trade Day
JPMorgan Liquidity	\$5,763,603	Not applicable	Daily	Trade Day
JPMorgan Intermediate Bond	\$184,514,113	Not applicable	Daily	Trade Day



Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

## 5. Non-Participant-Directed Investments

Non-participant-directed investments are investments in The Timken Company Stock Fund as a result of the Company matching contributions. Information about the net assets and the significant components of changes in net assets related to non-participant-directed investments is as follows:

	December 31, 2014	2013	
Investments, at fair value:			
Interest in Master Trust related to The Timken Company Common Stock Fund	\$229,172,474	\$286,562,693	
Receivables:			
Contributions receivable from The Timken Company	1,427,083	1,408,831	
	\$230,599,557	\$287,971,524	
		December 31, 2014	
Change in net assets:			
Net depreciation in fair value of investments		\$(60,344,396	)
Dividends		4,897,971	
Contributions		20,574,564	
Benefits paid directly to participants		(26,042,637	)
Expenses		(126,396	)
Transfers from participant-directed accounts (net)		3,668,927	
		\$(57,371,967	)

## 6. Investment Contracts

During 2013, the Master Trust invested in synthetic guaranteed investment contracts (SGICs), or a Stable Value Fund, that credit a stated interest rate for a specified period of time. The Stable Value Fund provided principal preservation plus accrued interest through fully benefit-responsive wrap contracts issued by a third party which back the underlying assets owned by the Master Trust. The account was credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The investment contract issuer was contractually obligated to repay the principal at a specified interest rate that was guaranteed to the Plan.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the fully benefit-responsive investment contracts. Contract value represents contributions made under the contracts, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan's wrapper contracts permit all allowable participant-initiated transactions to occur at contract value. There are no events known to the Plan that are probable of occurring and which would limit its ability to transact at contract value with the issuer of the wrapper contract, which also limit the ability of the Plan to transact at contract value with participants. The wrapper contracts cannot be terminated by its issuer at a value other than contract value or prior to the scheduled maturity date, except under a limited number of very specific circumstances including termination of the Plan or failure to qualify, material misrepresentations by the Plan sponsor or investment manager, failure by these same parties to meet material obligations under the contract, or other similar types of events.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rates for the wrap contracts are calculated on a quarterly basis (or more frequently if necessary) using contract value, market value of the underlying fixed income portfolio, the yield of the portfolio, and the duration of the index, but cannot be less than zero. The crediting rate is most affected by the change in the annual effective yield to maturity of the underlying securities, but is also affected by the difference between the contract value and the market value of the covered investments.

During 2014, the Company moved to Wells Fargo Stable Value Fund. The Wells Fargo Stable Value Fund is a common collective fund, thus the wraps are held at the common collective fund level.

Average Yields for SGICs	December 31,		
	2014	2013	
Based on actual earnings	N/A	1.0	%
Base on interest rate credited to participants	N/A	2.0	%

#### 7. Reconciliation of Financial Statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31, 2014	December 31, 2013
Net assets available for Benefits per the financial statements	\$1,060,346,673	\$1,316,909,425
Adjustments from contract value to fair value for fully benefit-responsive investment contracts	1,764,987	43,698
Net assets available for benefits per the Form 5500	\$1,062,111,660	\$1,316,953,123

The fully benefit-responsive investment contracts have been adjusted from fair value to contract value for purposes of the financial statements. For purposes of the Form 5500, the investment contracts will be stated at fair value.

The following is a reconciliation of total additions per the financial statements to total income per the Form 5500 for the year ended December 31, 2014:

	December 31, 2014
Total additions per the financial statements	\$140,240,750
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2013	(43,698 )
Add: Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2014	1,764,987
Total income per the Form 5500	\$141,962,039

#### 8. Risks and Uncertainties

The Master Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Table of Contents

The Timken Company Savings and Investment Plan  
Notes to Financial Statements (continued)

## 9. Income Tax Status

The Plan has received a determination letter from the IRS dated February 13, 2014 (previous letter dated April 23, 2003), stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code), and therefore, the related trust is exempt from taxation. Subsequent to this determination by the Internal Revenue Service, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes that the Plan, as amended, is qualified and the related trust is tax-exempt. The Plan Administrator will take steps to ensure that the Plan's operations remain in compliance with the Code, including taking appropriate action, when necessary, to bring the Plan's operations into compliance.

Accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2014, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2011.

## 10. Related-Party Transactions

Related-party transactions included the investments in the common stock of the Company and the investment funds of the Trustee. Such transactions are exempt from being prohibited transactions.

The following is a summary of transactions in Timken common shares with the Master Trust for the year ended December 31, 2014:

	Dollars
Purchased	\$25,304,727
Issued to participants for payment of benefits	\$10,876,925

Purchases and benefits paid to participants include Timken common shares valued at quoted market prices at the date of purchase or distribution.

Certain legal and accounting fees and certain administrative expenses relating to the maintenance of participant records are paid by the Company. Fees paid during the year for services rendered by parties in interest were based on customary and reasonable rates for such services.

During 2014, a total dividend of \$81,911,612 in TimkenSteel was distributed to participants in the Master Trust as a result of the spinoff, creating the TimkenSteel Common Stock Fund. Additionally, there were benefits paid of \$1,573,658 to participants in TimkenSteel common shares during 2014.

Supplemental Schedules

19

---

Table of Contents

The Timken Company Savings and Investment Pension Plan

EIN #34-0577130 Plan #011

Schedule H, Line 4a - Schedule of Delinquent Participant Contributions

Year Ended December 31, 2014

Participant Contributions Transferred  
Late to Plan

Total that Constitutes Nonexempt Prohibited Transactions

Check here if Late Participant Loan Repayments are Included: <input type="checkbox"/>	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51	
	\$—	\$—	\$—	\$24,843.53	(1)
	\$—	\$—	\$—	\$36,971.42	(2)
	\$—	\$—	\$49,299.38	\$—	(3)

- (1) Represents delinquent participant contributions and lost earnings for various pay periods in 2014.
- (2) Represents delinquent participant contributions and lost earnings associated with annual performance award in March, 2014.
- (3) Represents delinquent loan repayments and lost earnings for various pay periods in 2014.

Table of Contents

The Timken Company Savings and Investment Pension Plan

EIN #34-0577130 Plan #011  
 Schedule H, Line 4i - Schedule of Assets  
 (Held at End of Year)  
 Year Ended December 31, 2014

Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
Participant notes receivable*	Interest rates ranging from 4.25% to 11.50% with various maturity dates	\$23,568,264

\* Indicates party in interest to the Plan

Table of Contents

**SIGNATURES**

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other person who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

THE TIMKEN COMPANY SAVINGS AND  
INVESTMENT PENSION PLAN

Date: June 29, 2015

By: /s/ J. Ted Mihaila  
J. Ted Mihaila  
Senior Vice President and Controller