

TIMKEN CO
Form 11-K
June 28, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

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

VOLUNTARY INVESTMENT PROGRAM FOR
HOURLY EMPLOYEES OF LATROBE STEEL

COMPANY

(Full title of the Plan)

THE TIMKEN COMPANY, 1835 Dueber Avenue, S.W., Canton, Ohio 44706

(Name of issuer of the securities held pursuant to the Plan

and the address of its principal executive office)

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Voluntary Investment Program for Hourly Employees of Latrobe Steel Company

Unaudited Financial Statements and Supplemental Schedule

December 31, 2010 and 2009, and

Year Ended December 31, 2010

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Unaudited Financial Statements

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Voluntary Investment Program for Hourly
Employees of Latrobe Steel Company
Statements of Net Assets Available for Benefits
(unaudited)

	December 31,	
	2010	2009
Assets		
Investments, at fair value:		
Interest in The Master Trust Agreement for The Timken Company Defined Contribution Plans	\$ 2,156,383	\$ 2,509,458
Receivables:		
Participant notes receivable	5,922	10,567
Total assets reflecting investments at fair value	2,162,305	2,520,025
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	8,976	23,592
Net assets available for benefits	\$ 2,171,281	\$ 2,543,617

See accompanying notes.

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Voluntary Investment Program for Hourly
 Employees of Latrobe Steel Company
 Statement of Changes in Net Assets Available for Benefits
 (unaudited)
 Year Ended December 31, 2010

Additions

Investment income:	
Net investment gain from The Master Trust Agreement for The Timken Company Defined Contribution Plans	\$ 475,468
Interest income from participant notes	499
Total additions	475,967

Deductions

Benefits distributed directly to participants	848,178
Administrative expenses	125
Total deductions	848,303

Net decrease	(372,336)
Net assets available for benefits:	
Beginning of year	2,543,617
End of year	\$ 2,171,281

See accompanying notes.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements

(unaudited)

December 31, 2010 and 2009, and

Year Ended December 31, 2010

1. Description of the Plan

The following description of the Voluntary Investment Program for Hourly Employees of Latrobe Steel Company (the Plan) provides only general information. Participants should refer to the *2002 401(k) Agreement Between Timken Latrobe Steel and the United Steelworkers of America* AFL-CIO (2002 401(k) Agreement) for a more complete description of the Plan's provisions.

General

Effective December 8, 2006, The Timken Company (Timken) sold Latrobe Steel Company (the Company). As a result of this transaction, all participants in the Plan terminated their employment with The Timken Company and the Plan will no longer have any new participants or contributions. However, The Timken Company, the Plan Administrator, will continue to sponsor the Plan for those participants who have elected not to transfer their accounts to another plan. The Plan is a defined contribution plan which covered hourly employees of the Company who were represented by the United Steelworkers of America (USWA). Employees of the Company became eligible to participate in the Plan upon completion of the eligibility requirements under the 2002 Insurance Agreement and upon completion of 1,000 hours of service within a twelve-month period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Under the provisions of the Plan, participants were able to contribute up to 15% of gross earnings, as defined in the Plan, subject to Internal Revenue Service (IRS) limitations. Participants were also able to contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. No Company contributions were provided under the Plan. Upon enrollment, a participant could direct their contribution in 1% increments to any of the Plan's fund options. Participants have access to their account information and the ability to make account changes daily through an automated telecommunication system and through the Internet.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Participant Accounts

Each participant's account was credited with the participant's contributions and allocations of Plan earnings, and is charged administrative expenses, as appropriate. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participants were able to elect to have their dividends in The Timken Company Common Stock Fund distributed to them in cash rather than automatically reinvested in Timken common shares.

Vesting

Participants vested immediately in their contributions plus actual earnings thereon.

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 account balance. Loan terms generally cannot exceed four years. 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

As a result of their termination of service to Timken due to the sale of the Company, participants having a vested account balance greater than \$1,000 were given the option of (i) transferring their account balance to another plan, (ii) receiving a lump-sum amount equal to the vested balance of their account, (iii) receiving installment payments of their vested assets over a period of time not to exceed their life expectancy, or (iv) leaving their vested account balance in the Plan. Participants having a vested account balance less than \$1,000 received a lump-sum amount equal to their vested account balance. Participants electing to leave their vested assets in the Plan may do so until age 70 1/2 after which time the lump-sum or installment distribution options would apply.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Plan Termination

The Plan shall continue in full force and effect until December 31, 2008, and yearly thereafter, unless either Timken or the USWA shall notify the other party in writing that they desire to terminate the 2002 401(k) Agreement. The Plan may generally be amended by mutual consent of Timken and the USWA. 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.

2. Accounting Policies

Basis of Accounting

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

Reclassification

Certain prior year amounts in the statement of net assets available for benefits have been reclassified to conform to the current year presentation.

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 defined contribution plans (Master Trust), which was established for the investment of assets of the Plan and the seven other defined contribution plans sponsored by Timken.

The Trustee maintains a collective investment trust of Timken common shares in which Timken'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. The valuation per unit of The Timken Company Common Stock Fund was \$25.94 and \$12.99 at December 31, 2010 and 2009, respectively.

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Voluntary Investment Program for Hourly
Employees of Latrobe Steel Company
Notes to Financial Statements (continued)

2. Accounting Policies (continued)

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 US generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements*, (ASU 2010-06). ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each class of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2 and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances and settlements of Level 3 assets and liabilities on a gross basis.

With the exception of the requirement to present changes in Level 3 measurements on a gross basis, which is delayed until 2011, the guidance in ASU 2010-06 is effective for reporting periods beginning after December 15, 2009. Since ASU 2010-06 only affects fair value measurement disclosures, adoption of ASU 2010-06 did not affect on the Plan's net assets available for benefits or its changes in net assets available for benefits.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

2. Accounting Policies (continued)

In September 2010, the FASB issued Accounting Standards Update 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*, (ASU 2010-25). ASU 2010-25 requires participant loans to be measured at their unpaid principal balance plus any accrued but unpaid interest and classified as notes receivable from participants. Previously loans were measured at fair value and classified as investments. ASU 2010-25 is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. Adoption of ASU 2010-25 did not change the value of participant loans from the amount previously reported as of December 31, 2009. Participant loans have been reclassified to participant notes receivable as of December 31, 2009.

In May 2011, the FASB issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs*, (ASU 2011-04). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to converge the fair value measurement guidance in US generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures (although certain of these new disclosures will not be required for nonpublic entities). The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

3. Investments

The Plan's assets are held in The Timken Company Master Trust (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.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

3. Investments (continued)

At December 31, 2010 and 2009, The Timken Company Common Stock Fund consisted of 13,839,282 and 18,565,348 units, respectively, of The Timken Company's common stock. The Plan's interest in the Master Trust as of December 31, 2010 and 2009 was 0.18% and 0.27%, respectively.

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

	December 31, 2010					Plan's Ownership Percentage
	Company Stock	Registered Investment Companies	Common Collective	Investment Contracts	Total Assets	
Investments, at Fair Value:						
The Timken Company Common Stock Fund	\$ 359,007,594	\$	\$	\$	\$ 359,007,594	0.12%
Morgan Stanley Small Company Growth		15,390,870			15,390,870	0.00%
American Funds EuroPacific Growth		87,015,017			87,015,017	0.05%
American Funds Growth Fund of America		72,503,692			72,503,692	0.07%
American Funds Washington Mutual		13,842,649			13,842,649	0.01%
American Beacon Small Cap Value		20,557,770			20,557,770	0.00%
Vanguard Target Retirement Income		8,276,245			8,276,245	0.00%
Vanguard Target Retirement 2005		8,449,741			8,449,741	0.93%
Vanguard Target Retirement 2015		59,391,774			59,391,774	0.02%
Vanguard Target Retirement 2025		26,852,983			26,852,983	0.00%
Vanguard Target Retirement 2035		28,901,726			28,901,726	0.03%
Vanguard Target Retirement 2045		11,017,836			11,017,836	0.02%
JPMorgan S&P 500 Index			155,476,744		155,476,744	0.54%
JPMorgan Core Bond			90,402,233		90,402,233	0.18%
SSgA Russell 2000-A Index			43,163,523		43,163,523	0.08%
	\$ 359,007,594	\$ 352,200,303	\$ 289,042,500	\$	\$ 1,000,250,397	
JPMorgan Stable Value	\$	\$	\$	\$ 172,580,987	\$ 172,580,987	
Adjustments from fair value to contract value				3,152,367	3,152,367	
	\$	\$	\$	\$ 175,733,354	\$ 175,733,354	0.28%
Net Assets of Master Trust	\$ 359,007,594	\$ 352,200,303	\$ 289,042,500	\$ 175,733,354	\$ 1,175,983,751	0.18%

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

3. Investments (continued)

	December 31, 2009					Plan s
	Company	Registered	Common	Investment	Total Assets	Ownership
	Stock	Investment	Collective	Contracts		Percentage
Investments, at Fair Value:						
The Timken Company Common Stock Fund	\$ 241,078,465	\$	\$	\$	\$ 241,078,465	0.15%
Morgan Stanley Small Company Growth		12,243,603			12,243,603	0.01%
American Funds EuroPacific Growth		74,317,577			74,317,577	0.13%
American Funds Growth Fund of America		67,537,569			67,537,569	0.16%
American Funds Washington Mutual		11,215,596			11,215,596	0.01%
American Beacon Small Cap Value		13,699,725			13,699,725	0.01%
Vanguard Target Retirement Income		5,531,329			5,531,329	0.00%
Vanguard Target Retirement 2005		7,056,661			7,056,661	1.01%
Vanguard Target Retirement 2015		50,484,452			50,484,452	0.34%
Vanguard Target Retirement 2025		18,053,441			18,053,441	0.01%
Vanguard Target Retirement 2035		27,730,864			27,730,864	0.07%
Vanguard Target Retirement 2045		9,407,644			9,407,644	0.02%
JPMorgan S&P 500 Index			139,647,844		139,647,844	0.71%
JPMorgan Core Bond			66,002,400		66,002,400	0.35%
SSgA Russell 2000-A Index			29,479,093		29,479,093	0.23%
	\$ 241,078,465	\$ 297,278,461	\$ 235,129,337	\$	\$ 773,486,263	
JPMorgan Stable Value	\$	\$	\$	\$ 154,903,737	\$ 154,903,737	
Adjustments from fair value to contract value				9,702,374	9,702,374	
	\$	\$	\$	\$ 164,606,111	\$ 164,606,111	0.25%
Net Assets of Master Trust	\$ 241,078,465	\$ 297,278,461	\$ 235,129,337	\$ 164,606,111	\$ 938,092,374	0.27%

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Voluntary Investment Program for Hourly
 Employees of Latrobe Steel Company
 Notes to Financial Statements (continued)

3. Investments (continued)

Investment income for the Master Trust is as follows:

	Year Ended December 31, 2010
Net appreciation in fair value of investments	
The Timken Company Common Stock Fund	\$ 212,383,745
Registered investment companies	33,116,620
Common collective funds	34,413,623
	279,913,988
Net appreciation in investment contracts	1,871,657
Interest and dividends	10,836,406
Total Master Trust	\$ 292,622,051

4. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The FASB provides accounting rules that classify the inputs used to measure fair value into the following hierarchy:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 Unobservable inputs for the asset or liability.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

4. Fair Value (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, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Total	Level 1	Level 2	Level 3
Assets:				
The Timken Company				
Common Stock Fund	\$ 359,007,594	\$	\$ 359,007,594	\$
Registered Investment Companies				
Morgan Stanley Small Company Growth	15,390,870	15,390,870		
American Funds EuroPacific Growth	87,015,017	87,015,017		
American Funds Growth Fund of America	72,503,692	72,503,692		
American Funds Washington Mutual	13,842,649	13,842,649		
American Beacon Small Cap Value	20,557,770	20,557,770		
Vanguard Target Retirement Income	8,276,245	8,276,245		
Vanguard Target Retirement 2005	8,449,741	8,449,741		
Vanguard Target Retirement 2015	59,391,774	59,391,774		
Vanguard Target Retirement 2025	26,852,983	26,852,983		
Vanguard Target Retirement 2035	28,901,726	28,901,726		
Vanguard Target Retirement 2045	11,017,836	11,017,836		
Common Collective Funds				
JPMorgan S&P 500 Index	155,476,744		155,476,744	
JPMorgan Core Bond	90,402,233		90,402,233	
SSgA Russell 2000-A Index	43,163,523		43,163,523	
Investment Contracts				
JPMorgan Stable Value	172,580,987			172,580,987
Total assets	\$ 1,172,831,384	\$ 352,200,303	\$ 648,050,094	\$ 172,580,987

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

4. Fair Value (continued)

	Assets at Fair Value as of December 31, 2009			
	Total	Level 1	Level 2	Level 3
Assets:				
The Timken Company				
Common Stock Fund	\$ 241,078,465	\$	\$ 241,078,465	\$
Registered Investment Companies				
Morgan Stanley Small Company Growth	\$ 12,243,603	12,243,603		
American Funds EuroPacific Growth	\$ 74,317,577	74,317,577		
American Funds Growth Fund of America	\$ 67,537,569	67,537,569		
American Funds Washington Mutual	\$ 11,215,596	11,215,596		
American Beacon Small Cap Value	\$ 13,699,725	13,699,725		
Vanguard Target Retirement Income	\$ 5,531,329	5,531,329		
Vanguard Target Retirement 2005	\$ 7,056,661	7,056,661		
Vanguard Target Retirement 2015	\$ 50,484,452	50,484,452		
Vanguard Target Retirement 2025	\$ 18,053,441	18,053,441		
Vanguard Target Retirement 2035	\$ 27,730,864	27,730,864		
Vanguard Target Retirement 2045	\$ 9,407,644	9,407,644		
Common Collective Funds				
JPMorgan S&P 500 Index	\$ 139,647,844		139,647,844	
JPMorgan Core Bond	\$ 66,002,400		66,002,400	
SSgA Russell 2000-A Index	\$ 29,479,093		29,479,093	
Investment Contracts				
JPMorgan Stable Value	\$ 154,903,737			154,903,737
Total assets	\$ 928,390,000	\$ 297,278,461	\$ 476,207,802	\$ 154,903,737

The Timken Company Stock Fund participates in units and is valued based on the closing price of Timken 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 JP Morgan S&P 500 Index fund includes investments that provide exposure to a broad equity market and is 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.

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Voluntary Investment Program for Hourly
 Employees of Latrobe Steel Company
 Notes to Financial Statements (continued)

4. Fair Value (continued)

The JP Morgan Core Bond fund includes investments that seek to maximize total return by investing primarily in a diversified portfolio of intermediate- and long-term debt securities. The fair value of the investments in this category has been determined 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.

Investment contracts include a common collective trust fund that is designed to deliver safety and stability by preserving principal and accumulating earnings. This fund is primarily invested in guaranteed investment contracts and synthetic investment contracts. See Note 5 - Investment Contracts for further discussion on investment contracts.

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2010:

Investment Contracts at Fair Value:	
Balance, beginning of year	\$ 154,903,737
Unrealized gains	17,677,250
Balance, end of year	\$ 172,580,987

5. Investment Contracts

The Master Trust invests in guaranteed investment contracts (GICs), or a Stable Value Fund, that credit a stated interest rate for a specified period of time. The Stable Value Fund provides 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 is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal at a specified interest rate that is guaranteed to the Plan.

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

5. Investment Contracts (continued)

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.

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.

Average Yields for Synthetic GICS	December 31,	
	2010	2009
Based on actual earnings	3.0%	4.2%
Based on interest rate credited to participants	2.0%	2.2%

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

6. 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,	
	2010	2009
Net assets available for benefits per the financial statements	\$ 2,171,281	\$ 2,543,617
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	(8,976)	(23,592)
Net assets available for benefits per the Form 5500	\$ 2,162,305	\$ 2,520,025

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, 2010:

Total additions per the financial statements	\$ 475,967
Add: Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2009	23,592
Less: Adjustment from fair value to contract value for fully benefit-responsive investment contracts at December 31, 2010	(8,976)
Total income per the Form 5500	\$ 490,583

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

Notes to Financial Statements (continued)

7. Risks and Uncertainties

The Master Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, 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.

8. Income Tax Status

The Plan has received a determination letter from the IRS 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 the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt. The Plan Administrator will take the necessary steps, if any, to maintain compliance with the Code.

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, 2010, 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 2007.

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Voluntary Investment Program for Hourly
 Employees of Latrobe Steel Company
 Notes to Financial Statements (continued)

9. Related-Party Transactions

Related-party transactions included the investments in the common stock of The Timken 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, 2010:

	Shares	Dollars
Purchased	1,550,290	\$ 27,644,148
Issued to participants for payment of benefits	232,604	2,667,563

Benefits paid to participants include payments in Timken common shares valued at quoted market prices at the date of distribution.

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

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Supplemental Schedule

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Voluntary Investment Program for Hourly

Employees of Latrobe Steel Company

EIN #25-0610595 Plan #018

Schedule H, Line 4i Schedule of Assets

(Held at End of Year)

December 31, 2010

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 6.0% to 9.25% with various maturity dates	\$ 5,922

* Indicates party in interest to the Plan

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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.

VOLUNTARY INVESTMENT PROGRAM FOR HOURLY
EMPLOYEES OF LATROBE STEEL COMPANY

Date: June 28, 2011

By: /s/ Scott A. Scherff
Scott A. Scherff
Assistant Secretary