

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

TIMKEN

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024  
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

THE TIMKEN CO MPANY

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of  
incorporation or organization)

4500 Mount Pleasant Street NW

North Canton Ohio

(Address of principal executive offices)

34-0577130

(I.R.S. Employer  
Identification No.)

44720-5450

(Zip Code)

234 . 262.3000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares, without par value	TKR	The New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>
	Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common shares, as of the latest practicable date.

Class	Outstanding at March 31, 2024
Common Shares, without par value	70,412,495 shares

THE TIMKEN COMPANY  
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**PART I. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**
**THE TIMKEN COMPANY AND SUBSIDIARIES**
**Consolidated Statements of Income  
(Unaudited)**

	Three Months Ended March 31,	
	2024	2023
(Dollars in millions, except per share data)		
Net sales	\$ 1,190.3	\$ 1,262.8
Cost of products sold	792.7	846.0
Selling, general and administrative expenses	190.7	186.8
Amortization of intangible assets	20.0	13.5
Impairment and restructuring charges	2.3	28.9
<b>Operating Income</b>	<b>184.6</b>	<b>187.6</b>
Interest expense	( 32.2 )	( 24.1 )
Interest income	2.8	1.5
Non-service pension and other postretirement (expense) income	( 1.0 )	0.1
Other (expense) income, net	( 0.9 )	3.1
<b>Income Before Income Taxes</b>	<b>153.3</b>	<b>168.2</b>
Provision for income taxes	42.7	42.5
<b>Net Income</b>	<b>110.6</b>	<b>125.7</b>
Less: Net income attributable to noncontrolling interest	7.1	3.4
<b>Net Income Attributable to The Timken Company</b>	<b>\$ 103.5</b>	<b>\$ 122.3</b>
<b>Net Income per Common Share Attributable to The Timken Company Common Shareholders</b>		
<b>Basic earnings per share</b>	<b>\$ 1.47</b>	<b>\$ 1.69</b>
<b>Diluted earnings per share</b>	<b>\$ 1.46</b>	<b>\$ 1.67</b>

See accompanying Notes to the Consolidated Financial Statements.

**Consolidated Statements of Comprehensive Income  
(Unaudited)**

	Three Months Ended March 31,	
	2024	2023
(Dollars in millions)		
Net Income	\$ 110.6	\$ 125.7
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	( 50.7 )	27.7
Pension and postretirement liability adjustments	( 1.5 )	( 1.5 )
Change in fair value of derivative financial instruments	1.1	( 0.8 )
Other comprehensive (loss) income, net of tax	( 51.1 )	25.4
<b>Comprehensive income, net of tax</b>	<b>59.5</b>	<b>151.1</b>
Less: comprehensive income attributable to noncontrolling interest	6.7	3.7
<b>Comprehensive income attributable to The Timken Company</b>	<b>\$ 52.8</b>	<b>\$ 147.4</b>

See accompanying Notes to the Consolidated Financial Statements.

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## **Consolidated Balance Sheets**

	(Unaudited)	
	March 31, 2024	December 31, 2023
(Dollars in millions)		
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 421.9	\$ 418.9
Restricted cash	0.4	0.4
Accounts receivable, less allowances (2024 – \$ 15.5 million; 2023 – \$ 17.1 million)	770.4	671.7
Unbilled receivables	134.8	144.5
Inventories, net	1,231.2	1,229.1
Deferred charges and prepaid expenses	51.7	41.5
Other current assets	90.2	128.8
<b>Total Current Assets</b>	<b>2,700.6</b>	<b>2,634.9</b>
<b>Property, Plant and Equipment, net</b>	<b>1,299.0</b>	<b>1,311.9</b>
<b>Other Assets</b>		
Goodwill	1,352.9	1,369.6
Other intangible assets, net	990.1	1,031.4
Operating lease assets	122.8	119.7
Deferred income taxes	49.7	44.3
Other non-current assets	28.9	29.9
<b>Total Other Assets</b>	<b>2,544.4</b>	<b>2,594.9</b>
<b>Total Assets</b>	<b>\$ 6,544.0</b>	<b>\$ 6,541.7</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable, trade	\$ 373.0	\$ 367.2
Short-term debt, including current portion of long-term debt	601.9	605.6
Salaries, wages and benefits	133.8	161.5
Income taxes payable	25.4	19.9
Other current liabilities	308.6	317.1
<b>Total Current Liabilities</b>	<b>1,442.7</b>	<b>1,471.3</b>
<b>Non-Current Liabilities</b>		
Long-term debt	1,797.9	1,790.3
Accrued pension benefits	162.7	172.3
Accrued postretirement benefits	30.3	30.2
Long-term operating lease liabilities	82.2	78.7
Deferred income taxes	185.1	186.5
Other non-current liabilities	108.1	110.0
<b>Total Non-Current Liabilities</b>	<b>2,366.3</b>	<b>2,368.0</b>
<b>Shareholders' Equity</b>		
Class I and II Serial Preferred Stock, without par value:		
Authorized – 10,000,000 shares each class, none issued	—	—
Common shares, without par value:		
Authorized – 200,000,000 shares		
Issued (including shares in treasury) (2024 – 79,075,729 shares; 2023 – 78,680,164 shares)		
Stated capital	40.7	40.7
Other paid-in capital	1,083.0	1,076.5
Retained earnings	2,311.2	2,232.2
Accumulated other comprehensive loss	( 197.6 )	( 146.9 )
Treasury shares at cost (2024 – 8,663,234 shares; 2023 – 8,553,272 shares)	( 629.0 )	( 620.1 )
<b>Total Shareholders' Equity</b>	<b>2,608.3</b>	<b>2,582.4</b>
Noncontrolling Interest	126.7	120.0
<b>Total Equity</b>	<b>2,735.0</b>	<b>2,702.4</b>
<b>Total Liabilities and Equity</b>	<b>\$ 6,544.0</b>	<b>\$ 6,541.7</b>

See accompanying Notes to the Consolidated Financial Statements.



**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Three Months Ended March 31,	
	2024	2023
(Dollars in millions)		
<b>CASH PROVIDED (USED)</b>		
<b>Operating Activities</b>		
Net income	\$ 110.6	\$ 125.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55.3	45.6
Impairment charges	—	28.3
Loss on sale of assets	0.1	0.2
Gain on divestitures	—	(4.0)
Deferred income tax (benefit) provision	(4.3)	2.8
Stock-based compensation expense	4.5	11.0
Pension and other postretirement expense	1.6	0.4
Pension and other postretirement benefit contributions and payments	(12.2)	(4.8)
Changes in operating assets and liabilities:		
Accounts receivable	(106.1)	(50.3)
Unbilled receivables	9.5	(11.1)
Inventories	(11.1)	6.1
Accounts payable, trade	20.7	(9.4)
Other accrued expenses	(31.2)	(44.8)
Income taxes	24.8	(15.0)
Other, net	(12.9)	(2.1)
<b>Net Cash Provided by Operating Activities</b>	<b>49.3</b>	<b>78.6</b>
<b>Investing Activities</b>		
Capital expenditures	(44.1)	(41.7)
Acquisitions, net of cash acquired	(0.2)	(29.2)
Proceeds from divestitures, net of cash divested	—	5.7
Investments in short-term marketable securities, net	19.7	0.8
Other, net	0.1	(0.1)
<b>Net Cash Used in Investing Activities</b>	<b>(24.5)</b>	<b>(64.5)</b>
<b>Financing Activities</b>		
Cash dividends paid to shareholders	(24.5)	(23.6)
Purchase of treasury shares	—	(54.0)
Proceeds from exercise of stock options	2.0	12.7
Payments related to tax withholding for stock-based compensation	(8.9)	(13.8)
Borrowings on accounts receivable facility	30.0	29.0
Payments on accounts receivable facility	(22.0)	(14.0)
Proceeds from long-term debt	203.3	137.0
Payments on long-term debt	(196.9)	(82.7)
Short-term debt activity, net	2.0	(8.1)
<b>Net Cash Used in Financing Activities</b>	<b>(15.0)</b>	<b>(17.5)</b>
Effect of exchange rate changes on cash	(6.8)	1.8
<b>Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>3.0</b>	<b>(1.6)</b>
Cash, cash equivalents and restricted cash at beginning of year	419.3	340.7
<b>Cash, Cash Equivalents and Restricted Cash at End of Period</b>	<b>\$ 422.3</b>	<b>\$ 339.1</b>

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
(Dollars in millions, except per share data)

*Note 1 - Basis of Presentation*

The accompanying Consolidated Financial Statements (unaudited) for The Timken Company (the "Company" or "Timken") have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and notes required by the accounting principles generally accepted in the United States ("U.S. GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) and disclosures considered necessary for a fair presentation have been included. For further information, refer to the Consolidated Financial Statements and accompanying Notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

*Note 2 - Significant Accounting Policies*

The Company's significant accounting policies are detailed in " *Note 1 - Significant Accounting Policies*" of the Annual Report on Form 10-K for the year ended December 31, 2023.

**Recent Accounting Pronouncements:**

**New Accounting Guidance Issued and Not Yet Adopted:**

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 40). ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this update require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold. The amendments require that all entities disclose on an annual basis the amount of income taxes paid disaggregated for federal, state, and foreign taxes and further disaggregated for specific jurisdictions to the extent the related amounts exceed a quantitative threshold. For public entities, the new guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280). ASU 2023-07 requires that a public entity disclose: (1) on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss; (2) on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition; and (3) the title and position of the CODM and an explanation of how the CODM uses the reported measures of segment profit or loss in assessing segment performance and deciding how to allocate resources. The other segment items category is the difference between segment revenue less the segment expenses disclosed and each reported measure of segment profit or loss. For public entities, the new guidance is effective for annual periods beginning after December 15, 2023. Early adoption is permitted. The Company is currently evaluating the impact of adopting this guidance.



*Note 3 - Acquisitions and Divestitures***Acquisitions:**

During 2023, Timken completed six acquisitions, which enhanced the Company's capabilities and product portfolio. On December 20, 2023, the Company completed the acquisition of 100 % of the capital stock of Lagersmit Holding B.V. ("Lagersmit"), a Netherlands-based manufacturer of highly engineered sealing solutions for marine, dredging, water, tidal energy and other industrial applications. On November 1, 2023, the Company acquired Engineered Solutions Group ("iMECH"). The Company acquired 100 % of the capital stock in the United States and substantially all of the assets in Canada. iMECH manufactures thrust bearings, radial bearings, specialty coatings and other components primarily used in the energy industry. iMECH has facilities in Houston, Texas and Alberta, Canada. On September 29, 2023, the Company acquired 100 % of the capital stock of Rosa Sistemi S.p.A. ("Rosa"), a European designer and manufacturer of roller guideways, linear bearings, customized linear systems and actuators, commercialized ball guideways and precision ball screws. Rosa has its headquarters, R&D and high-precision manufacturing facility in Milan, Italy. On September 1, 2023, the Company acquired 100 % of the capital stock of D-C Filtration Holdings Corp. ("Des-Case"), a Tennessee-based manufacturer of specialty filtration products for industrial lubricants. Des-Case has manufacturing facilities in Tennessee and the Netherlands. On April 4, 2023, the Company acquired 100 % of the capital stock of Leonardo Top S.a.r.l. ("Nadella"), a leading European manufacturer of linear guides, telescopic rails, actuators and systems and other specialized industrial motion solutions. Based in Italy, Nadella operates manufacturing facilities in Europe and China. On January 31, 2023, the Company acquired substantially all of the assets of American Roller Bearing Company ("ARB"), a North Carolina-based manufacturer of industrial bearings. ARB, which boasts a large U.S. installed base and strong aftermarket business, operates manufacturing facilities in Hiddenite and Morganton, North Carolina. The total purchase price for these six acquisitions was \$ 641.2 million (including working capital adjustments paid in 2024), net of cash acquired of \$ 30.6 million. Results for Lagersmit, Rosa, Des-Case and Nadella are reported in the Industrial Motion segment, and results for iMECH and ARB are reported in the Engineered Bearings segment. The Company incurred acquisition-related costs of \$ 6.5 million in total to complete these six acquisitions in 2023.

*Note 3 - Acquisitions and Divestitures (continued)*

The following table presents the updated purchase price allocation at fair value, net of cash acquired, for the 2023 acquisitions, as of December 31, 2023 and March 31, 2024:

	Purchase Price Allocation at December 31, 2023	2024 Adjustments	Updated Purchase Price Allocation at March 31, 2024
<b>Assets:</b>			
Accounts receivable	\$ 44.7	\$ ( 0.2 )	\$ 44.5
Inventories	111.8	2.2	114.0
Other current assets	5.0	—	5.0
Property, plant and equipment	47.7	0.2	47.9
Operating lease assets	7.3	( 0.1 )	7.2
Goodwill	285.6	2.3	287.9
Other intangible assets	306.7	( 6.3 )	300.4
Other assets	6.7	—	6.7
Total assets acquired	\$ 815.5	\$ ( 1.9 )	\$ 813.6
<b>Liabilities:</b>			
Accounts payable, trade	\$ 24.0	\$ —	\$ 24.0
Salaries, wages and benefits	16.9	( 2.0 )	14.9
Income taxes payable	5.5	—	5.5
Other current liabilities	10.7	( 0.1 )	10.6
Short-term debt	4.7	—	4.7
Long-term debt	6.0	—	6.0
Accrued pension benefits	3.6	—	3.6
Long-term operating lease liabilities	7.0	—	7.0
Deferred income taxes	83.3	—	83.3
Other non-current liabilities	7.6	—	7.6
Total liabilities assumed	\$ 169.3	\$ ( 2.1 )	\$ 167.2
Noncontrolling interest acquired	5.2	—	5.2
Net assets acquired	\$ 641.0	\$ 0.2	\$ 641.2

The following table summarizes the preliminary purchase price allocation at fair value for identifiable intangible assets acquired in 2023:

	2023	
		Weighted- Average Life
Trade names	\$ 25.6	17 years
Technology and know-how	70.5	15 years
Customer relationships	202.7	14 years
Non-compete agreements	1.0	3 years
Capitalized software	0.6	2 years
Total intangible assets	\$ 300.4	

*Note 3 - Acquisitions and Divestitures (continued)*

In determining the fair value of the amounts above, the Company utilized various forms of the income, cost and market approaches depending on the asset or liability being valued. The estimation of fair value required judgment related to future net cash flows, discount rates, competitive trends, market comparisons and other factors. As a result, the Company utilized third-party valuation specialists to assist in determining the fair value of certain assets. Inputs were generally determined by taking into account independent appraisals and historical data, supplemented by current and anticipated market conditions.

The amounts in the table above represent the purchase price allocation for the 2023 acquisitions as of the dates noted above. This purchase price allocation, including the residual amount allocated to goodwill, is based on preliminary information in most cases and is subject to change as additional information concerning final asset and liability valuations are obtained and management completes its reassessment of the measurement period procedures based on the results of the preliminary valuation. The purchase price allocations for Lagersmit, iMECH, Rosa and Des-Case are preliminary. The purchase price allocation for Nadella is substantially complete. The purchase price allocation for ARB is complete. During the applicable measurement period, the Company will adjust assets and liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date. The effect of measurement period adjustments to the estimated fair values will be reflected as if the adjustments has been completed on the acquisition date.

**Divestitures:**

On February 28, 2023, the Company completed the sale of all of its membership interests in S.E. Setco Services Company, LLC ("SE Setco"), a 50 % owned joint venture. The Company had accounted for SE Setco as an equity method investment prior to the sale. The Company received \$ 5.7 million in cash proceeds for SE Setco and recognized a pretax gain of \$ 4.8 million on the sale. The gain was reflected in other income, net in the Consolidated Statement of Income.

#### Note 4 - Segment Information

The primary measurement used by management to measure the financial performance of each segment is earnings before interest, taxes, depreciation and amortization ("EBITDA").

	Three Months Ended March 31,	
	2024	2023
Net sales:		
Engineered Bearings	\$ 802.5	\$ 900.7
Industrial Motion	387.8	362.1
Net sales	\$ 1,190.3	\$ 1,262.8
Segment EBITDA:		
Engineered Bearings	\$ 178.7	\$ 205.0
Industrial Motion	77.3	48.2
Total EBITDA, for reportable segments	\$ 256.0	\$ 253.2
Unallocated corporate expense	( 18.0 )	( 17.7 )
Corporate pension and other postretirement benefit related income <sup>(1)</sup>	—	0.9
Depreciation and amortization	( 55.3 )	( 45.6 )
Interest expense	( 32.2 )	( 24.1 )
Interest income	2.8	1.5
Income before income taxes	\$ 153.3	\$ 168.2

<sup>(1)</sup> Corporate pension and other postretirement benefit related income represents actuarial (losses) and gains that resulted from the remeasurement of pension and other postretirement plan assets and obligations as a result of changes in assumptions or experience.

	March 31,	
	2024	December 31, 2023
Assets by Segment:		
Engineered Bearings	\$ 3,327.2	\$ 3,296.8
Industrial Motion	2,721.4	2,744.5
Corporate <sup>(2)</sup>	495.4	500.4
	\$ 6,544.0	\$ 6,541.7

<sup>(2)</sup> Corporate assets include corporate buildings and cash and cash equivalents.

#### Note 5 - Revenue

The following table presents details deemed most relevant to the users of the financial statements about total revenue for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
	Engineered Bearings	Industrial Motion	Total	Engineered Bearings	Industrial Motion	Total
United States	\$ 335.1	\$ 192.7	\$ 527.8	\$ 340.9	\$ 194.3	\$ 535.2
Americas excluding the United States	94.7	24.6	119.3	92.2	27.9	120.1
Europe / Middle East / Africa	169.5	142.6	312.1	183.9	113.8	297.7
China	71.7	16.3	88.0	158.4	16.3	174.7
Asia-Pacific excluding China	131.5	11.6	143.1	125.3	9.8	135.1
Net sales	\$ 802.5	\$ 387.8	\$ 1,190.3	\$ 900.7	\$ 362.1	\$ 1,262.8

When reviewing revenue by sales channel, the Company separates net sales to original equipment manufacturers ("OEMs") from sales to distributors and end users. The following table presents the approximate percent of revenue by sales channel for the three months ended March 31, 2024 and 2023:

Revenue by sales channel	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	March 31, 2024	March 31, 2023
Original equipment manufacturers	60 %	60 %
Distribution/end users	40 %	40 %

In addition to disaggregating revenue by segment, geography and by sales channel as shown above, the Company believes information about the timing of transfer of goods or services, type of customer and distinguishing service revenue from product sales is also relevant. During the three months ended March 31, 2024 and March 31, 2023, approximately 7 % and 8 %, respectively of total net sales were recognized on an over-time basis because of the continuous transfer of control to the customer, with the remainder recognized as of a point in time. Approximately 5 % and 4 % of total net sales represented service revenue during the three months ended March 31, 2024 and March 31, 2023, respectively. Finally, business with the United States ("U.S.") government or its contractors represented approximately 6 % and 5 % of total net sales during the three months ended March 31, 2024 and March 31, 2023, respectively.

#### Remaining Performance Obligations:

Remaining performance obligations represent the transaction price of orders meeting the definition of a contract for which work has not been performed and excludes unexercised contract options. Performance obligations having a duration of more than one year are concentrated in contracts for certain products and services provided to the U.S. government or its contractors. The aggregate amount of the transaction price allocated to remaining performance obligations for such contracts with a duration of more than one year was approximately \$ 153.0 million at March 31, 2024.

*Note 5 - Revenue (continued)***Unbilled Receivables:**

The following table contains a rollforward of unbilled receivables for the three months ended March 31, 2024 and the twelve months ended December 31, 2023:

	March 31, 2024	December 31, 2023
Beginning balance, January 1	\$ 144.5	\$ 103.9
Additional unbilled revenue recognized	78.7	424.1
Less: amounts billed to customers	( 88.4 )	( 383.5 )
Ending balance	\$ 134.8	\$ 144.5

There were no impairment losses recorded on unbilled receivables for the three months ended March 31, 2024 and the twelve months ended December 31, 2023.

**Deferred Revenue:**

The following table contains a rollforward of deferred revenue for the three months ended March 31, 2024 and the twelve months ended December 31, 2023:

	March 31, 2024	December 31, 2023
Beginning balance, January 1	\$ 45.4	\$ 54.3
Acquisitions	—	1.4
Revenue (cash) received in advance	36.2	165.2
Less: revenue recognized	( 30.5 )	( 175.5 )
Ending balance	\$ 51.1	\$ 45.4

*Note 6 - Income Taxes*

The Company's provision for income taxes in interim periods is computed by applying the estimated annual effective tax rates to income or loss before income taxes for the period. In addition, non-recurring or discrete items are recorded during the period(s) in which they occur.

	Three Months Ended March 31,	
	2024	2023
Provision for income taxes	\$ 42.7	\$ 42.5
Effective tax rate	27.9 %	25.3 %

Income tax expense for the three months ended March 31, 2024 was calculated using forecasted multi-jurisdictional annual effective tax rates to determine a blended annual effective tax rate. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the actual and projected mix of earnings in non-U.S. jurisdictions with relatively higher tax rates.

The effective tax rate of 27.9 % for the three months ended March 31, 2024 was higher than the effective tax rate for the three months ended March 31, 2023 primarily due to an increase in the mix of earnings in non-U.S. jurisdictions with relatively higher tax rates and the net favorable impact of discrete items in the year ago period.

On December 20, 2021, the Organization for Economic Co-operation and Development ("OECD") released Pillar Two model rules defining the global minimum tax, which calls for the taxation of large corporations at a minimum rate of 15%. Certain jurisdictions, in which the Company operates, enacted, or announced their intention to enact, legislation consistent with one or more OECD Pillar Two model rules. The model rules include minimum domestic top-up taxes, income inclusion rules, and undertaxed profit rules all aimed to ensure that multinational companies pay a minimum effective corporate tax rate of 15% in each jurisdiction in which they operate, with some rules effective in 2024. Management does not expect Pillar Two legislation to materially impact the Company's annual effective tax rate in 2024.

#### Note 7 - Earnings Per Share

The following table sets forth the reconciliation of the numerator and the denominator of basic earnings per share and diluted earnings per share for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net income attributable to The Timken Company	\$ 103.5	\$ 122.3
Denominator:		
Weighted average number of shares outstanding - basic	70,266,660	72,499,928
Effect of dilutive securities:		
Stock options and awards - based on the treasury stock method	613,355	860,926
Weighted average number of shares outstanding assuming dilution of stock options and awards	70,880,015	73,360,854
Basic earnings per share	\$ 1.47	\$ 1.69
Diluted earnings per share	\$ 1.46	\$ 1.67

The dilutive effect of performance-based restricted stock units is taken into account once they have met minimum performance thresholds. The dilutive effect of stock options includes all outstanding stock options except stock options that are considered antidilutive. Stock options are antidilutive when the exercise price exceeds the average market price of the Company's common shares during the periods presented. There were no antidilutive stock options outstanding during the three months ended March 31, 2024 and 2023.

#### Note 8 - Inventories

The components of inventories at March 31, 2024 and December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
Manufacturing supplies	\$ 42.3	\$ 41.9
Raw materials	148.8	145.6
Work in process	502.4	496.1
Finished products	618.4	619.2
Subtotal	1,311.9	1,302.8
Allowance for obsolete and surplus inventory	( 80.7 )	( 73.7 )
Total inventories, net	\$ 1,231.2	\$ 1,229.1

Inventories are valued at net realizable value, with approximately 61 % valued on the first-in, first-out ("FIFO") method and the remaining 39 % valued on the last-in, first-out ("LIFO") method. The majority of the Company's U.S. inventories are valued on the LIFO method. The Company's non-U.S. inventories are valued on the FIFO method.

The LIFO reserve at March 31, 2024 and December 31, 2023 was \$ 234.7 million and \$ 232.1 million, respectively. An actual valuation of the inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management's estimates of expected year-end inventory levels and costs. Because these calculations are subject to many factors beyond management's control, annual results may differ from interim results as they are subject to the final year-end LIFO inventory valuation.



### Note 9 - Goodwill and Other Intangible Assets

The Company tests goodwill and indefinite-lived intangible assets for impairment at least annually, performing its annual impairment test as of October 1<sup>st</sup>. Furthermore, goodwill and indefinite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Company reviews goodwill for impairment at the reporting unit level. The Engineered Bearings segment has one reporting unit and the Industrial Motion segment has six reporting units.

During the first three months of 2023, the Company reviewed goodwill for impairment for its reporting units due to the change in reporting segments that went into effect January 1, 2023. The Company utilized both an income approach and a market approach in testing goodwill for impairment. The Company utilized updated forecasts for the income approach as part of the goodwill impairment review. Based on the earnings and cash flow forecasts for the Belts & Chain reporting unit within the Industrial Motion segment, the Company determined that the reporting unit could not support the carrying value of its goodwill. As a result, the Company recorded a pretax impairment loss of \$ 28.3 million during the first three months of 2023, which was reported in impairment and restructuring charges on the Consolidated Statement of Income.

The changes in the carrying amount of goodwill for the three months ended March 31, 2024 were as follows:

	Engineered Bearings		Industrial Motion		Total
Beginning balance	\$	692.3	\$	677.3	\$ 1,369.6
Foreign currency translation adjustments and other changes		3.5		( 20.2 )	( 16.7 )
Ending balance	\$	695.8	\$	657.1	\$ 1,352.9

The following table displays intangible assets as of March 31, 2024 and December 31, 2023:

	Balance at March 31, 2024			Balance at December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Customer relationships	\$ 768.1	\$ ( 232.7 )	\$ 535.4	\$ 776.5	\$ ( 222.8 )	\$ 553.7
Technology and know-how	342.0	( 105.1 )	236.9	343.3	( 100.9 )	242.4
Trade names	104.3	( 13.1 )	91.2	71.3	( 11.2 )	60.1
Capitalized software	298.9	( 272.1 )	26.8	299.5	( 272.8 )	26.7
Other	11.3	( 8.9 )	2.4	10.8	( 8.7 )	2.1
	\$ 1,524.6	\$ ( 631.9 )	\$ 892.7	\$ 1,501.4	\$ ( 616.4 )	\$ 885.0
Intangible assets not subject to amortization:						
Trade names	\$ 88.7		\$ 88.7	\$ 137.7		\$ 137.7
FAA air agency certificates	8.7		8.7	8.7		8.7
	\$ 97.4		\$ 97.4	\$ 146.4		\$ 146.4
Total intangible assets	\$ 1,622.0	\$ ( 631.9 )	\$ 990.1	\$ 1,647.8	\$ ( 616.4 )	\$ 1,031.4

Amortization expense for intangible assets was \$ 21.6 million and \$ 15.1 million for the three months ended March 31, 2024 and 2023, respectively. Amortization expense for intangible assets is projected to be approximately \$ 80 million in 2024; \$ 76 million in 2025; \$ 74 million in 2026; \$ 72 million in 2027; and \$ 69 million in 2028.

*Note 10 - Other Current Liabilities*

The following table displays other current liabilities as of March 31, 2024 and December 31, 2023:

(Dollars in millions)	March 31, 2024	December 31, 2023
Sales rebates	\$ 55.9	\$ 79.0
Deferred revenue	51.1	45.4
Operating lease liabilities	25.8	25.9
Taxes other than income and payroll taxes	24.3	17.8
Interest	17.7	16.4
Product warranty	16.3	15.2
Freight and duties	15.4	13.4
Professional fees	13.2	12.5
Current derivative liability	10.2	11.4
Restructuring	3.5	5.8
Other	75.2	74.3
<b>Total other current liabilities</b>	<b>\$ 308.6</b>	<b>\$ 317.1</b>

# Note 11 - Financing Arrangements

Short-term debt at March 31, 2024 and December 31, 2023 was as follows:

	March 31, 2024	December 31, 2023
Variable-rate Term Loan <sup>(1)</sup> , maturing on August 16, 2024, with an interest rate of 5.10 % at March 31, 2024 and 5.11 % at December 31, 2023	\$ 215.8	\$ 220.8
Borrowings under lines of credit for certain of the Company's foreign subsidiaries with various banks with interest rates ranging from 4.51 % to 5.51 % at March 31, 2024 and 4.35 % to 7.33 % at December 31, 2023	26.8	25.4
<b>Short-term debt</b>	<b>\$ 242.6</b>	<b>\$ 246.2</b>

On August 16, 2023, the Company entered into a € 200 million variable-rate term loan ("2024 Term Loan"), maturing on August 16, 2024. The Company currently intends to refinance the 2024 Term Loan prior to its maturity.

Lines of credit for certain of the Company's foreign subsidiaries provide for short-term borrowings. Most of these lines of credit are uncommitted. At March 31, 2024, the Company's foreign subsidiaries had borrowings outstanding of \$ 26.8 million and bank guarantees of \$ 1.7 million.

Long-term debt at March 31, 2024 and December 31, 2023 was as follows:

	March 31, 2024	December 31, 2023
Variable-rate Senior Credit Facility with an average interest rate on U.S. Dollar of 6.43 % and Euro of 4.86 % at March 31, 2024 and U.S. Dollar of 6.48 % and Euro of 4.85 % at December 31, 2023	\$ 251.1	\$ 247.4
Variable-rate Accounts Receivable Facility with an interest rate of 6.30 % at March 31, 2024 and 6.42 % at December 31, 2023	75.0	67.0
Variable-rate Term Loan <sup>(1)</sup> , maturing on December 5, 2027, with an interest rate of 6.56 % at March 31, 2024 and 6.58 % at December 31, 2023	399.4	399.3
Fixed-rate Senior Unsecured Notes <sup>(1)</sup> , maturing on September 1, 2024, with an interest rate of 3.875 %	350.0	350.0
Fixed-rate Euro Senior Unsecured Notes <sup>(1)</sup> , maturing on September 7, 2027, with an interest rate of 2.02 %	161.8	165.5
Fixed-rate Senior Unsecured Notes <sup>(1)</sup> , maturing on December 15, 2028, with an interest rate of 4.50 %	397.8	397.7
Fixed-rate Medium-Term Notes, Series A <sup>(1)</sup> , maturing at various dates through May 2028, with interest rates ranging from 6.74 % to 7.76 %	154.8	154.8
Fixed-rate Senior Unsecured Notes <sup>(1)</sup> , maturing on April 1, 2032, with an interest rate of 4.125 %	344.1	343.7
Fixed-rate Euro Bank Loan, maturing on June 30, 2033, with an interest rate of 2.15 %	12.1	12.7
Other	11.1	11.6
<b>Total debt</b>	<b>\$ 2,157.2</b>	<b>\$ 2,149.7</b>
Less: current maturities	359.3	359.4
<b>Long-term debt</b>	<b>\$ 1,797.9</b>	<b>\$ 1,790.3</b>

<sup>(1)</sup> Net of discounts and fees

*Note 11 - Financing Arrangements (continued)*

The Company has a \$100 million Amended and Restated Asset Securitization Agreement (the "Accounts Receivable Facility"), which matures on November 30, 2026. Under the terms of the Accounts Receivable Facility, the Company sells, on an ongoing basis, certain domestic trade receivables to Timken Receivables Corporation, a wholly-owned consolidated subsidiary that, in turn, uses the trade receivables to secure borrowings that are funded through a vehicle that issues commercial paper in the short-term market. Borrowings under the Accounts Receivable Facility may be limited to certain borrowing base limitations; however, availability under the Accounts Receivable Facility was not reduced by any such borrowing base limitations at March 31, 2024. As of March 31, 2024, there were \$75.0 million in outstanding borrowings under the Accounts Receivable Facility, which reduced the availability under this facility to \$25.0 million. The cost of this facility, which is the prevailing commercial paper rate plus facility fees, is considered a financing cost and is included in interest expense in the Consolidated Statements of Income.

On December 5, 2022, the Company entered into the Fifth Amended and Restated Credit Agreement ("Credit Agreement"), which is comprised of a \$750 million unsecured revolving credit facility ("Senior Credit Facility") and a \$400 million unsecured term loan facility ("2027 Term Loan") that each mature on December 5, 2027. The interest rates under the Credit Agreement are based on Secured Overnight Financing Rate ("SOFR"). At March 31, 2024, the Company had \$251.1 million of outstanding borrowings and \$0.1 million of letters of credit under the Senior Credit Facility, which reduced the availability under this facility to \$498.8 million. The Credit Agreement has two financial covenants: a consolidated leverage ratio and a consolidated interest coverage ratio.

The Company has outstanding fixed-rate unsecured notes ("2024 Notes") in the aggregate principal amount of \$350 million with an interest rate of 3.875%, maturing on September 1, 2024. The Company currently intends to refinance the 2024 Notes prior to their maturity.

At March 31, 2024, the Company was in full compliance with all applicable covenants on its outstanding debt.

In the ordinary course of business, the Company utilizes standby letters of credit issued by financial institutions to guarantee certain obligations, most of which relate to insurance contracts and certain indirect taxes. At March 31, 2024, outstanding letters of credit totaled \$59.5 million, most with expiration dates within 12 months.

The maturities of long-term debt (including \$6.0 million of finance leases) subsequent to March 31, 2024 are as follows:

Year	
2024	\$ 359.0
2025	29.4
2026	128.6
2027	770.4
2028	522.0
2029	1.7
Thereafter	355.1

The table above excludes \$8.9 million of unamortized premiums and fees that are netted against long-term debt at March 31, 2024.

*Note 12 - Supply Chain Financing*

The Company offers a supplier finance program with two different financial institutions where suppliers may receive early payment from the financial institutions on invoices issued to the Company. The Company and each financial institution entered into arrangements whereby the Company pays the financial institution per the terms of any supplier invoice paid early under the program and pays an annual fee for the supplier finance platform subscription and related support. The Company or the financial institutions may terminate participation in the program with 90 days' written notice. The supplier finance programs are unsecured and are not guaranteed by the Company. The financial institutions enter into separate arrangements with suppliers directly to participate in the program. The Company does not determine the terms or conditions of such arrangements or participate in the transactions between the suppliers and the financial institutions. The supplier invoice terms under the program typically require payment in full within 90 days of the invoice date.

The following table is a rollforward of the outstanding obligations for the Company's supplier finance program for the three months ended March 31, 2024 and twelve months ended December 31, 2023:

	March 31, 2024	December 31, 2023
Confirmed obligations outstanding, January 1	\$ 21.3	\$ 14.4
Invoices confirmed	33.4	97.1
Confirmed invoices paid	( 28.9 )	( 90.2 )
Confirmed obligations outstanding, ending balance	\$ 25.8	\$ 21.3

The obligations outstanding at March 31, 2024 and December 31, 2023 were included in accounts payable, trade on the Consolidated Balance Sheet.

### Note 13 - Contingencies

The Company is responsible for environmental remediation at various manufacturing facilities presently or formerly operated by the Company. Governmental authorities in the United States and the European Union are increasingly focused on regulating per- and polyfluoroalkyl substances ("PFAS"). PFAS regulations are applicable to portions of the Company's products, and future conditions may develop, arise or be discovered that create environmental compliance or remediation liabilities at certain of its facilities. In addition, the Company, through one of its subsidiaries, has currently been identified as a potentially responsible party for investigation and remediation under the Comprehensive Environmental Response, Compensation and Liability Act, known as the Superfund, or similar state laws with respect to one site. Claims for investigation and remediation have been asserted against numerous other unrelated entities, which are believed to be financially solvent and are expected to fulfill their proportionate share of the obligation.

On December 28, 2004, the United States Environmental Protection Agency ("USEPA") sent Lovejoy, LLC. ("Lovejoy") a Special Notice Letter that identified Lovejoy as a potentially responsible party, together with at least 14 unrelated parties, at the Ellsworth Industrial Park Site, Downers Grove, DuPage County, Illinois (the "Site"). The Company acquired Lovejoy in 2016. Lovejoy's Downers Grove property is situated within the Ellsworth Industrial Complex. The USEPA and the Illinois Environmental Protection Agency ("IEPA") allege there have been one or more releases or threatened releases of hazardous substances, including, but not limited to, a release or threatened release on or from Lovejoy's property at the Site. The relief sought by the USEPA and IEPA includes further investigation and potential remediation of the Site and reimbursement of response costs. Lovejoy's allocated share of past and future costs related to the Site, including for investigation and/or remediation, could be significant. All previously pending property damage and personal injury lawsuits against Lovejoy related to the Site were settled or dismissed prior to our acquisition of Lovejoy.

The Company had total environmental accruals of \$ 4.6 million and \$ 4.7 million for various known environmental matters that are probable and reasonably estimable at March 31, 2024 and December 31, 2023, respectively, which includes the Lovejoy matter described above. These accruals were recorded based upon the best estimate of costs to be incurred considering the progress made in determining the magnitude of remediation costs, the timing and extent of remedial actions required by governmental authorities and the amount of the Company's liability in proportion to other responsible parties. The ultimate resolution of these matters could result in actual costs that exceed amounts accrued.

#### Product Warranties:

In addition to the contingencies above, the Company provides limited warranties on certain of its products. The product warranty liability included in "Other current liabilities" on the Consolidated Balance Sheets was \$ 16.3 million and \$ 15.2 million at March 31, 2024 and December 31, 2023, respectively. The balances at the end of each respective period represent the best estimates of costs for existing and future claims for products that are still under warranty. The liability primarily relates to accruals for products sold into the automotive and renewable energy sectors. Accrual estimates are based on actual claims and expected trends that continue to mature. The Company continues to evaluate claims raised by certain customers with respect to the performance of bearings sold into the automotive and wind energy sectors. Management believes that the outcome of these claims will not have a material effect on the Company's consolidated financial position; however, the effect of any such change may be material to the results of operations of any particular period in which such change occurs.

The following is a rollforward of the consolidated product warranty accrual for the three months ended March 31, 2024 and twelve months ended December 31, 2023:

	March 31, 2024	December 31, 2023
Beginning balance, January 1	\$ 15.2	\$ 23.5
Expense	2.9	5.9
Payments	( 1.8 )	( 14.2 )
Ending balance	\$ 16.3	\$ 15.2

#### Note 14 - Equity

The following tables present the changes in the components of equity for the three months ended March 31, 2024 and 2023, respectively:

	The Timken Company Shareholders						
	Total	Stated Capital	Other Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non controlling Interest
Balance at December 31, 2023	\$ 2,702.4	\$ 40.7	\$ 1,076.5	\$ 2,232.2	\$ ( 146.9 )	\$ ( 620.1 )	\$ 120.0
Net income	110.6			103.5			7.1
Foreign currency translation adjustment	( 50.7 )				( 50.3 )		( 0.4 )
Pension and other postretirement liability adjustments (net of income tax benefit of \$ 0.5 million)	( 1.5 )				( 1.5 )		
Change in fair value of derivative financial instruments, net of reclassifications	1.1				1.1		
Dividends - \$ 0.33 per share	( 24.5 )			( 24.5 )			
Stock-based compensation expense	4.5		4.5				
Stock option exercise activity	2.0		2.0				
Payments related to tax withholding for stock-based compensation	( 8.9 )					( 8.9 )	
Balance at March 31, 2024	\$ 2,735.0	\$ 40.7	\$ 1,083.0	\$ 2,311.2	\$ ( 197.6 )	\$ ( 629.0 )	\$ 126.7

	The Timken Company Shareholders							Non controlling Interest
	Total	Stated Capital	Other Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		
Balance at December 31, 2022	\$ 2,352.9	\$ 40.7	\$ 829.6	\$ 1,932.1	\$ (181.9)	\$ (352.2)	\$ 84.6	
Net income	125.7			122.3			3.4	
Foreign currency translation adjustment	27.7				27.4		0.3	
Pension and other postretirement liability adjustments (net of income tax benefit of \$ 0.5 million)	(1.5)				(1.5)			
Change in fair value of derivative financial instruments, net of reclassifications	(0.8)				(0.8)			
Dividends - \$ 0.31 per share	(23.6)			(23.6)				
Stock-based compensation expense	11.0		11.0					
Stock purchased at fair market value	(54.0)					(54.0)		
Stock option exercise activity	12.7		12.7					
Payments related to tax withholding for stock-based compensation	(13.8)					(13.8)		
Balance at March 31, 2023	\$ 2,436.3	\$ 40.7	\$ 853.3	\$ 2,030.8	\$ (156.8)	\$ (420.0)	\$ 88.3	

#### Note 15 - Impairment and Restructuring Charges

Impairment and restructuring charges by segment are comprised of the following:

For the three months ended March 31, 2024:

	Engineered Bearings	Industrial Motion	Total
Severance and related benefit costs	\$ 0.7	\$ 1.3	\$ 2.0
Exit costs	0.3	—	0.3
<b>Total</b>	<b>\$ 1.0</b>	<b>\$ 1.3</b>	<b>\$ 2.3</b>

For the three months ended March 31, 2023:

	Engineered Bearings	Industrial Motion	Total
Impairment charges	\$ —	\$ 28.3	\$ 28.3
Severance and related benefit costs	0.7	( 0.1 )	0.6
<b>Total</b>	<b>\$ 0.7</b>	<b>\$ 28.2</b>	<b>\$ 28.9</b>

The following discussion explains the impairment and restructuring charges recorded for the periods presented; however, it is not intended to reflect a comprehensive discussion of all amounts in the tables above.

#### Engineered Bearings:

On January 16, 2023, the Company announced the closure of its bearing plant in Gaffney, South Carolina. The Company has transferred its remaining operations to other bearing manufacturing facilities. The facility ceased operations at the end of the fourth quarter of 2023, which affected approximately 225 employees. The Company expects to incur approximately \$ 12 million to \$ 14 million of pretax costs in total related to this closure. During the three months ended March 31, 2024, the Company recorded exit costs of \$ 0.3 million, related to this closure. During the three months ended March 31, 2023, the Company recorded severance and related benefits of \$ 0.8 million related to this closure. The Company has incurred cumulative pretax costs related to this closure of \$ 12.7 million as of March 31, 2024, including rationalization costs recorded in cost of products sold.

In addition, during the three months ended March 31, 2024, the Company recorded severance and related benefits of \$ 0.6 million related to one of its bearing facilities in Europe.

#### Industrial Motion:

On November 30, 2023, the Company announced the closure of its belts manufacturing facility in Fort Scott, Kansas. The Company expects to transfer its operations to other belts manufacturing facilities. The closure of this facility is expected to occur by the end of the fourth quarter of 2024 and is expected to affect approximately 155 employees. The Company expects to incur approximately \$ 10 million to \$ 12 million of pretax costs in total related to this closure. During the three months ended March 31, 2024, the Company recorded severance and related benefits of \$ 0.8 million, related to this closure. The Company has incurred cumulative pretax costs related to this closure of \$ 2.5 million as of March 31, 2024, including rationalization costs recorded in cost of products sold.

Effective January 1, 2023, the Company began operating under two new reportable segments, Engineered Bearings and Industrial Motion. In conjunction with this change in segmented results, the Company reallocated its goodwill to new reporting units under these two segments. In addition, the Company was required to review goodwill for impairment under these new reporting units. As a result of this goodwill impairment review, the Company recognized a pretax goodwill impairment loss of \$ 28.3 million during the three months ended March 31, 2023.



*Note 15 - Impairment and Restructuring Charges (continued)***Consolidated Restructuring Accrual:**

The following is a rollforward of the consolidated restructuring accrual for the three months ended March 31, 2024 and twelve months ended December 31, 2023:

	<b>March 31,</b>		December 31,	
	<b>2024</b>		2023	
Beginning balance, January 1	\$	5.8	\$	3.1
Expense		2.3		12.3
Payments		( 4.6 )		( 9.6 )
Ending balance	\$	3.5	\$	5.8

The restructuring accrual at March 31, 2024 and December 31, 2023 was included in other current liabilities on the Consolidated Balance Sheets.

#### Note 16 - Retirement Benefit Plans

The following table sets forth the net periodic benefit cost for the Company's defined benefit pension plans. The amounts for the three months ended March 31, 2024 are based on calculations prepared by the Company's actuaries and represent the Company's best estimate of that period's proportionate share of the amounts to be recorded for the year ending December 31, 2024.

	U.S. Plans		International Plans		Total	
	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
	2024	2023	2024	2023	2024	2023
Components of net periodic benefit cost (credit):						
Service cost	\$ 0.1	\$ 0.2	\$ 0.5	\$ 0.3	\$ 0.6	\$ 0.5
Interest cost	4.3	4.5	2.5	2.4	6.8	6.9
Expected return on plan assets	(1.9)	(2.1)	(2.4)	(2.5)	(4.3)	(4.6)
Amortization of prior service cost	—	—	0.1	0.1	0.1	0.1
Recognition of net actuarial gains	—	(0.9)	—	—	—	(0.9)
Net periodic benefit cost (credit)	\$ 2.5	\$ 1.7	\$ 0.7	\$ 0.3	\$ 3.2	\$ 2.0

For the three months ended March 31, 2023, lump sum payments related to new retirees exceeded annual service and interest costs for one of the Company's U.S. defined pension plans, triggering a remeasurement of assets and obligations for this plan. As a result of this remeasurement, the Company recognized a net actuarial gain ("mark-to-market charges") of \$ 0.9 million during the three months ended March 31, 2023.

#### Note 17 - Other Postretirement Benefit Plans

The following table sets forth the net periodic benefit cost for the Company's other postretirement benefit plans. The amounts for the three months ended March 31, 2024 are based on calculations prepared by the Company's actuaries and represent the Company's best estimate of that period's proportionate share of the amounts to be recorded for the year ending December 31, 2024.

	Three Months Ended March 31,	
	2024	2023
Net periodic benefit credit:		
Interest cost	\$ 0.5	\$ 0.5
Amortization of prior service credit	(2.1)	(2.1)
Net periodic benefit credit	\$ (1.6)	\$ (1.6)

*Note 18 - Accumulated Other Comprehensive Income (Loss)*

The following tables present details about components of accumulated other comprehensive (loss) income for the three months ended March 31, 2024 and 2023, respectively:

	Foreign currency translation adjustments	Pension and other postretirement liability adjustments	Change in fair value of derivative financial instruments	Total
Balance at December 31, 2023	\$ ( 193.8 )	\$ 44.7	\$ 2.2	\$ ( 146.9 )
Other comprehensive loss (income) before reclassifications and income taxes	( 50.7 )	—	1.7	( 49.0 )
Amounts reclassified from accumulated other comprehensive loss before income taxes	—	( 2.0 )	( 0.2 )	( 2.2 )
Income tax benefit (expense)	—	0.5	( 0.4 )	0.1
Net current period other comprehensive (loss) income, net of income taxes	( 50.7 )	( 1.5 )	1.1	( 51.1 )
Noncontrolling interest	0.4	—	—	0.4
Net current period other comprehensive (loss) income, net of income taxes and noncontrolling interest	( 50.3 )	( 1.5 )	1.1	( 50.7 )
<b>Balance at March 31, 2024</b>	<b>\$ ( 244.1 )</b>	<b>\$ 43.2</b>	<b>\$ 3.3</b>	<b>\$ ( 197.6 )</b>

	Foreign currency translation adjustments	Pension and other postretirement liability adjustments	Change in fair value of derivative financial instruments	Total
Balance at December 31, 2022	\$ ( 235.7 )	\$ 50.8	\$ 3.0	\$ ( 181.9 )
Other comprehensive income (loss) before reclassifications and income taxes	27.7	—	( 0.8 )	26.9
Amounts reclassified from accumulated other comprehensive loss before income taxes	—	( 2.0 )	( 0.3 )	( 2.3 )
Income tax benefit	—	0.5	0.3	0.8
Net current period other comprehensive income (loss), net of income taxes	27.7	( 1.5 )	( 0.8 )	25.4
Noncontrolling interest	( 0.3 )	—	—	( 0.3 )
Net current period other comprehensive income (loss), net of income taxes and noncontrolling interest	27.4	( 1.5 )	( 0.8 )	25.1
Balance at March 31, 2023	\$ ( 208.3 )	\$ 49.3	\$ 2.2	\$ ( 156.8 )

Other comprehensive (loss) income before reclassifications and income taxes includes the effect of foreign currency.

# Note 19 - Fair Value

Fair value is defined as the price that would be expected to 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.

The following tables present the fair value hierarchy for those financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2024 and December 31, 2023:

March 31, 2024				
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash and cash equivalents	\$ 398.0	\$ 395.7	\$ 2.3	\$ —
Cash and cash equivalents measured at net asset value	23.9			
Restricted cash	0.4	0.4	—	—
Short-term investments	11.4	—	11.4	—
Foreign currency forward contracts	0.7	—	0.7	—
Total assets	\$ 434.4	\$ 396.1	\$ 14.4	\$ —
<b>Liabilities:</b>				
Foreign currency forward contracts	\$ 10.2	\$ —	\$ 10.2	\$ —
Total liabilities	\$ 10.2	\$ —	\$ 10.2	\$ —

  

December 31, 2023				
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Cash and cash equivalents	\$ 384.4	\$ 381.0	\$ 3.4	\$ —
Cash and cash equivalents measured at net asset value	34.5			
Restricted cash	0.4	0.4	—	—
Short-term investments	31.6	—	31.6	—
Interest rate swap contracts	—	—	0	—
Foreign currency forward contracts	3.3	—	3.3	—
Total assets	\$ 454.2	\$ 381.4	\$ 38.3	\$ —
<b>Liabilities:</b>				
Foreign currency forward contracts	\$ 11.4	\$ —	\$ 11.4	\$ —
Total liabilities	\$ 11.4	\$ —	\$ 11.4	\$ —

Cash and cash equivalents are highly liquid investments with maturities of 90 days or less when purchased and are valued at redemption value. Short-term investments are investments with maturities between 91 days and one year, and generally are valued at amortized cost, which approximates fair value. A portion of the cash and cash equivalents and short-term investments are valued based on net asset value. The Company uses publicly available market interest rates to measure the fair value of its interest rate swap contracts. The Company uses publicly available foreign currency forward and spot rates to measure the fair value of its foreign currency forward contracts.

*Note 19 - Fair Value (continued)*

In addition, the Company remeasures certain assets at fair value, using Level 3 inputs, as a result of the occurrence of triggering events such as purchase accounting for acquisitions or goodwill impairment.

No other material assets were measured at fair value on a nonrecurring basis during the three months ended March 31, 2024 and 2023, respectively.

**Financial Instruments:**

The Company's financial instruments consist primarily of cash and cash equivalents, short-term investments, accounts receivable, trade accounts payable, short-term borrowings and long-term debt. Due to their short-term nature, the carrying value of cash and cash equivalents, short-term investments, accounts receivable, trade accounts payable and short-term borrowings are a reasonable estimate of their fair value. Due to the nature of fair value calculations for variable-rate debt, the carrying value of the Company's long-term variable-rate debt is a reasonable estimate of its fair value. The fair value of the Company's long-term fixed-rate debt, based on Level 2 inputs (quoted market prices), was \$ 1,386.5 million and \$ 1,387.7 million at March 31, 2024 and December 31, 2023, respectively. The carrying value of this debt was \$ 1,420.4 million and \$ 1,424.3 million at March 31, 2024 and December 31, 2023, respectively. The difference between fair value and carrying value primarily reflects the net impact of changes in prevailing interest rates and credit spreads since the fixed-rate debt was issued.

The Company does not believe it has significant concentrations of risk associated with the counterparties to its financial instruments.

*Note 20 - Derivative Instruments and Hedging Activities*

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are foreign currency exchange rate risk and interest rate risk. Forward contracts on various foreign currencies are entered into in order to manage the foreign currency exchange rate risk associated with certain of the Company's commitments denominated in foreign currencies. From time to time, interest rate swaps are used to manage interest rate risk associated with the Company's fixed and floating-rate borrowings.

The Company designates certain foreign currency forward contracts as cash flow hedges of forecasted revenues and certain interest rate hedges as cash flow hedges of fixed-rate borrowings.

On September 15, 2020, the Company designated € 54.5 million of its € 150.0 million fixed-rate senior unsecured notes, maturing on September 7, 2027 (the "2027 Notes"), as a hedge against its net investment in one of its European subsidiaries. The objective of the hedge transaction is to protect the net investment in the foreign operations against changes in the exchange rate between the U.S. dollar and the Euro. The net impact for the three months ended March 31, 2024 was a gain of \$ 1.4 million to accumulated comprehensive (loss) income with a corresponding offset to other income (expense), which partially offsets the impact of the foreign currency adjustment on the 2027 Notes.

The Company does not purchase or hold any derivative financial instruments for trading purposes. As of March 31, 2024 and December 31, 2023, the Company had \$ 579.4 million and \$ 591.8 million, respectively, of outstanding foreign currency forward contracts at notional value. Refer to Note 19 - Fair Value for the fair value disclosure of derivative financial instruments.

**Cash Flow Hedging Strategy:**

For certain derivative instruments that are designated and qualify as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings.

To protect against a reduction in the value of forecasted foreign currency cash flows resulting from export sales, the Company has instituted a foreign currency cash flow hedging program. The Company hedges portions of its forecasted cash flows denominated in certain foreign currencies with forward contracts. When the dollar strengthens significantly against these foreign currencies, the decline in the present value of future foreign currency revenue is offset by gains in the fair value of the forward contracts designated as hedges. Conversely, when the dollar weakens, the increase in the present value of future foreign currency cash flows is offset by losses in the fair value of the forward contracts. As of March 31, 2024 and December 31, 2023, the Company had \$ 69.7 million and \$ 73.8 million, respectively, of outstanding foreign currency forward contracts at notional value that were classified as cash flow hedges.

The maximum length of time over which the Company hedges its exposure to the variability in future cash flows for forecast transactions is generally eighteen months or less.

*Note 20 - Derivative Instruments and Hedging Activities (continued)*

**Purpose for Derivative Instruments not designated as Hedging Instruments:**

For derivative instruments that are not designated as hedging instruments, the instruments are typically forward contracts. In general, the practice is to reduce volatility by selectively hedging transaction exposures including intercompany loans, accounts payable and accounts receivable. Intercompany loans between entities with different functional currencies typically are hedged with a forward contract at the inception of the loan with a maturity date corresponding to the maturity of the loan. The revaluation of these contracts, as well as the revaluation of the underlying balance sheet items, is recorded directly to the income statement so the adjustment generally offsets the revaluation of the underlying balance sheet items to protect cash payments and reduce income statement volatility.

As of March 31, 2024 and December 31, 2023, the Company had \$ 509.7 million and \$ 518.0 million, respectively, of outstanding foreign currency forward contracts at notional value that were not designated as hedging instruments. The following table presents the impact of derivative instruments not designated as hedging instruments for the three months ended March 31, 2024 and 2023, respectively, and the related location within the Consolidated Statements of Income:

		Amount of gain or (loss) recognized in income	
		Three Months Ended	
		March 31,	
Derivatives not designated as hedging instruments:	Location of gain or (loss) recognized in income	2024	2023
Foreign currency forward contracts	Other expense, net	\$ ( 6.1 )	\$ ( 2.6 )

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in millions, except per share data)

### OVERVIEW

#### Introduction:

The Timken Company designs and manufactures a growing portfolio of engineered bearings and industrial motion products, and related services. With more than a century of knowledge and innovation, the Company continuously improves the reliability and efficiency of global machinery and equipment to move the world forward. The Company's growing product and services portfolio features many strong industrial brands, such as Timken®, GGB®, Philadelphia Gear®, Cone Drive®, Rollon®, Nadella®, Diamond®, Drives®, Groeneveld®, BEKA®, Des-Case®, Lovejoy® and Lagersmit®. Timken employs more than 19,000 people globally in 45 countries. The Company operates under two reportable segments: (1) Engineered Bearings and (2) Industrial Motion. The following further describes these business segments:

- Timken's Engineered Bearings segment features a broad range of product designs serving original equipment manufacturers (OEMs) and end-users worldwide. Timken is a leading authority on tapered roller bearings and leverages its position by applying engineering know-how and technology across its entire bearing portfolio, which includes tapered, spherical and cylindrical roller bearings; plain bearings, metal-polymer bearings and rod end bearings; thrust and specialty ball bearings; and housed or mounted bearings. The Engineered Bearings portfolio features the Timken®, GGB® and Fafnir® brands and serves customers across global industries, including wind energy, agriculture, construction, food and beverage, metals and mining, automotive and truck, aerospace, rail and more.
- Timken's Industrial Motion segment includes a diverse and growing portfolio of engineered products, including industrial drives, automatic lubrication systems, linear motion products and systems, chains, belts, couplings, filtration systems and industrial clutches and brakes that keep systems running efficiently. Industrial Motion also includes industrial drivetrain services, which return equipment to like-new condition. The Industrial Motion portfolio features many strong brands, including Philadelphia Gear®, Cone Drive®, Spinea®, Rollon®, Nadella®, Groeneveld®, BEKA®, Des-Case®, Diamond®, Drives®, Timken® Belts, Lovejoy®, PT Tech® and Lagersmit®. Industrial Motion products are used across a broad range of industries, including solar energy, automation, construction, agriculture and turf, passenger rail, marine, aerospace, packaging and logistics, medical and more.

Timken creates value by understanding customer needs and applying its know-how to serve a broad range of customers in attractive markets and industries across the globe. The Company's business strengths include its product technology, end-market diversity, geographic reach and aftermarket mix. Timken collaborates with OEMs to improve equipment efficiency with its engineered products and captures subsequent equipment replacement cycles by selling largely through independent channels in the aftermarket. Timken focuses its international efforts and footprint in regions of the world where strong macroeconomic factors such as urbanization, infrastructure development and sustainability create demand for its products and services.



**The Company's strategy has three primary elements:**

**Profitable Growth.** The Company intends to expand into new and existing markets by leveraging its collective knowledge of materials science, friction management and power transmission to create value for Timken customers. Using a highly collaborative technical selling approach, the Company places particular emphasis on creating unique solutions for challenging and/or demanding applications. The Company intends to grow in attractive market sectors around the world, emphasizing those spaces that are highly fragmented, demand high service and value the reliability and efficiency offered by Timken products. The Company also targets applications that offer significant aftermarket demand, thereby providing product and services revenue throughout the equipment's lifetime.

**Operational Excellence.** Timken operates with a relentless drive for exceptional results and a passion for superior execution. The Company embraces a continuous improvement culture that is charged with increasing efficiency, lowering costs, eliminating waste, encouraging organizational agility and building greater brand equity to fuel growth. This requires the Company's ongoing commitment to attract, retain and develop the best talent across the world.

**Capital Deployment to Drive Shareholder Value.** The Company is focused on providing the highest returns for shareholders through its capital allocation framework, which includes: (1) investing in the core business through capital expenditures, research and development and initiatives to drive profitable organic growth; (2) pursuing strategic acquisitions to broaden its portfolio and capabilities across diverse markets, with a focus on engineered bearings, adjacent industrial motion products and related services; (3) returning capital to shareholders through dividends and share repurchases; and (4) maintaining a strong balance sheet and sufficient liquidity to run the business. As part of this framework, the Company may also restructure, reposition or divest underperforming product lines or assets.

**Overview:**

	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Net sales	\$ 1,190.3	\$ 1,262.8	\$ (72.5)	(5.7) %
Net income	110.6	125.7	(15.1)	(12.0) %
Net income attributable to noncontrolling interest	7.1	3.4	3.7	NM
Net income attributable to The Timken Company	\$ 103.5	\$ 122.3	(18.8)	(15.4) %
Diluted earnings per share	\$ 1.46	\$ 1.67	(0.21)	(12.6) %
Average number of shares – diluted	70,880,015	73,360,854	—	(3.4) %

The decrease in net sales for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 was driven by lower organic sales (lower volume offset by favorable pricing) and the unfavorable impact of foreign currency exchange rate changes, partially offset by the benefit of acquisitions (net of divestitures). The decrease in net income for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 was primarily due to the impact of lower volume, higher interest expense and higher intangible amortization expense, partially offset by lower impairment charges, favorable price/mix, lower operating costs, favorable material costs, and the benefit of acquisitions (net of divestitures).

**Outlook:**

The Company expects 2024 full-year revenue to be down 2% to 4% compared to 2023, driven by lower demand, partially offset by the favorable impact from acquisitions (net of divestitures) and slightly higher pricing. The Company's net earnings are expected to be down in 2024 compared with 2023, primarily due to the impact of lower sales volume and higher income tax rate, partially offset by lower impairment charges, favorable price/mix, lower operating costs and the benefit of acquisitions (net of divestitures), including reduced acquisition related charges.

The Company expects to generate a higher amount of cash from operating activities in 2024 compared to 2023, driven mainly by improved working capital performance and lower cash taxes. The Company expects capital expenditures to remain flat in 2024 compared to 2023, and relatively in line with 2023 spending as a percentage of sales (4.0%).

## THE STATEMENT OF INCOME

### Operating Income:

	Three Months Ended March 31,			
	2024	2023	\$ Change	Change
Net sales	\$ 1,190.3	\$ 1,262.8	\$ (72.5)	(5.7%)
Cost of products sold	792.7	846.0	(53.3)	(6.3%)
Selling, general and administrative expenses	190.7	186.8	3.9	2.1%
Amortization of intangible assets	20.0	13.5	6.5	48.1%
Impairment and restructuring charges	2.3	28.9	(26.6)	(92.0%)
Operating income	\$ 184.6	\$ 187.6	(3.0)	(1.6%)
Operating income % to net sales	15.5 %	14.9 %		60 bps

Net sales decreased for the three months ended March 31, 2024 compared with the three months ended March 31, 2023. The decrease was driven by lower organic sales of \$115 million (lower volume partially offset by favorable pricing), including a significant decline in renewable energy market sector, and the unfavorable impact of foreign currency exchange rate changes of \$7 million, partially offset by the favorable impact of acquisitions (net of divestitures) of \$50 million.

Operating income decreased for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, due to the unfavorable impact of lower sales net of cost of products sold, increased amortization expense, and higher selling, general and administrative ("SG&A") expenses, partially offset by lower impairment and restructuring charges.

- Cost of products sold decreased for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, due to the impact of lower volume of \$70 million, favorable material and logistics costs of \$6 million and the impact of foreign currency exchange rate changes of \$5 million, partially offset by the incremental cost of goods sold from acquisitions (net of divestitures) of \$26 million.
- SG&A expenses increased for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, primarily due to the impact of acquisitions, partially offset by lower compensation expense and reduced discretionary spending to align with the lower demand levels.
- Amortization of intangible assets increased for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, primarily due to the addition of intangible assets from the six acquisitions that were completed during 2023. Refer to *Note 3 - Acquisitions and Divestitures* in the Notes to the Consolidated Financial Statements for additional information.
- Impairment and restructuring charges were lower for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, primarily due to the impairment charges of \$28.3 million related to the goodwill impairment recorded in the Industrial Motion segment during the first three months of 2023.

**Interest Income and Expense:**

	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Interest expense	\$ (32.2)	\$ (24.1)	\$ (8.1)	33.6 %
Interest income	2.8	1.5	1.3	86.7 %

The increase in net interest expense for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 was due to increased debt levels and higher average interest rates.

**Other Income (Expense):**

	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
Non-service pension and other postretirement (expense) income	\$ (1.0)	0.1	(1.1)	NM
Other (expense) income	(0.9)	3.1	(4.0)	(129.0) %
Total other (expense) income	\$ (1.9)	3.2	(5.1)	(159.4) %

The change in non-service pension and other postretirement expense (income) for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 was due to a pension remeasurement gain of \$0.9 million recognized during the first three months of 2023. Refer to *Note 16 - Retirement Benefit Plans* and *Note 17 - Other Postretirement Benefit Plans* in the Notes to the Consolidated Financial Statements for additional information.

The change in other (expense) income for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 was due to a gain of \$4.8 million on the divestiture of SE Setco, a 50% owned joint venture, during the three months ended March 31, 2023.

**Income Tax Expense:**

	Three Months Ended March 31,			
	2024	2023	\$ Change	Change
Provision for income taxes	\$ 42.7	\$ 42.5	\$ 0.2	0.5 %
Effective tax rate	27.9 %	25.3 %		260 bps

Income tax expense increased \$0.2 million for the three months ended March 31, 2024 compared with the three months ended March 31, 2023. The slight increase in expense reflects an increase in the mix of earnings in non-U.S. jurisdictions with relatively higher tax rates and the net favorable impact of discrete items in the year ago period, which were mostly offset by lower pre-tax earnings.

Refer to *Note 6 - Income Taxes* in the Notes to the Consolidated Financial Statements for more information on the computation of the income tax expense in interim periods.

## **BUSINESS SEGMENTS**

The Company's reportable segments are product-based business groups that serve customers in diverse industrial markets. The primary measurement used by management to measure the financial performance of each segment is EBITDA. Refer to *Note 4 - Segment Information* in the Notes to the Consolidated Financial Statements for the reconciliation of EBITDA by segment to consolidated income before income taxes.

The presentation of segment results below includes a reconciliation of the changes in net sales for each segment reported in accordance with U.S. GAAP to net sales adjusted to remove the effects of acquisitions and divestitures completed in 2024 and 2023 and foreign currency exchange rate changes. The effects of acquisitions, divestitures and foreign currency exchange rate changes on net sales are removed to allow investors and the Company to meaningfully evaluate the percentage change in net sales on a comparable basis from period to period.

The following item represents the Company's acquisitions and divestitures completed in 2023:

- The Company acquired Lagersmit during the fourth quarter of 2023. Results for Lagersmit are reported in the Industrial Motion segment.
- The Company acquired iMECH during the fourth quarter of 2023. Results for iMECH are reported in the Engineered Bearings segment.
- The Company completed the sale of Jiangsu TWB Bearings Co., Ltd. ("TWB") during the fourth quarter of 2023. Results for TWB were reported in the Engineered Bearings segment.
- The Company acquired Rosa and Des-Case during the third quarter of 2023. Results for Rosa and Des-Case are reported in the Industrial Motion segment.
- The Company acquired Nadella during the second quarter of 2023. Results for Nadella are reported in the Industrial Motion segment.
- The Company acquired ARB during the first quarter of 2023. Results for ARB are reported in the Engineered Bearings segment.

**Engineered Bearings Segment:**

Three Months Ended March 31,					
	2024		2023	\$ Change	Change
Net sales	\$ 802.5	\$	900.7	\$ (98.2)	(10.9%)
EBITDA	\$ 178.7	\$	205.0	\$ (26.3)	(12.8%)
EBITDA margin	22.3	%	22.8	%	(50) bps

Three Months Ended March 31,					
	2024		2023	\$ Change	% Change
Net sales	\$ 802.5	\$	900.7	\$ (98.2)	(10.9 %)
Less: Acquisitions	8.5		—	8.5	NM
Divestitures	(7.6)		—	(7.6)	NM
Currency	(6.6)		—	(6.6)	NM
Net sales, excluding the impact of acquisitions, divestitures and currency	\$ 808.2	\$	900.7	\$ (92.5)	(10.3 %)

The Engineered Bearings segment's net sales, excluding the effects of acquisitions, divestitures and foreign currency exchange rate changes, decreased \$92.5 million or 10.3% in the three months ended March 31, 2024 compared with the three months ended March 31, 2023. The decrease reflects lower volume across most market sectors, driven primarily by a significant decline in the renewable energy sector and lower shipments in the off-highway sector, partially offset by higher pricing and higher sales volume in the rail sector. EBITDA decreased by \$26.3 million or 12.8% for the three months ended March 31, 2024 compared with the three months ended March 31, 2023, primarily due to the impact of lower volume and the unfavorable impact of foreign currency exchange rate changes, partially offset by lower material costs, favorable price/mix, and the benefit of acquisitions (net of divestitures).

**Industrial Motion Segment:**

Three Months Ended March 31,					
	2024		2023	\$ Change	Change
Net sales	\$ 387.8	\$	362.1	\$ 25.7	7.1%
EBITDA	\$ 77.3	\$	48.2	\$ 29.1	60.4%
EBITDA margin	19.9	%	13.3	%	660 bps

Three Months Ended March 31,					
	2024		2023	\$ Change	% Change
Net sales	\$ 387.8	\$	362.1	\$ 25.7	7.1 %
Less: Acquisitions	49.1		—	49.1	NM
Currency	0.1		—	0.1	NM
Net sales, excluding the impact of acquisitions and currency	\$ 338.6	\$	362.1	(23.5)	(6.5) %

The Industrial Motion segment's net sales, excluding the effects of acquisitions and foreign currency exchange rate changes, decreased \$23.5 million or 6.5% in the three months ended March 31, 2024 compared with the three months ended March 31, 2023. The decrease reflects lower volume across most platforms, with belts and chain experiencing the largest decline, partially offset by higher services revenue and higher pricing. EBITDA increased \$29.1 million or 60.4% for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 primarily due to lower impairment charges, the benefit of acquisitions and favorable pricing, partially offset by the impact of lower volume. The lower impairment charges were primarily due to the impairment charges related to the impairment of goodwill recorded in the quarter ended March 31, 2023.

**Unallocated Corporate**

Three Months Ended March 31,					
	2024		2023	\$ Change	Change
Unallocated corporate expense	\$ (18.0)	\$	(17.7)	\$ (0.3)	1.7 %
Unallocated corporate expense % to net sales	(1.5)%		(1.4)%		(10) bps

Unallocated corporate expense increased for the three months ended March 31, 2024 compared with the three months ended March 31, 2023 primarily due to the unfavorable impact of foreign currency exchange rate changes.

## CASH FLOW

	Three Months Ended March 31,		
	2024	2023	\$ Change
Net cash provided by operating activities	\$ 49.3	\$ 78.6	\$ (29.3)
Net cash used in investing activities	(24.5)	(64.5)	40.0
Net cash used in financing activities	(15.0)	(17.5)	2.5
Effect of exchange rate changes on cash	(6.8)	1.8	(8.6)
Increase (decrease) in cash and cash equivalents and restricted cash	\$ 3.0	\$ (1.6)	\$ 4.6

### Operating Activities:

The decrease in net cash provided by operating activities for the first three months of 2024 compared with the first three months of 2023 was primarily due to a decrease in net income of \$15.1 million, lower non-cash impairment charges of \$28.3 million, the unfavorable impact of working capital items of \$8.7 million and higher pension and postretirement payments of \$7.8 million, partially offset by the favorable impact of income taxes on cash of \$32.7 million due to lower tax payments. Refer to the tables below for additional detail of the impact of each line item on net cash provided by operating activities.

The following table displays the impact of working capital items on cash during the three months of 2024 and 2023, respectively:

	Three Months Ended March 31,		
	2024	2023	\$ Change
Cash (used in) provided by:			
Accounts receivable	\$ (106.1)	\$ (50.3)	\$ (55.8)
Unbilled receivables	9.5	(11.1)	20.6
Inventories	(11.1)	6.1	(17.2)
Trade accounts payable	20.7	(9.4)	30.1
Other accrued expenses	(31.2)	(44.8)	13.6
Cash used in working capital items	\$ (118.2)	\$ (109.5)	\$ (8.7)

The following table displays the impact of income taxes on cash during the first three months of 2024 and 2023, respectively:

	Three Months Ended March 31,		
	2024	2023	\$ Change
Accrued income tax expense	\$ 42.7	\$ 42.5	\$ 0.2
Income tax payments	(19.3)	(54.8)	35.5
Other items	(2.9)	0.1	(3.0)
Change in income taxes	\$ 20.5	\$ (12.2)	\$ 32.7

### Investing Activities:

The decrease in net cash used in investing activities for the first three months of 2024 compared with the first three months of 2023 was primarily due to a decrease in cash used for acquisitions of \$29.0 million and an increase in cash from the net liquidation of short-term marketable securities of \$18.9 million, partially offset by lower proceeds from divestitures of \$5.7 million.

### Financing Activities:

The decrease in net cash used in financing activities for the first three months of 2024 compared with the first three months of 2023 was primarily due to a decrease in net borrowings of \$44.8 million and a decrease in proceeds from the exercise of stock options of \$10.7 million, partially offset by a decrease in the purchase of treasury shares of \$54.0 million.



## LIQUIDITY AND CAPITAL RESOURCES

Reconciliation of total debt to net debt and the ratio of net debt to capital:

### Net Debt:

	March 31, 2024	December 31, 2023
Short-term debt, including current portion of long-term debt	\$ 601.9	\$ 605.6
Long-term debt	1,797.9	1,790.3
Total debt	\$ 2,399.8	\$ 2,395.9
Less: Cash and cash equivalents	421.9	418.9
Net debt	\$ 1,977.9	\$ 1,977.0

### Ratio of Net Debt to Capital:

	March 31, 2024	December 31, 2023
Net debt	\$ 1,977.9	\$ 1,977.0
Total equity	2,735.0	2,702.4
Net debt plus total equity (capital)	\$ 4,712.9	\$ 4,679.4
Ratio of net debt to capital	42.0 %	42.2 %

The Company presents net debt because it believes net debt is more representative of the Company's financial position than total debt due to the amount of cash and cash equivalents held by the Company and the ability to utilize such cash and cash equivalents to reduce debt if needed.

At March 31, 2024, the Company had strong liquidity with \$421.9 million of cash and cash equivalents on the Consolidated Balance Sheet, as well as \$523.8 million available under committed credit lines. Of the \$421.9 million of cash and cash equivalents, \$395.4 million resided in jurisdictions outside the United States. Repatriation of non-U.S. cash could be subject to taxes and some portion may be subject to governmental restrictions. Part of the Company's strategy is to grow in attractive market sectors, many of which are outside the United States. This strategy includes making investments in facilities, equipment and potential new acquisitions. The Company plans to fund these investments, as well as meet working capital requirements, with cash and cash equivalents and unused lines of credit within the geographic location of these investments where feasible.

On December 5, 2022, the Company entered into the Credit Agreement, which is comprised of the \$750.0 million Senior Credit Facility and the \$400.0 million 2027 Term Loan that each mature on December 5, 2027. The interest rates under Credit Agreement are based on SOFR. At March 31, 2024, the Company had \$251.1 million of outstanding borrowings and \$0.1 million of letters of credit under the Senior Credit Facility, which reduced the availability under this facility to \$498.8 million. The Credit Agreement has two financial covenants: a consolidated leverage ratio and a consolidated interest coverage ratio. The maximum consolidated leverage ratio permitted under the Senior Credit Facility is 3.5 to 1.0. As of March 31, 2024, the Company's consolidated leverage ratio was 2.20 to 1.0. The minimum consolidated interest coverage ratio permitted under the Senior Credit Facility is 3.0 to 1.0. As of March 31, 2024, the Company's consolidated interest coverage ratio was 8.24 to 1.0.

The interest rate under the Senior Credit Facility is variable with a spread based on the Company's debt rating. The average rate on outstanding U.S. dollar borrowings was 6.43% and the average rate on outstanding Euro borrowings was 4.86% as of March 31, 2024. In addition, the Company pays a facility fee based on the applicable rate, which is variable with a spread based on the Company's debt rating, multiplied by the aggregate commitments of all of the lenders under the Senior Credit Facility. As of March 31, 2024, the Company carried investment-grade credit ratings with both Moody's (Baa2) and S&P Global (BBB-).

The Company has a \$100 million Accounts Receivable Facility, which matures on November 30, 2026. The Accounts Receivable Facility is subject to certain borrowing base limitations and is secured by certain domestic trade accounts receivable of the Company. As of March 31, 2024, the Company had \$75 million of outstanding borrowings under the Accounts Receivable Facility and no borrowing base limitations. There was \$25 million of availability under the Accounts Receivable Facility as of March 31, 2024.

Other sources of liquidity include uncommitted short-term lines of credit for certain of the Company's foreign subsidiaries, which currently provide for borrowings of up to \$227.4 million. At March 31, 2024, the Company had borrowings outstanding of \$26.8 million and bank guarantees of \$1.7 million, which reduced the aggregate availability under these facilities to \$198.9 million.

On August 16, 2023, the Company entered into a €200 million 2024 Term Loan, maturing on August 16, 2024. Proceeds from the 2024 Term Loan were used to repay borrowings on the Senior Credit Facility and Accounts Receivable Facility, as well as for general corporate purposes. The Company also has 2024 Notes in the aggregate principal amount of \$350.0 million with an interest rate of 3.875%, maturing on September 1, 2024. The Company currently intends to refinance the 2024 Term Loan and the 2024 Notes prior to their maturity.

At March 31, 2024, the Company was in full compliance with all applicable covenants on its outstanding debt.

The Company expects to generate a higher amount of cash from operating activities in 2024 compared to 2023, driven mainly by improved working capital performance and lower cash taxes. The Company expects higher capital expenditures in 2024 compared to 2023, but relatively in line with 2023 spending as a percentage of sales (4.0%).

#### **Financing Obligations and Other Commitments:**

During the first three months of 2024, the Company made cash contributions and payments of \$11.9 million to its global defined benefit pension plans and \$0.3 million to its other postretirement benefit plans. The Company expects to make contributions to its global defined benefit plans of approximately \$25 million in 2024. The Company expects to make payments of approximately \$4 million to its other postretirement benefit plans in 2024. Excluding mark-to-market charges, the Company expects higher pension and other postretirement benefits expense in 2024 compared to 2023 primarily due to lower expected returns on pension plan assets and higher interest expense.

The Company does not have any off-balance sheet arrangements with unconsolidated entities or other persons.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Company's financial statements are prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The Company reviews its critical accounting policies throughout the year. The Company has concluded that there have been no significant changes to its critical accounting policies or estimates, as described in its Annual Report on Form 10-K for the year ended December 31, 2023, during the three months ended March 31, 2024.

*OTHER MATTERS*

**Foreign Currency:**

Assets and liabilities of subsidiaries are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the average rates of exchange prevailing during the reporting period. Related translation adjustments are reflected as a separate component of accumulated other comprehensive loss. Foreign currency gains and losses resulting from transactions, and the related hedging activity, are included in the Consolidated Statements of Income.

For the three months ended March 31, 2024, the Company recorded negative foreign currency translation adjustments of \$50.3 million that decreased shareholders' equity, compared with positive foreign currency translation adjustments of \$27.4 million that increased shareholders' equity for the three months ended March 31, 2023. The foreign currency translation adjustments for the three months ended March 31, 2024 were negatively impacted by the strengthening of the U.S. dollar relative to other foreign currencies, including the Chinese Renminbi Yuan and Euro.

Foreign currency exchange gains and losses, net of hedging activity, resulting from transactions included in the Company's operating results for the three months ended March 31, 2024 totaled \$3.2 million of net losses, compared with \$3.0 million of net losses during the three months ended March 31, 2023.

## NON-GAAP MEASURES

### Supplemental Non-GAAP Measures:

In addition to results reported in accordance with U.S. GAAP, the Company provides information on non-GAAP financial measures. These non-GAAP financial measures include adjusted net income, adjusted earnings per share, adjusted EBITDA and adjusted EBITDA margins, segment adjusted EBITDA and segment adjusted EBITDA margins, ratio of net debt to adjusted EBITDA (for the trailing 12 months), net debt, ratio of net debt to capital and free cash flow. This information is intended to supplement GAAP financial measures and is not intended to replace GAAP financial measures. Net debt and the ratio of net debt to capital is disclosed in the "Liquidity and Capital Resources" section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

### Adjusted Net Income and Adjusted EBITDA:

Adjusted net income and adjusted earnings per share represent net income attributable to The Timken Company and diluted earnings per share, respectively, adjusted for intangible amortization, impairment, restructuring and reorganization charges, acquisition costs, including transaction costs and the amortization of the inventory step-up, property losses and recoveries, actuarial gains and losses associated with the remeasurement of the Company's defined benefit pension and other postretirement benefit plans, gains and losses on the sale of real estate, gains and losses on divestitures, the income tax impact of these adjustments, as well as other discrete income tax items, and other items from time to time that are not part of the Company's core operations. Management believes adjusted net income and adjusted earnings per share are useful to investors as they are representative of the Company's core operations and are used in the management of the business.

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, adjusted for items that are not part of the Company's core operations. These items include intangible amortization, impairment, restructuring and reorganization charges, acquisition costs, including transaction costs and the amortization of the inventory step-up, property losses and recoveries, actuarial gains and losses associated with the remeasurement of the Company's defined benefit pension and other postretirement benefit plans, gains and losses on the sale of real estate, gains and losses on divestitures, and other items from time to time that are not part of the Company's core operations. Management believes adjusted EBITDA is useful to investors as it is representative of the Company's core operations and is used in the management of the business, including decisions concerning the allocation of resources and assessment of performance.

Reconciliation of net income attributable to The Timken Company to adjusted net income, adjusted EBITDA and adjusted EBITDA Margin:

	Three Months Ended March 31,	
	2024	2023
Net Sales	\$ 1,190.3	\$ 1,262.8
Net Income Attributable to The Timken Company	103.5	122.3
Net Income Attributable to The Timken Company as a Percentage of Sales	8.7 %	9.7 %
Adjustments:		
Acquisition intangible amortization	20.0	13.5
Impairment, restructuring and reorganization charges <sup>(1)</sup>	4.8	30.0
Corporate pension and other postretirement benefit related income <sup>(2)</sup>	—	(0.9)
Russia-related charges <sup>(3)</sup>	—	0.3
Acquisition-related charges <sup>(4)</sup>	4.7	4.7
Gain on divestitures and sale of certain assets <sup>(5)</sup>	(0.7)	(4.8)
Noncontrolling interest of above adjustments	(0.1)	(0.2)
Provision for income taxes <sup>(6)</sup>	(6.5)	(11.4)
Adjusted Net Income	\$ 125.7	\$ 153.5
Net income attributable to noncontrolling interest	7.1	3.4
Provision for income taxes (as reported)	42.7	42.5
Interest expense	32.2	24.1
Interest income	(2.8)	(1.5)
Depreciation and amortization expense <sup>(7)</sup>	54.9	45.4
Less: Acquisition intangible amortization	20.0	13.5
Less: Noncontrolling interest	(0.1)	(0.2)
Less: Provision for income taxes <sup>(6)</sup>	(6.5)	(11.4)
Adjusted EBITDA	\$ 246.4	\$ 265.5
Adjusted EBITDA Margin (% of net sales)	20.7 %	21.0 %

Diluted earnings and adjusted earnings per share in the table below are based on net income attributable to The Timken Company and adjusted net income, respectively, in the table above.

	Three Months Ended March 31,	
	2024	2023
Diluted earnings per share (EPS)	\$ 1.46	\$ 1.67
Adjusted EPS	\$ 1.77	\$ 2.09
Diluted Shares	70,880,015	73,360,854

Reconciliation of segment EBITDA to segment adjusted EBITDA and segment adjusted EBITDA margin:

Three Months Ended March 31, 2024							
	Engineered Bearings		Industrial Motion		Unallocated Corporate		Total
Net Sales	\$	802.5	\$	387.8	\$	—	\$ 1,190.3
EBITDA		178.7		77.3		(18.0)	238.0
Impairment, restructuring and reorganization charges <sup>(1)</sup>		2.5		1.8		0.1	4.4
Acquisition-related charges <sup>(4)</sup>		0.9		3.0		0.8	4.7
(Gain) loss on divestitures and sale of certain assets <sup>(5)</sup>		(0.7)		—		—	(0.7)
Adjusted EBITDA	\$	181.4	\$	82.1	\$	(17.1)	\$ 246.4
Adjusted EBITDA Margin (% of net sales)		22.6	%	21.2	%	NM	20.7 %
Three Months Ended March 31, 2023							
	Engineered Bearings		Industrial Motion		Unallocated Corporate		Total
Net Sales	\$	900.7	\$	362.1	\$	—	\$ 1,262.8
EBITDA		205.0		48.2		(16.8)	236.4
Impairment, restructuring and reorganization charges <sup>(1)</sup>		1.1		28.7		—	29.8
Corporate pension and other postretirement benefit related income <sup>(2)</sup>		—		—		(0.9)	(0.9)
Russia-related charges <sup>(3)</sup>		0.3		—		—	0.3
Acquisition-related charges <sup>(4)</sup>		2.2		—		2.5	4.7
(Gain) loss divestitures and sale of certain assets <sup>(5)</sup>		(4.8)		—		—	(4.8)
Adjusted EBITDA	\$	203.8	\$	76.9	\$	(15.2)	\$ 265.5
Adjusted EBITDA Margin (% of net sales)		22.6	%	21.2	%	NM	21.0 %

<sup>(1)</sup> Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; (iii) severance related to cost reduction initiatives; and (iv) impairment of assets. Impairment, restructuring and reorganization charges for 2023 included \$28.3 million related to the impairment of goodwill. The Company re-assesses its operating footprint and cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

<sup>(2)</sup> Corporate pension and other postretirement benefit related income represents actuarial gains that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial gains and losses in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement. Refer to *Note 16 - Retirement Benefit Plans* and *Note 17 - Other Postretirement Benefit Plans* for additional discussion.

<sup>(3)</sup> Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. Refer to Russia Operations in Management Discussion and Analysis within the Company's annual report on Form 10-K for additional information.

<sup>(4)</sup> Acquisition-related charges represent deal-related expenses associated with completed transactions and any resulting inventory step-up impact.

<sup>(5)</sup> Represents the net gain resulting from divestitures and sale of certain assets.

<sup>(6)</sup> Provision for income taxes includes the net tax impact on pre-tax adjustments (listed above), the impact of discrete tax items recorded during the respective periods as well as other adjustments to reflect the use of one overall effective tax rate on adjusted pre-tax income in interim periods.

<sup>(7)</sup> Depreciation and amortization shown excludes depreciation recognized in reorganization charges, if any.

**Free Cash Flow:**

Free cash flow represents net cash provided by operating activities less capital expenditures. Management believes free cash flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

Reconciliation of net cash provided by operating activities to free cash flow:

	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 49.3	\$ 78.6
Capital expenditures	(44.1)	(41.7)
Free cash flow	\$ 5.2	\$ 36.9

**Ratio of Net Debt to Adjusted EBITDA:**

The ratio of net debt to adjusted EBITDA for the trailing twelve months represents total debt less cash and cash equivalents divided by adjusted EBITDA for the trailing twelve months. The Company presents net debt to adjusted EBITDA because it believes it is more representative of the Company's financial position as it is reflective of the Company's ability to cover its net debt obligations with results from its core operations. Net income for the trailing twelve months ended March 31, 2024 and December 31, 2023 was \$392.9 million and \$408.0 million, respectively. Net debt to adjusted EBITDA for the trailing twelve months was 2.1 at March 31, 2024 and December 31, 2023.

Reconciliation of Net income to Adjusted EBITDA for the trailing twelve months:

	Twelve Months Ended	
	March 31, 2024	December 31, 2023
Net income	\$ 392.9	\$ 408.0
Provision for income taxes	122.7	122.5
Interest expense	118.8	110.7
Interest income	(10.6)	(9.3)
Depreciation and amortization	211.0	201.3
Consolidated EBITDA	834.8	833.2
Adjustments:		
Impairment, restructuring and reorganization charges <sup>(1)</sup>	\$ 25.4	\$ 50.8
Corporate pension and other postretirement benefit related expense <sup>(2)</sup>	21.5	20.6
Acquisition-related charges <sup>(3)</sup>	31.8	31.8
Gain on divestitures and sale of certain assets <sup>(4)</sup>	(1.1)	(5.2)
Russia-related charges <sup>(5)</sup>	8.2	8.5
Total adjustments	85.8	106.5
Adjusted EBITDA	920.6	939.7
Net Debt	1,977.9	1,977.0
Ratio of Net Debt to Adjusted EBITDA	2.1	2.1

<sup>(1)</sup> Impairment, restructuring and reorganization charges (including items recorded in cost of products sold) relate to: (i) plant closures; (ii) the rationalization of certain plants; (iii) severance related to cost reduction initiatives; and (iv) impairment of assets. Impairment, restructuring and reorganization charges for the twelve months ended December 31, 2023 included \$29.3 million related to the sale of ADS and \$28.3 million related to the impairment of goodwill. The Company re-assesses its operating footprint and cost structure periodically, and makes adjustments as needed that result in restructuring charges. However, management believes these actions are not representative of the Company's core operations.

<sup>(2)</sup> Corporate pension and other postretirement benefit related expense represents actuarial losses that resulted from the remeasurement of plan assets and obligations as a result of changes in assumptions or experience. The Company recognizes actuarial losses in connection with the annual remeasurement in the fourth quarter, or if specific events trigger a remeasurement.

<sup>(3)</sup> Acquisition-related charges represent deal-related expenses associated with completed transactions and any resulting inventory step-up impact.

<sup>(4)</sup> Represents the net gain resulting from divestitures and sale of certain assets.

<sup>(5)</sup> Russia-related charges include impairments or allowances recorded against certain property, plant and equipment, inventory and trade receivables and write-down of a 51%-owned joint venture ("Russian JV") to reflect the current impact of Russia's invasion of Ukraine (and associated sanctions) on the Company's operations. Refer to Russia Operations in Management Discussion and Analysis within the Company's annual report on Form 10-K for additional information.



## FORWARD-LOOKING STATEMENTS

Certain statements set forth in this Form 10-Q and in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 that are not historical in nature (including the Company's forecasts, beliefs and expectations) are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, Management's Discussion and Analysis contains numerous forward-looking statements. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "outlook," "intend," "may," "possible," "potential," "predict," "project" or other similar words, phrases or expressions. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q. The Company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the Company due to a variety of factors, such as:

- deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which the Company or its customers or suppliers conduct business, including adverse effects from a global economic slowdown or recession, pandemics, epidemics or other public health concerns, terrorism, or hostilities. This includes: political risks associated with the potential instability of governments and legal systems in countries in which the Company or its customers or suppliers conduct business, changes in currency valuations, strained geopolitical relations between countries in which we have significant operations, and recent world events that have increased the risks posed by international trade disputes, tariffs and sanctions;
- negative impacts to the Company's business, results of operations, financial position or liquidity, disruption to the Company's supply chains, negative impacts to customer demand or operations, availability and health of employees, and governmental restrictions on travel and manufacturing operations;
- the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which the Company operates. This includes: the ability of the Company to respond to rapid changes in customer demand, disruptions to the Company's supply chain, logistical issues associated with port closures or congestion, delays or increased costs, the effects of customer or supplier bankruptcies or liquidations, the impact of changes in industrial business cycles, the ability of the Company to effectively adjust the prices for its products in response to changing dynamics, the effects of distributor inventory corrections reflecting de-stocking of the supply chain and whether conditions of fair trade continue in the Company's markets;
- competitive factors, including changes in market penetration, increasing price competition by existing or new foreign and domestic competitors, the introduction of new products or services by existing and new competitors, competition for skilled labor and new technology that may impact the way the Company's products are produced, sold or distributed;
- changes in operating costs. This includes: the effect of changes in the Company's manufacturing processes; changes in costs associated with varying levels of operations and manufacturing capacity; availability and cost of raw materials and energy; disruptions to the Company's supply chain and logistical issues associated with port closures or congestion, delays or increased costs; changes in the expected costs associated with product warranty claims especially in industry segments with potential high claim values; changes in the global regulatory landscape (including with respect to climate change or other environmental regulations); changes resulting from inventory management and cost reduction initiatives; the effects of unplanned plant shutdowns; the effects of government-imposed restrictions, commercial requirements and Company goals associated with climate change and emissions or other sustainability initiatives; and changes in the cost of labor and benefits;
- the impact of inflation on employee expenses, shipping costs, raw material costs, energy and fuel costs and other production costs;
- the success of the Company's operating plans, announced programs, initiatives and capital investments; the ability to integrate acquired companies and to address material issues both identified and not uncovered during the Company's due diligence review; and the ability of acquired companies to achieve satisfactory operating results, including results being accretive to earnings, realization of synergies and expected cash flow generation;
- the Company's ability to maintain appropriate relations with unions or works councils that represent Company employees in certain locations in order to avoid disruptions of business;
- the continued attraction, retention and development of management, other key employees, and other skilled personnel at all levels of the organization, the successful development and execution of succession plans and management of other human capital matters;
- unanticipated litigation, claims, investigations, remediation or assessments. This includes: claims, investigations or problems related to intellectual property, product liability or warranty, foreign export, sanctions and trade laws, government procurement regulations, competition and anti-bribery laws, climate change, PFAS, other environmental or health and safety issues, data privacy and taxes;

- changes in worldwide financial and capital markets impacting the availability of financing on satisfactory terms, as a result of financial stress affecting the banking system or otherwise, and the high interest rate environment, which affect the Company's cost of funds and/or ability to raise capital, as well as customer demand and the ability of customers to obtain financing to purchase the Company's products or equipment that contain the Company's products;
- the Company's ability to satisfy its obligations and comply with covenants under its debt agreements, maintain favorable credit ratings and its ability to renew or refinance borrowings on favorable terms;
- the impact on the Company's pension obligations and assets due to changes in interest rates, investment performance and other tactics designed to reduce risk; and
- those items identified under Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 or this Form 10-Q.

Additional risks relating to the Company's business, the industries in which the Company operates, or the Company's common shares may be described from time to time in the Company's filings with the U.S. Securities and Exchange Commission ("SEC"). All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the Company's control.

Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that the above list should not be considered to be a complete list. Except as required by the federal securities laws, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q. Furthermore, a discussion of market risk exposures is included in Part II, Item 7A. Quantitative and Qualitative Disclosure about Market Risk, of the Company's Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes in reported market risk since the inclusion of this discussion in the Company's Annual Report on Form 10-K referenced above.

### ITEM 4. CONTROLS AND PROCEDURES

#### (a) Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)). Based upon that evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

#### (b) Changes in Internal Control Over Financial Reporting

During the Company's fiscal quarter ended March 31, 2024, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

During 2023, the Company completed six acquisitions: Lagersmit, iMECH, Rosa, Des-Case, Nadella and ARB. The results of these acquisitions are included in the Company's consolidated financial statements for the first three months of 2024. The total and net assets of these acquisitions represented 14% of the Company's total assets and 26% of the Company's net assets as of March 31, 2024. The net sales of these acquisitions in the aggregate represented 5% of the Company's consolidated net sales for the first three months of 2024. The Company is currently integrating these acquisitions into its internal control framework and processes, and as prescribed by SEC rules and regulations, the Company will include Lagersmit, iMECH, Rosa, Des-Case, Nadella and ARB in the internal control over financial reporting assessment as of December 31, 2024.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. SEC regulations require us to disclose certain information about environmental proceedings when a governmental authority is a party to the proceedings if we reasonably believe that such proceedings may result in monetary sanctions above a stated threshold. Pursuant to such regulations, the Company uses the maximum permitted threshold of \$1 million or more for purposes of determining whether disclosure of any such proceedings is required. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

### Item 1A. Risk Factors

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, included a detailed discussion of our risk factors. There have been no material changes to the risk factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Investors should not interpret the disclosure of any risk factor to imply that the risk has not already materialized.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Common Shares

The following table provides information about purchases by the Company of its common shares during the quarter ended March 31, 2024.

Period	Total number of shares purchased <sup>(1)</sup>	Average price paid per share <sup>(2)</sup>	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs <sup>(3)</sup>
1/1/2024 - 1/31/2024	92 \$	79.59	—	2,638,990
2/1/2024 - 2/29/2024	108,101	81.23	—	2,638,990
3/1/2024 - 3/31/2024	1,769	86.41	—	2,638,990
<b>Total</b>	<b>109,962 \$</b>	<b>81.31</b>	<b>—</b>	<b>—</b>

(1) Of the shares purchased in January, February and March, 92, 108,101 and 1,769, respectively, represent common shares of the Company that were owned and tendered by employees to exercise stock options and to satisfy withholding obligations in connection with the exercise of stock options or vesting of restricted shares.

(2) For shares tendered in connection with the vesting of restricted shares, the average price paid per share is an average calculated using the daily high and low of the Company's common shares as quoted on the New York Stock Exchange at the time of vesting. For shares tendered in connection with the exercise of stock options, the price paid is the real-time trading stock price at the time the options are exercised.

(3) On February 12, 2021, the Company's Board of Directors approved a new share purchase plan, effective March 1, 2021, pursuant to which the Company may purchase up to ten million of its common shares, in the aggregate. This share purchase plan expires on February 28, 2026. Under this plan, the Company may purchase shares from time to time in open market purchases or privately negotiated transactions, and it may make all or part of the purchases pursuant to accelerated share repurchases or Rule 10b5-1 plans.

Item 5. Other Information

During the fiscal quarter ended March 31, 2024, no director or officer (as defined in Exchange Act Rule 16a-1(f)) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Regulation 408(a) of Regulation S-K).

Item 6. Exhibits

- [10.1](#) Form of Time-Based Restricted Stock Unit Agreement, as adopted February 8, 2024 and granted pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan.
- [10.2](#) Form of Performance-Based Restricted Stock Unit Agreement, as adopted February 8, 2024 and granted pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan.
- [10.3](#) Form of Deferred Shares Agreement, as adopted February 8, 2024 and granted pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan.
- [10.4](#) Form of Deferred Share Equivalents Agreement, as adopted February 8, 2024 and granted pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan.
- [10.5](#) Form of Time-Based Restricted Stock Unit Agreement for Nonemployee Directors, as adopted February 8, 2024 and granted pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan.
- [10.6](#) Appendix for special terms and conditions for equity awards granted to Timken participants in France pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan.
- [31.1](#) Certification of Richard G. Kyle, President and Chief Executive Officer (principal executive officer) of The Timken Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- [31.2](#) Certification of Philip D. Fracassa, Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer) of The Timken Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- [32](#) Certifications of Richard G. Kyle, President and Chief Executive Officer (principal executive officer) and Philip D. Fracassa, Executive Vice President and Chief Financial Officer (principal financial officer and principal accounting officer) of The Timken Company, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- [101](#) Financial statements from the quarterly report on Form 10-Q of The Timken Company for the quarter ended March 31, 2024 filed on April 30, 2024, formatted in Inline XBRL: (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to the Consolidated Financial Statements.
- [104](#) Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TIMKEN COMPANY

Date: April 30, 2024

By: /s/ Richard G. Kyle

Richard G. Kyle  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: April 30, 2024

By: /s/ Philip D. Fracassa

Philip D. Fracassa  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

## THE TIMKEN COMPANY

### **Time-Based Restricted Stock Units Agreement**

THIS TIME-BASED RESTRICTED STOCK UNITS AGREEMENT (this "Agreement") is made by and between The Timken Company, an Ohio corporation (the "Company"), and the undersigned Grantee pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time (the "Plan"), effective as of the Date of Grant, which is provided, along with additional grant details, on the secure web portal of the third-party vendor used by the Company for the administration of the Plan (such information is referred to herein as the "Grant Summary"). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein shall have the meanings assigned to them in the Plan.

1. **Grant and Payment of RSUs.** Subject to the terms and conditions of the Plan and this Agreement, Grantee has been granted on the Date of Grant the number of Time-Based Restricted Stock Units specified in the Grant Summary (the "RSUs"). The RSUs will become payable if the applicable portion of the Restriction Period (as defined in Section 4(c)) lapses and Grantee's right to receive payment for the RSUs becomes nonforfeitable ("Vest," "Vesting" or "Vested") in accordance with Sections 3 and 4 of this Agreement.
  2. **RSUs Not Transferrable.** None of the RSUs nor any interest therein or in any Common Shares underlying such RSUs will be transferable other than by will or the laws of descent and distribution prior to payment.
  3. **Vesting of RSUs.** Subject to Sections 4 and 5 of this Agreement, one-fourth (1/4) of the RSUs will Vest on each of the first four anniversaries of the Date of Grant (each date, a "Vesting Date"), provided that Grantee remains in the continuous employ of the Company or a Subsidiary on each such Vesting Date. For the purposes of this Agreement, the continuous employment of Grantee with the Company or a Subsidiary will not be deemed to have been interrupted, and Grantee will not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of the transfer of Grantee's employment among the Company and its Subsidiaries.
  4. **Alternative Vesting of RSUs.** Notwithstanding Section 3 of this Agreement, and subject to the payment provisions of Section 6 hereof, in the event of the circumstances described below, the RSUs will Vest as follows:
    - (a) **Death or Disability:** If Grantee dies or becomes Permanently Disabled (as defined below) while employed by the Company or any Subsidiary, then the RSUs will immediately Vest in full upon Grantee's death or Permanent Disability. If Grantee dies or becomes Permanently Disabled during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 4(b), 4(d) or 4(e), then the RSUs will immediately Vest in full upon Grantee's death or Permanent Disability, except that if Section 4(e) applies, the RSUs will immediately Vest only to the extent that the RSUs would have become Vested during the severance period pursuant to Section 4(e). For purposes of this
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Agreement, "Permanently Disabled" means that Grantee has qualified for long-term disability benefits under a disability plan or program of the Company or, in the absence of a disability plan or program of the Company, under a government-sponsored disability program and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

- (b) Retirement: If Grantee Retires (as defined below), then Grantee will continue to Vest in any RSUs that have not yet Vested as of Grantee's Retirement in accordance with the vesting schedule described in Section 3 until the earlier of (i) the end of the Restriction Period (as defined in Section 4(c) below) and (ii) the occurrence of an event referenced in Section 4(a) or 4(c). For purposes of this Agreement, "Retire" or "Retirement" shall mean: (A) Grantee's voluntary termination of employment at or after age 62 or (B) Grantee's termination of employment in accordance with applicable non-U.S. local law, if such non-U.S. law requires such termination to be treated as a retirement based on different criteria than those set forth in the preceding clause (A).
- (c) Change in Control:
  - (i) Upon a Change in Control that occurs during the period that commences on the Date of Grant and ends on the fourth Vesting Date (such period, the "Restriction Period") while Grantee is an employee of the Company or a Subsidiary, any RSUs that remain outstanding and have not yet Vested as of such Change in Control will immediately Vest in full, except to the extent that a Replacement Award for the RSUs is provided to Grantee. If Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 4(b), 4(d) or 4(e), then, upon a Change in Control that occurs during the Restriction Period, any RSUs that remain outstanding and that have not yet Vested as of such Change in Control will immediately Vest in full, except that if Section 4(e) applies, the RSUs will Vest only to the extent that the RSUs would have become Vested during the severance period pursuant to Section 4(e).
  - (ii) For purposes of this Agreement, a "Replacement Award" shall mean an award (A) of restricted stock units, (B) that has a value at least equal to the value of the RSUs, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control) (the "Successor"), (D) the tax consequences of which, under the Code, if Grantee is subject to U.S. federal income tax under the Code, are not less favorable to Grantee than the tax consequences of the RSUs, (E) that Vests in full upon a termination of Grantee's employment with the Company or the Successor for Good Reason by Grantee or without Cause (as defined in Section 4(e)) by the Company or the Successor within a period of two years after the Change in Control, and (F) the other terms and conditions of which are not less favorable to Grantee than the terms and conditions of the RSUs (including the provisions that would apply in



the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it conforms to the requirements of Treasury Regulation 1.409A-3(i)(5)(iv)(B) or otherwise does not result in the RSUs or Replacement Award failing to comply with Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the RSUs if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 4(c)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

- (iii) For purposes of Section 4(c)(ii), "Good Reason" means: a material reduction in the nature or scope of the responsibilities, authorities or duties of Grantee attached to Grantee's position held immediately prior to the Change in Control, a change of more than 60 miles in the location of Grantee's principal office immediately prior to the Change in Control, or a material reduction in Grantee's remuneration upon or after the Change in Control; provided, that no later than 90 days following an event constituting Good Reason, Grantee gives notice to the Successor of the occurrence of such event and the Successor fails to cure the event within 30 days following the receipt of such notice.
- (iv) If a Replacement Award is provided, (A) the terms of the Replacement Award will govern the Vesting and payment of the Replacement Award and (B) notwithstanding anything in this Agreement to the contrary, any outstanding RSUs which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control.
- (d) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a Divestiture (as defined below), then Grantee will continue to Vest in any RSUs that remain outstanding and have not yet Vested at the time of termination in accordance with the vesting schedule described in Section 3 until the earlier of (i) the end of the Restriction Period and (ii) the occurrence of an event referenced in Section 4(a) or 4(c). For the purposes of this Agreement, the term "Divestiture" means a permanent disposition to a Person other than the Company or any Subsidiary of a plant or other facility or property at which Grantee performs a majority of Grantee's services whether such disposition is effected by means of a sale of assets, a sale of Subsidiary stock or otherwise.
- (e) Termination Without Cause: Subject to Section 8 hereof, if (i) Grantee's employment with the Company or a Subsidiary is terminated by the Company or a Subsidiary other than for Cause (a "Termination Without Cause") and (ii) Grantee is entitled to receive severance pay pursuant to the terms of any severance pay plan or program of the Company in effect at the time of Grantee's

termination of employment that provides for severance pay calculated by multiplying Grantee's base compensation by a specified severance period, then Grantee will continue to Vest in any RSUs that remain outstanding and have not yet Vested as of the Termination Without Cause in accordance with the vesting schedule described in Section 3 until the earlier of (A) the end of the Restriction Period and (B) the occurrence of a circumstance referenced in Section 4(a) or 4(c).

For purposes of this Agreement, "Cause" means: (i) an intentional act of fraud, embezzlement or theft in connection with Grantee's duties with the Company or a Subsidiary (or the Successor, if applicable); (ii) an intentional wrongful disclosure of secret processes or confidential information of the Company or a Subsidiary (or the Successor, if applicable); (iii) an intentional wrongful engagement in any competitive activity that would constitute a material breach of Grantee's duty of loyalty to the Company or a Subsidiary; (iv) the willful misconduct in the performance of Grantee's duties to the Company or a Subsidiary (or the Successor, if applicable); or (v) gross negligence in the performance of Grantee's duties to the Company or a Subsidiary (or the Successor, if applicable). No act, or failure to act, on the part of Grantee shall be deemed "intentional" unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee's action or omission was in or not opposed to the best interest of the Company or a Subsidiary (or the Successor, if applicable); provided, that for any Grantee who is party to an individual severance or employment agreement defining Cause, "Cause" will have the meaning set forth in such agreement.

5. Forfeiture of RSUs. Any RSUs that have not Vested pursuant to Section 3 or 4 prior to the end of the Restriction Period will be forfeited automatically and without further notice on such date (or earlier if, and on such date that, Grantee ceases to be an employee of the Company or a Subsidiary prior to the end of the Restriction Period for any reason other than as described in Section 4).
6. Form and Time of Payment of RSUs
  - (a) General: Subject to Sections 5 and 6(b), payment for Vested RSUs will be made in cash or Common Shares (as determined by the Committee) within 10 days following the Vesting dates specified in Section 3.
  - (b) Other Payment Events. Notwithstanding Section 6(a), to the extent that the RSUs are Vested on the dates set forth below, payment with respect to the RSUs will be made as follows:
    - (i) Change in Control. Within 10 days of a Change in Control, Grantee will receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee); provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, Grantee is

entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 6(a), 6(b)(ii) or 6(b)(iii) as though such Change in Control had not occurred.

- (ii) Death or Permanent Disability. Within 30 days of the date of Grantee's death or the date Grantee becomes Permanently Disabled, Grantee will receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee).

- 7. Payment of Dividend Equivalents. With respect to each of the RSUs covered by this Agreement, Grantee shall be credited on the records of the Company with dividend equivalents in an amount equal to the amount per Common Share of any cash dividends declared by the Board on the outstanding Common Shares as if such RSUs were issued Common Shares during the period beginning on the Date of Grant and ending either on the date on which Grantee receives payment for the RSUs pursuant to Section 6 hereof or at the time when the RSUs are forfeited in accordance with Section 5 of this Agreement. These dividend equivalents will accumulate without interest and, subject to the terms and conditions of this Agreement, will be paid at the same time, to the same extent and in the same manner, in cash or Common Shares (as determined by the Committee) as the RSUs for which the dividend equivalents were credited.
- 8. Release Requirement. Notwithstanding any provision of this Agreement to the contrary, the RSUs will not Vest or become payable pursuant to Section 4(e) of this Agreement as a result of a Termination Without Cause or pursuant to Section 4(c)(ii)(E) of this Agreement as a result of a termination of employment for Good Reason by Grantee or without Cause by the Company or the Successor unless, to the extent permitted by applicable law, Grantee signs, does not revoke, and agrees to be bound by a general release of claims in a form provided by the Company or the Successor which release must be signed, and any applicable revocation period shall have expired within 30 or 60 days (as specified by the Company or the Successor at the time such release is provided) of Grantee's termination of employment (such 30 day or 60 day period, as applicable, the "Review Period"). In the event such Review Period begins in one taxable year of Grantee, and ends in a second taxable year of Grantee, then to the extent necessary to avoid any penalties or additional taxes under Section 409A of the Code, no payment shall be made before the second taxable year.
- 9. Clawback: Detrimental Activity and Recapture.
  - (a) Notwithstanding anything in this Agreement to the contrary, Grantee acknowledges and agrees that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares at any point may be traded) (the "Compensation Recovery Policy"), and that applicable terms of this Agreement shall be deemed superseded by and

subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. By accepting this award under the Plan and pursuant to this Agreement, Grantee consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to Grantee, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of Grantee's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from Grantee of any such amounts, including from Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, including the terms of the Compensation Recovery Policy referenced in Section 9(a) of this Agreement, nothing in this Agreement prevents Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.

10. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any such law.
11. Adjustments. Subject to Section 12 of the Plan, the Committee shall make any adjustments in the number of RSUs or kind of shares of stock or other securities underlying the RSUs covered by this Agreement, and other terms and provisions, that the Committee shall determine is equitably required to prevent any dilution or enlargement of Grantee's rights under this Agreement that otherwise would result from any (a) extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization, partial or complete liquidation or other distribution of assets involving the Company or (c) other transaction or event having an effect similar to any of those referred to in Sections 11(a) or 11(b) hereof. Moreover, in the event that any transaction or event described or referred to in the immediately preceding sentence, or a Change in Control, shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration (including cash), if any, as the Committee shall determine in good faith to be equitable under the circumstances.

12. Withholding Taxes. To the extent that the Company or a Subsidiary is required to withhold federal, state, local, employment, or foreign taxes or other amounts, or, to the extent permitted under Section 409A of the Code, any other applicable taxes, in connection with Grantee's right to receive Common Shares under this Agreement (regardless of whether Grantee is entitled to the delivery of any Common Shares at that time), and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of any Common Shares or any other benefit provided for under this Agreement that Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, Grantee may elect that all or any part of such tax obligation be satisfied by the Company's retention of a portion of the Common Shares provided for under this Agreement or by Grantee's surrender of a portion of the Common Shares that Grantee has owned. If an election is made to satisfy Grantee's tax obligation with the release or surrender of Common Shares, the Common Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the benefit is to be included in Grantee's income. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this Section 12 exceed the maximum amount of taxes that could be required to be withheld.
13. Right to Terminate Employment. No provision of this Agreement will limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of Grantee at any time.
14. Relation to Other Benefits. Any economic or other benefit to Grantee under this Agreement or the Plan will not be taken into account in determining any benefits to which Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
15. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable to this Agreement; provided, however, that, subject to the terms of the Plan, no amendment will materially impair the rights of Grantee with respect to the RSUs without Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of Grantee to certain amendments will not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code, Section 10D of the Exchange Act, or other applicable law.
16. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.

17. Choice of Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio. Grantee agrees that the state and federal courts located in the State of Ohio shall have jurisdiction in any action, suit or proceeding against Grantee based on or arising out of this Agreement and Grantee hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against Grantee; and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.
18. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
19. Non-U.S. Addendum. Notwithstanding any provisions in this document to the contrary, the RSUs will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Date of Grant, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

**[SIGNATURES ON THE FOLLOWING PAGE]**

The undersigned Grantee hereby acknowledges receipt of an executed original of this Agreement and accepts the award of RSUs covered hereby, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

Grantee

Date:

This Agreement is executed by the Company on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Timken Company

By \_\_\_\_\_

Name:

Title:

**Appendix A**

**SPECIAL TERMS AND CONDITIONS OF THE TIME-BASED RESTRICTED STOCK UNITS AGREEMENT FOR  
INTERNATIONAL TIMKEN PARTICIPANTS**

(see attached)



## THE TIMKEN COMPANY

### **Performance-Based Restricted Stock Units Agreement**

THIS PERFORMANCE-BASED RESTRICTED STOCK UNITS AGREEMENT (this "Agreement") is made by and between The Timken Company, an Ohio corporation (the "Company"), and the undersigned Grantee pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time (the "Plan"), effective as of the Date of Grant, which is provided, along with additional grant details, on the secure web portal of the third-party vendor used by the Company for the administration of the Plan (such information is referred to herein as the "Grant Summary"). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein shall have the meanings assigned to them in the Plan.

1. **Grant and Payment of PRSUs** Subject to the terms and conditions of the Plan and this Agreement, Grantee has been granted on the Date of Grant the number of Performance-Based Restricted Stock Units specified in the Grant Summary (the "PRSUs"). Subject to the attainment of the Management Objectives described in Section 3 of this Agreement, Grantee may earn from 0% to 200% of the PRSUs. The PRSUs will become payable in accordance with the provisions of Section 6 of this Agreement if the Restriction Period, which commences on the Date of Grant and ends on the date of payment of the Vested PSRUs, lapses and Grantee's right to receive payment for the PRSUs becomes nonforfeitable ("Vest," "Vesting" or "Vested") in accordance with Sections 3 and 4 of this Agreement.
  2. **PRSUs Not Transferrable**. None of the PRSUs nor any interest therein or in any Common Shares underlying such PRSUs will be transferable other than by will or the laws of descent and distribution prior to payment.
  3. **Vesting of PRSUs**
    - (a) Subject to Sections 4 and 5 of this Agreement, the PRSUs will Vest on the basis of the relative achievement of the Management Objective or Management Objectives approved by the Committee on the Date of Grant (the "Performance Metrics") for the three-year period specified in the Grant Summary (the "Performance Period") as follows:
      - (i) The applicable percentage of the PRSUs that shall be earned by Grantee for the Performance Period shall be determined by reference to the Performance Matrix for the Performance Period approved by the Committee on the Date of Grant (the "Performance Matrix");
      - (ii) In the event that the Company's achievement with respect to one of the Performance Metrics is between the performance levels specified in the Performance Matrix, the applicable percentage of the PRSUs that shall be earned by Grantee for the Performance Period shall be determined by the Committee using straight-line interpolation; and
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- (iii) The Vesting of the PRSUs pursuant to this Section 3 or Section 4 shall be contingent upon a determination of the Committee that the Performance Metrics, as described in this Section 3, have been satisfied.
  - (b) If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, the manner in which it conducts business or other events or circumstances render the Performance Metrics specified in this Section 3 to be unsuitable, the Committee may modify such Performance Metrics or any related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable.
  - (c) Subject to Sections 3(a) and 3(b), the PRSUs earned with respect to the Performance Period will Vest provided that Grantee remains in the continuous employ of the Company or a Subsidiary from the Date of Grant through the date on which payment for the Vested PRSUs is made. For purposes of this Agreement, the continuous employment of Grantee with the Company or a Subsidiary will not be deemed to have been interrupted, and Grantee will not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of the transfer of Grantee's employment among the Company and its Subsidiaries.
4. Alternative Vesting of PRSUs. Notwithstanding Section 3 of this Agreement, and subject to the payment provisions of Section 6 hereof, in the event of the circumstances described below, Grantee will Vest in some or all of the PRSUs as follows:
- (a) Death or Disability: If Grantee dies or becomes Permanently Disabled (as defined below) while employed by the Company or any Subsidiary, then Grantee will Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of Section 3 if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the payment date of the Vested PRSUs under Section 6(a) or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, multiplied by (ii) a fraction (in no case greater than 1) the numerator of which is the number of whole months from the first day of the Performance Period through the date of such death or Permanent Disability and the denominator of which is 36. PRSUs that Vest in accordance with this Section 4(a) will be paid as set forth in Section 6(a) of this Agreement. For purposes of this Agreement, "Permanently Disabled" means that Grantee has qualified for long-term disability benefits under a disability plan or program of the Company or, in the absence of a disability plan or program of the Company, under a government-sponsored disability program and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.
  - (b) Retirement: If Grantee Retires (as defined below), then Grantee will Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of Section 3 if Grantee had remained in the continuous employ of the Company or a

Subsidiary from the Date of Grant until the payment date of the Vested PRSUs under Section 6(a) or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, multiplied by (ii) a fraction (in no case greater than 1) the numerator of which is the number of whole months from the first day of the Performance Period through the date of such Retirement and the denominator of which is 36. PRSUs that Vest in accordance with this Section 4(b) will be paid as set forth in Section 6(a) of this Agreement. For purposes of this Agreement, "Retire" or "Retirement" means: (i) Grantee's voluntary termination of employment at or after age 62 or (ii) Grantee's termination of employment in accordance with applicable non-U.S. local law, if such non-U.S. law requires such termination to be treated as a retirement based on different criteria than those set forth in the preceding clause (i).

(c) Change in Control:

- (i) Upon a Change in Control that occurs during the Restriction Period while Grantee is an employee of the Company or a Subsidiary or during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 4(a), 4(b), 4(d) or 4(e), any PRSUs that remain outstanding and have not yet Vested as of such Change in Control will Vest (except to the extent that a Replacement Award for the PRSUs is provided to Grantee) as follows: the Performance Period will terminate and the Committee as constituted immediately before the Change in Control will determine and certify the Vested PRSUs based on actual performance through the most recent date prior to the Change in Control for which achievement of the Performance Metrics can reasonably be determined. PRSUs that Vest in accordance with this Section 4(c)(i) will be paid as set forth in Section 6(b) of this Agreement.
- (ii) For purposes of this Agreement, a "Replacement Award" shall mean an award (A) of performance-based restricted stock units, (B) that has a value at least equal to the value of the PRSUs, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control) (the "Successor"), (D) the tax consequences of which, under the Code, if Grantee is subject to U.S. federal income tax under the Code, are not less favorable to Grantee than the tax consequences of the PRSUs, (E) that Vests upon a termination of Grantee's employment with the Company or the Successor for Good Reason by Grantee or without Cause (as defined in Section 4(e)) by the Company or the Successor within a period of two years after the Change in Control based on actual performance through the date of such termination, and (F) the other terms and conditions of which are not less favorable to Grantee than the terms and conditions of the PRSUs (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it conforms to the requirements of Treasury Regulation 1.409A-

- 3(i)(5)(iv)(B) or otherwise does not result in the PRSUs or Replacement Award failing to comply with Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the PRSUs if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 4(c)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.
- (iii) For purposes of Section 4(c)(ii), "Good Reason" means: a material reduction in the nature or scope of the responsibilities, authorities or duties of Grantee attached to Grantee's position held immediately prior to the Change in Control, a change of more than 60 miles in the location of Grantee's principal office immediately prior to the Change in Control, or a material reduction in Grantee's remuneration upon or after the Change in Control; provided, that no later than 90 days following an event constituting Good Reason, Grantee gives notice to the Successor of the occurrence of such event and the Successor fails to cure the event within 30 days following the receipt of such notice.
- (iv) If a Replacement Award is provided, (A) the terms of the Replacement Award will govern the Vesting and payment of the Replacement Award and (B) notwithstanding anything in this Agreement to the contrary, any outstanding PRSUs which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control and will be paid as provided for in Section 6(b) of this Agreement.
- (d) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a Divestiture (as defined below), then Grantee shall Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of Section 3 if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the payment date of the Vested PRSUs under Section 6(a) or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, multiplied by (ii) a fraction (in no case greater than 1) the numerator of which is the number of whole months from the first day of the Performance Period through the date of such termination and the denominator of which is 36. PRSUs that Vest in accordance with this Section 4(d) will be paid as set forth in Section 6(a) of this Agreement. For the purposes of this Agreement, the term "Divestiture" means a permanent disposition to a Person other than the Company or any Subsidiary of a plant or other facility or property at which Grantee performs a majority of Grantee's services whether such disposition is effected by means of a sale of assets, a sale of Subsidiary stock or otherwise.

- (e) Termination Without Cause: Subject to Section 8 hereof, if (i) Grantee's employment with the Company or a Subsidiary is terminated by the Company or a Subsidiary other than for Cause and (ii) Grantee is entitled to receive severance pay pursuant to the terms of any severance pay plan or program of the Company in effect at the time of Grantee's termination of employment that provides for severance pay calculated by multiplying Grantee's base compensation by a specified severance period, then Grantee shall Vest in a number of PRSUs equal to the product of (x) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of Section 3 as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the payment date of the Vested PRSUs under Section 6(a) or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, multiplied by (y) a fraction (in no case greater than 1) the numerator of which is the number of whole months from the first day of the Performance Period through the end of the specified severance period and the denominator of which is 36. PRSUs that Vest in accordance with this Section 4(e) will be paid as set forth in Section 6(a) of this Agreement

For purposes of this Agreement, "Cause" means: (i) an intentional act of fraud, embezzlement or theft in connection with Grantee's duties with the Company or a Subsidiary (or the Successor, if applicable); (ii) an intentional wrongful disclosure of secret processes or confidential information of the Company or a Subsidiary (or the Successor, if applicable); (iii) an intentional, wrongful engagement in any competitive activity that would constitute a material breach of Grantee's duty of loyalty to the Company or a Subsidiary (or the Successor, if applicable); (iv) the willful misconduct in the performance of Grantee's duties to the Company or a Subsidiary (or the Successor, if applicable); or (v) gross negligence in the performance of Grantee's duties to the Company or a Subsidiary (or the Successor, if applicable). No act, or failure to act, on the part of Grantee shall be deemed "intentional" unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee's action or omission was in or not opposed to the best interest of the Company or a Subsidiary (or the Successor, if applicable); provided, that for any Grantee who is party to an individual severance or employment agreement defining Cause, "Cause" will have the meaning set forth in such agreement.

5. Forfeiture of PRSUs The PRSUs will be forfeited automatically and without further notice (a) immediately, to the extent the PRSUs have not Vested pursuant to Section 3 or Section 4 by March 15 of the year following the year in which the Performance Period ends, or (b) upon the date Grantee ceases to be an employee of the Company or a Subsidiary for any reason (other than as described in Section 4) prior to the date payment for the Vested PRSUs is made.
6. Form and Time of Payment of PRSUs
- (a) General. Subject to Sections 5 and 6(b), payment for Vested PRSUs will be made in cash or Common Shares (as determined by the Committee) between January 1

and March 15 of the year following the year in which the Performance Period ends.

- (b) Other Payment Event. Notwithstanding Section 6(a), to the extent that the PRSUs are Vested on the date of a Change in Control, Grantee will receive payment for Vested PRSUs in cash or Common Shares (as determined by the Committee) within 10 days of the date of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, Grantee is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Section 6(a).

- 7. Payment of Dividend Equivalents. With respect to each of the PRSUs covered by this Agreement, Grantee shall be credited on the records of the Company with dividend equivalents in an amount equal to the amount per Common Share of any cash dividends declared by the Board on the outstanding Common Shares as if the RSUs were issued Common Shares during the period beginning on the Date of Grant and ending either on the date on which Grantee receives payment for the PRSUs pursuant to Section 6 hereof or at the time when the PRSUs are forfeited in accordance with Section 5 of this Agreement. These dividend equivalents will accumulate without interest and, subject to the terms and conditions of this Agreement, will be paid at the same time, to the same extent and in the same manner, in cash or Common Shares (as determined by the Committee) as the PRSUs for which the dividend equivalents were credited.
- 8. Release Requirement. Notwithstanding any provision of this Agreement to the contrary, the PRSUs will not Vest or become payable pursuant to Section 4(e) of this Agreement as a result of a Termination Without Cause or pursuant to Section 4(c)(ii)(E) of this Agreement as a result of a termination of employment for Good Reason by Grantee or without Cause by the Company or the Successor unless, to the extent permitted by applicable law, Grantee signs, does not revoke, and agrees to be bound by a general release of claims in a form provided by the Company or the Successor which release must be signed, and any applicable revocation period shall have expired within 30 or 60 days (as specified by the Company or the Successor at the time such release is provided) of Grantee's termination of employment (such 30 day or 60 day period, as applicable, the "Review Period"). In the event such Review Period begins in one taxable year of Grantee, and ends in a second taxable year of Grantee, then to the extent necessary to avoid any penalties or additional taxes under Section 409A of the Code, no payment shall be made before the second taxable year.
- 9. Clawback; Detrimental Activity and Recapture.
  - (a) Notwithstanding anything in this Agreement to the contrary, Grantee acknowledges and agrees that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and

any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares at any point may be traded) (the "Compensation Recovery Policy"), and that applicable terms of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. By accepting this award under the Plan and pursuant to this Agreement, Grantee consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to Grantee, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of Grantee's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from Grantee of any such amounts, including from Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, including the terms of the Compensation Recovery Policy referenced in Section 9(a) of this Agreement, nothing in this Agreement prevents Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.

10. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any such law.
11. Adjustments. Subject to Section 12 of the Plan, the Committee shall make any adjustments in the number of PRSUs or kind of shares of stock or other securities underlying the PRSUs covered by this Agreement, and other terms and provisions, that the Committee shall determine is equitably required to prevent any dilution or enlargement of Grantee's rights under this Agreement that otherwise would result from any (a) extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization, partial or complete liquidation or other distribution of assets involving the Company or (c) other transaction or event having an effect similar to any of those referred to in Sections 11(a) or 11(b) hereof. Moreover, in the event that any transaction or event described or referred to in the immediately preceding sentence, or a Change in Control, shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative

consideration (including cash), if any, as the Committee shall determine in good faith to be equitable under the circumstances.

12. Withholding Taxes. To the extent that the Company or a Subsidiary is required to withhold federal, state, local, employment, or foreign taxes or other amounts, or, to the extent permitted under Section 409A of the Code, any other applicable taxes, in connection with Grantee's right to receive Common Shares under this Agreement (regardless of whether Grantee is entitled to the delivery of any Common Shares at that time), and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of any Common Shares or any other benefit provided for under this Agreement that Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, Grantee may elect that all or any part of such tax obligation be satisfied by the Company's retention of a portion of the Common Shares provided for under this Agreement or by Grantee's surrender of a portion of the Common Shares that Grantee has owned. If an election is made to satisfy Grantee's tax obligation with the release or surrender of Common Shares, the Common Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the benefit is to be included in Grantee's income. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this Section 12 exceed the maximum amount of taxes that could be required to be withheld.
13. Right to Terminate Employment. No provision of this Agreement will limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of Grantee at any time.
14. Relation to Other Benefits. Any economic or other benefit to Grantee under this Agreement or the Plan will not be taken into account in determining any benefits to which Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
15. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable to this Agreement; provided, however, that, subject to the terms of the Plan, no amendment will materially impair the rights of Grantee with respect to the PRSUs without Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of Grantee to certain amendments will not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code, Section 10D of the Exchange Act, or other applicable law.
16. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions of this Agreement,



and the remaining provisions of this Agreement will continue to be valid and fully enforceable.

17. Choice of Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio. Grantee agrees that the state and federal courts located in the State of Ohio shall have jurisdiction in any action, suit or proceeding against Grantee based on or arising out of this Agreement and Grantee hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against Grantee; and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.
18. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
19. Non-U.S. Addendum. Notwithstanding any provisions in this document to the contrary, the PRSUs will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Date of Grant, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

[SIGNATURES ON THE FOLLOWING PAGE]

The undersigned Grantee hereby acknowledges receipt of an executed original of this Agreement and accepts the award of PRSUs covered hereby, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

Grantee

Date:

This Agreement is executed by the Company on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Timken Company

By

Name:

Title:

**Appendix A**

**SPECIAL TERMS AND CONDITIONS OF THE PERFORMANCE-BASED RESTRICTED STOCK UNITS AGREEMENT  
FOR INTERNATIONAL TIMKEN PARTICIPANTS**

(see attached)

## THE TIMKEN COMPANY

### Deferred Shares Agreement

THIS DEFERRED SHARES AGREEMENT (this "Agreement") is made by and between The Timken Company, an Ohio corporation (the "Company"), and the undersigned Grantee pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time (the "Plan"), effective as of the Date of Grant, which is provided, along with additional grant details, on the secure web portal of the third-party vendor used by the Company for the administration of the Plan (such information is referred to herein as the "Grant Summary"). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein shall have the meanings assigned to them in the Plan.

1. Grant and Vesting of Awards Subject to the terms and conditions of the Plan and this Agreement, Grantee has been granted on the Date of Grant the right to receive (a) the number of Common Shares specified in the Grant Summary and (b) dividend equivalents payable in cash on a deferred basis (the "Deferred Cash Dividends") with respect to the Common Shares covered by this Agreement. Subject to Sections 2 and 3 hereof, Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends that are accumulated will become nonforfeitable on the [\_\_\_\_\_] <sup>1</sup> anniversary of the Date of Grant (the "Vesting Date"), if Grantee remains in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date (such period, the "Vesting Period"). For purposes of this Agreement, Grantee's continuous employment with the Company or a Subsidiary will not be deemed to have been interrupted, and Grantee will not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of any transfer of employment among the Company and its Subsidiaries.
2. Alternative Vesting of Awards Notwithstanding Section 1 of this Agreement, and subject to the payment provisions of Section 5 of this Agreement, Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated may become nonforfeitable if any of the following circumstances apply:
  - (a) Death or Disability: Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will immediately become nonforfeitable if Grantee dies or becomes Permanently Disabled (as defined below) while in the employ of the Company or any Subsidiary. If Grantee dies or becomes Permanently Disabled during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 2(c) or 2(d), then the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will immediately become nonforfeitable; provided, however, that if Section 2(d)

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<sup>1</sup> Insert applicable length of vesting period as determined by the Committee that is not less than one year but no greater than five years.

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applies, the Common Shares covered by this Agreement and any related Deferred Cash Dividends will immediately become nonforfeitable only to the extent that the Common Shares covered by this Agreement and any related Deferred Cash Dividends would have become nonforfeitable during the severance period pursuant to Section 2(d).

For purposes of this Agreement, "Permanently Disabled" means that Grantee has qualified for long-term disability benefits under a disability plan or program of the Company, or, in the absence of a disability plan or program of the Company, under a government-sponsored disability program and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

(b) Change in Control:

- (i) Upon a Change in Control occurring during the Vesting Period while Grantee is an employee of the Company or a Subsidiary, if any Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated remain outstanding and unvested, they will immediately become nonforfeitable (except to the extent that a Replacement Award for such Common Shares and Deferred Cash Dividends is provided to Grantee). If Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 2(c) or 2(d), then, upon a Change in Control that occurs prior to the Vesting Date, the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will immediately become nonforfeitable; provided, however, that if Section 2(d) applies, the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will immediately become nonforfeitable only to the extent that the Common Shares covered by this Agreement and any related Deferred Cash Dividends would have become nonforfeitable during the severance period pursuant to Section 2(d).
- (ii) For purposes of this Agreement, a "Replacement Award" shall mean an award (A) of deferred shares, (B) that has a value at least equal to the value of the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control) (the "Successor"), (D) the tax consequences of which, under the Code, if Grantee is subject to U.S. federal income tax under the Code, are not less favorable to Grantee than the tax consequences of the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated, (E) that becomes nonforfeitable in full upon a termination of Grantee's employment with the Company or its Successor in the Change in Control (or another entity that is affiliated with the Company or the Successor for Good Reason by Grantee or without Cause (as defined in Section 2(d)) by

the Company or the Successor within a period of two years after the Change in Control, and (F) the other terms and conditions of which are not less favorable to Grantee than the terms and conditions of the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it conforms to the requirements of Treasury Regulation 1.409A-3(i)(5)(iv)(B) or otherwise does not result in the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto, or the Replacement Award, failing to comply with Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 2(b)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

- (iii) For purposes of Section 2(b)(ii), "Good Reason" means a material reduction in the nature or scope of the responsibilities, authorities or duties of Grantee attached to Grantee's position held immediately prior to the Change in Control, a change of more than 60 miles in the location of Grantee's principal office immediately prior to the Change in Control, or a material reduction in Grantee's remuneration upon or after the Change in Control; provided, that no later than 90 days following an event constituting Good Reason Grantee gives notice to the Successor of the occurrence of such event and the Successor fails to cure the event within 30 days following the receipt of such notice.
  - (iv) If a Replacement Award is provided, (A) the terms of the Replacement Award will govern the Vesting and payment of the Replacement Award and (B) notwithstanding anything in this Agreement to the contrary, any outstanding Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be nonforfeitable at the time of such Change in Control.
- (c) **Divestiture:** If Grantee's employment with the Company or a Subsidiary terminates as the result of a Divestiture (as defined below), then the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will become nonforfeitable in accordance with the vesting schedule set forth in Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date or the occurrence of a circumstance referenced in Section 2(a) or 2(b), whichever occurs first. For the purposes of this Agreement, the term "Divestiture" means a

permanent disposition to a Person other than the Company or any Subsidiary of a plant or other facility or property at which Grantee performs a majority of Grantee's services whether such disposition is effected by means of a sale of assets, a sale of Subsidiary stock or otherwise.

- (d) Termination Without Cause: Subject to Section 5(c) hereof, if (i) Grantee's employment with the Company or a Subsidiary is terminated by the Company or a Subsidiary other than for Cause (a "Termination Without Cause") and (ii) Grantee is entitled to receive severance pay pursuant to the terms of any severance pay plan or program of the Company in effect at the time of Grantee's termination of employment that provides for severance pay calculated by multiplying Grantee's base compensation by a specified severance period, then Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will become nonforfeitable in accordance with the vesting schedule set forth in Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date or the occurrence of a circumstance referenced in Section 2(a) or 2(b), whichever occurs first; provided, however, that if the specified severance period ends before the Vesting Date, Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated shall be forfeited automatically at the end of the severance period.

For purposes of this Agreement, "Cause" means: (i) an intentional act of fraud, embezzlement or theft in connection with Grantee's duties with the Company or a Subsidiary (or the Successor, if applicable); (ii) an intentional wrongful disclosure of secret processes or confidential information of the Company or a Subsidiary (or the Successor, if applicable); (iii) an intentional, wrongful engagement in any competitive activity that would constitute a material breach of Grantee's duty of loyalty to the Company or a Subsidiary (or the Successor, if applicable); (iv) the willful misconduct in the performance of Grantee's duties to the Company or a Subsidiary (or the Successor, if applicable); or (v) gross negligence in the performance of Grantee's duties to the company or a Subsidiary (or the Successor, if applicable). No act, or failure to act, on the part of Grantee shall be deemed "intentional" unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee's action or omission was in or not opposed to the best interest of the Company or a Subsidiary (or the Successor, if applicable); provided that for any Grantee who is party to an individual severance or employment agreement defining Cause, "Cause" will have the meaning set forth in such agreement.

3. Forfeiture of Awards Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will be forfeited automatically and without further notice on the date that Grantee ceases to be an employee of the Company or a Subsidiary for any reason other than as described in Section 1 or 2 hereof prior to the Vesting Date. In the event that Grantee intentionally commits an act that the Committee determines to be materially adverse to the interests of

the Company or a Subsidiary, Grantee's right to receive the Common Shares covered by this Agreement and any related Deferred Cash Dividends then accumulated will be forfeited at the time of that determination notwithstanding any other provision of this Agreement to the contrary.

4. Crediting of Deferred Cash Dividends With respect to each of the Common Shares covered by this Agreement, Grantee will be credited on the records of the Company with Deferred Cash Dividends in an amount equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Shares during the period beginning on the Date of Grant and ending on the date on which Grantee receives payment of the Common Shares covered by this Agreement pursuant to Section 5 hereof or at the time when the Common Shares covered by this Agreement are forfeited in accordance with Section 3 of this Agreement. The Deferred Cash Dividends will accumulate without interest.
5. Payment of Awards.
  - (a) General: Subject to Sections 3 and 5(b), payment for the Common Shares covered by this Agreement that are nonforfeitable will be paid in Common Shares, and any such Common Shares and any related Deferred Cash Dividends then accumulated will be made within 60 days following the Vesting Date.
  - (b) Other Payment Events: Notwithstanding Section 5(a), to the extent that the Common Shares covered by this Agreement are nonforfeitable on the dates set forth below, payment with respect to the Common Shares covered by this Agreement that have become nonforfeitable and any related Deferred Cash Dividends then accumulated will be made as follows:
    - (i) Change in Control. Within 10 days of a Change in Control, Grantee is entitled to receive payment for the Common Shares covered by this Agreement that are nonforfeitable and any related Deferred Cash Dividends then accumulated on the date of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, Grantee is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 5(a) or 5(b)(ii) as though such Change in Control had not occurred.
    - (ii) Death or Permanent Disability. Within 30 days of the date of Grantee's death or the date Grantee becomes Permanently Disabled, Grantee is entitled to receive payment for the Common Shares covered by this Agreement that are nonforfeitable and any related Deferred Cash Dividends then accumulated on such date.



- (c) Release Requirement. Notwithstanding any provision of this Agreement to the contrary, the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto will not become nonforfeitable or payable pursuant to Section 2(d) of this Agreement as a result of a Termination Without Cause or pursuant to Section 2(b)(ii)(E) of this Agreement as a result of a termination of employment for Good Reason by Grantee or without Cause by the Company or the Successor unless, to the extent permitted by applicable law, Grantee signs, does not revoke, and agrees to be bound by a general release of claims in a form provided by the Company or the Successor, which release must be signed, and any applicable revocation period shall have expired within 30 or 60 days (as specified by the Company or the Successor at the time such release is provided) of Grantee's termination of employment (such 30 day or 60 day period, as applicable, the "Review Period"). In the event such Review Period begins in one taxable year of Grantee, and ends in a second taxable year of Grantee, then to the extent necessary to avoid any penalties or additional taxes under Section 409A of the Code, no payment shall be made before the second taxable year.
6. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement or pay any Deferred Cash Dividends accumulated with respect thereto if the issuance or payment thereof would result in violation of any such law. To the extent that the Ohio Securities Act shall be applicable to this Agreement, the Company shall not be obligated to issue any of the Common Shares or other securities covered by this Agreement or pay any Deferred Cash Dividends accumulated with respect thereto unless such Common Shares and Deferred Cash Dividends are (a) exempt from registration thereunder, (b) the subject of a transaction that is exempt from compliance therewith, (c) registered by description or qualification thereunder or (d) the subject of a transaction that shall have been registered by description thereunder.
7. Transferability. Neither Grantee's right to receive the Common Shares covered by this Agreement nor Grantee's right to receive any Deferred Cash Dividends shall be transferable by Grantee except by will or the laws of descent and distribution. Any purported transfer in violation of this Section 7 shall be null and void, and the purported transferee shall obtain no rights with respect to such Shares.
8. Compliance with Section 409A of the Code To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent.
9. Adjustments. Subject to Section 12 of the Plan, the Committee shall make any adjustments in the number or kind of shares of stock or other securities covered by this Agreement, and other terms and provisions, that the Committee shall determine is equitably required to prevent any dilution or expansion of Grantee's rights under this Agreement that otherwise would result from any (a) extraordinary cash dividend, stock

dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization, partial or complete liquidation or other distribution of assets involving the Company or (c) other transaction or event having an effect similar to any of those referred to in subsection (a) or (b) herein. Moreover, in the event that any transaction or event described or referred to in the immediately preceding sentence, or a Change in Control, shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration (including cash), if any, as the Committee shall determine in good faith to be equitable under the circumstances.

10. Withholding Taxes. To the extent that the Company or a Subsidiary is required to withhold federal, state, local or foreign taxes or other amounts in connection with any delivery of Common Shares to Grantee, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such delivery of Common Shares or any other benefit provided for under this Agreement that Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld. To the extent permitted by applicable law, Grantee may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Common Shares delivered to Grantee. Any Common Shares so withheld shall be credited against such withholding requirements at the fair market value of such shares on the date of such withholding. Grantee may also satisfy such tax obligation by paying the Company cash via personal check or having such amounts deducted from payroll, to the extent permitted by applicable law.
11. Clawback; Detrimental Activity and Recapture.
  - (a) Notwithstanding anything in this Agreement to the contrary, Grantee acknowledges and agrees that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares at any point may be traded) (the "Compensation Recovery Policy"), and that applicable terms of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. By accepting this award under the Plan and pursuant to this Agreement, Grantee consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to Grantee, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of Grantee's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery

or recoupment by the Company from Grantee of any such amounts, including from Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

- (b) Notwithstanding anything in this Agreement to the contrary, including the terms of the Compensation Recovery Policy referenced in Section 11(a) of this Agreement, nothing in this Agreement prevents Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.

12. No Right to Future Awards or Employment This award is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. No provision of this Agreement shall limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate Grantee's employment at any time.
13. Relation to Other Benefits. Any economic or other benefit to Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Processing of Information. Information about Grantee and Grantee's award of Common Shares and Deferred Cash Dividends may be collected, recorded and held, used and disclosed for any purpose related to the administration of the award. Grantee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third party administrators whether such persons are located within Grantee's country or elsewhere, including the United States of America. Grantee consents to the processing of information relating to Grantee and Grantee's receipt of the Common Shares and Deferred Cash Dividends in any one or more of the ways referred to above.
15. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to the terms of the Plan and the provisions of Section 8 hereof, no amendment shall materially impair the rights of Grantee with respect to either the Common Shares or other securities covered by this Agreement or the Deferred Cash Dividends without Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of Grantee to certain amendments will not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code, Section 10D of the Exchange Act, or other applicable law.

16. Severability. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision in any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.
17. Choice of Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio. Grantee agrees that the state and federal courts located in the State of Ohio shall have jurisdiction in any action, suit or proceeding against Grantee based on or arising out of this Agreement and Grantee hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against Grantee; and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.
18. Non-U.S. Addendum. Notwithstanding any provisions in this document to the contrary, the Common Shares covered by this Agreement and the Deferred Cash Dividends will also be subject to the special terms and conditions set forth on Appendix A for Grantees who reside outside of the United States. Moreover, if a Grantee is not a resident of any of the countries listed on Appendix A as of the Date of Grant, but relocates to one of the listed countries at any point thereafter, the special terms and conditions for such country will apply to Grantee, to the extent the Company determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

***[Signatures on the Following Page]***

This Agreement is executed by the Company on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Timken Company

By:  
Name:  
Title:

The undersigned Grantee hereby acknowledges receipt of an executed original of this Agreement and accepts the right to receive the Common Shares or other securities covered hereby and any Deferred Cash Dividends accumulated with respect thereto, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

**[GRANTEE]**

Date:

**Appendix A**

**SPECIAL TERMS AND CONDITIONS OF THE DEFERRED SHARES  
AGREEMENT FOR INTERNATIONAL TIMKEN PARTICIPANTS**

(see attached)

## THE TIMKEN COMPANY

### **Deferred Share Equivalents Agreement**

THIS DEFERRED SHARE EQUIVALENTS AGREEMENT (this "Agreement") is made by and between The Timken Company, an Ohio corporation (the "Company"), and the undersigned Grantee pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time (the "Plan"), effective as of the Date of Grant, which is provided, along with additional grant details, on the secure web portal of the third-party vendor used by the Company for the administration of the Plan (such information is referred to herein as the "Grant Summary"). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein shall have the meanings assigned to them in the Plan.

1. **Grant and Vesting of Awards** Subject to the terms and conditions of the Plan and this Agreement, Grantee has been granted on the Date of Grant the right to receive (a) the number of Deferred Share Equivalents specified in the Grant Summary and (b) dividend equivalents payable in cash on a deferred basis (the "Dividend Equivalents") with respect to the Deferred Share Equivalents covered by this Agreement. Subject to Sections 2 and 3 hereof, Grantee's right to receive a cash payment in respect of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents that are accumulated will become nonforfeitable on the \_\_\_\_\_<sup>1</sup> anniversary of the Date of Grant (the "Vesting Date"), if Grantee remains in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date (such period, the "Vesting Period"). For purposes of this Agreement, Grantee's continuous employment with the Company or a Subsidiary will not be deemed to have been interrupted, and Grantee will not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of any transfer of employment among the Company and its Subsidiaries.
2. **Alternative Vesting of Awards** Notwithstanding Section 1 of this Agreement, and subject to the payment provisions of Section 5 of this Agreement, Grantee's right to receive a cash payment in respect of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated may become nonforfeitable if any of the following circumstances apply:
  - (a) **Death or Disability**: Grantee's right to receive a cash payment in respect of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will immediately become nonforfeitable if Grantee dies or becomes Permanently Disabled (as defined below) while in the employ of the Company or any Subsidiary. If Grantee dies or becomes Permanently Disabled during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 2(c) or 2(d), then the Deferred Share Equivalents covered by this Agreement and any related Dividend

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<sup>1</sup> Insert applicable length of vesting period as determined by the Committee that is not less than one year but no greater than five years.

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Equivalents then accumulated will immediately become nonforfeitable; provided, however, that if Section 2(d) applies, the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents will immediately become nonforfeitable only to the extent that the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents would have become nonforfeitable during the severance period pursuant to Section 2(d).

For purposes of this Agreement, "Permanently Disabled" means that Grantee has qualified for long-term disability benefits under a disability plan or program of the Company, or, in the absence of a disability plan or program of the Company, under a government-sponsored disability program and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code.

(b) Change in Control:

- (i) Upon a Change in Control occurring during the Vesting Period while Grantee is an employee of the Company or a Subsidiary, if any Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated remain outstanding and unvested, they will immediately become nonforfeitable (except to the extent that a Replacement Award for such Deferred Share Equivalents and Dividend Equivalents is provided to Grantee). If Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 2(c) or 2(d), then, upon a Change in Control that occurs prior to the Vesting Date, the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will immediately become nonforfeitable; provided, however, that if Section 2(d) applies, the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will immediately become nonforfeitable only to the extent that the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents would have become nonforfeitable during the severance period pursuant to Section 2(d).
- (ii) For purposes of this Agreement, a "Replacement Award" shall mean an award (A) of deferred share equivalents, (B) that has a value at least equal to the value of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control) (the "Successor"), (D) the tax consequences of which, under the Code, if Grantee is subject to U.S. federal income tax under the Code, are not less favorable to Grantee than the tax consequences of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated, (E) that becomes nonforfeitable in full upon a termination of Grantee's employment with the Company or the Successor for Good Reason by



Grantee or without Cause (as defined in Section 2(d)) by the Company or the Successor within a period of two years after the Change in Control, and (F) the other terms and conditions of which are not less favorable to Grantee than the terms and conditions of the Deferred Share Equivalents covered by this Agreement and any Dividend Equivalents then accumulated with respect thereto (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it conforms to the requirements of Treasury Regulation 1.409A-3(i)(5)(iv)(B) or otherwise does not result in the Deferred Share Equivalents covered by this Agreement and any Dividend Equivalents then accumulated with respect thereto, or the Replacement Award, failing to comply with Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 2(b)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

- (iii) For purposes of Section 2(b)(ii), "Good Reason" means a material reduction in the nature or scope of the responsibilities, authorities or duties of Grantee attached to Grantee's position held immediately prior to the Change in Control, a change of more than 60 miles in the location of Grantee's principal office immediately prior to the Change in Control, or a material reduction in Grantee's remuneration upon or after the Change in Control; provided, that no later than 90 days following an event constituting Good Reason Grantee gives notice to the Successor of the occurrence of such event and the Successor fails to cure the event within 30 days following the receipt of such notice.
  - (iv) If a Replacement Award is provided, (A) the terms of the Replacement Award will govern the Vesting and payment of the Replacement Award and (B) notwithstanding anything in this Agreement to the contrary, any outstanding Deferred Share Equivalents covered by this Agreement and any Dividend Equivalents then accumulated which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be nonforfeitable at the time of such Change in Control.
- (c) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a Divestiture (as defined below), then the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will become nonforfeitable in accordance with the vesting schedule set forth in Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date or the occurrence of a circumstance referenced in

Section 2(a) or 2(b), whichever occurs first. For the purposes of this Agreement, the term "Divestiture" means a permanent disposition to a Person other than the Company or any Subsidiary of a plant or other facility or property at which Grantee performs a majority of Grantee's services whether such disposition is effected by means of a sale of assets, a sale of Subsidiary stock or otherwise.

- (d) Termination Without Cause: [Subject to Section 5(c) hereof, if (i) Grantee's employment with the Company or a Subsidiary is terminated by the Company or a Subsidiary other than for Cause (a "Termination Without Cause") and (ii) Grantee is entitled to receive severance pay pursuant to the terms of any severance pay plan or program of the Company in effect at the time of Grantee's termination of employment that provides for severance pay calculated by multiplying Grantee's base compensation by a specified severance period, then Grantee's right to receive a cash payment in respect of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will become nonforfeitable in accordance with the vesting schedule set forth in Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date or the occurrence of a circumstance referenced in Section 2(a) or 2(b), whichever occurs first; provided, however, that if the specified severance period ends before the Vesting Date, Grantee's right to receive the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated shall be forfeited automatically at the end of the severance period.]<sup>2</sup> [Subject to Section 5(c) hereof, if Grantee's employment with the Company or a Subsidiary is terminated by the Company or a Subsidiary other than for Cause (a "Termination Without Cause"), then Grantee's right to receive a cash payment in respect of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will become nonforfeitable in accordance with the vesting schedule set forth in Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant through the Vesting Date or the occurrence of a circumstance referenced in Section 2(a) or 2(b), whichever occurs first.]<sup>3</sup>

For purposes of this Agreement, "Cause" means: (i) an intentional act of fraud, embezzlement or theft in connection with Grantee's duties with the Company or a Subsidiary (or the Successor, if applicable); (ii) an intentional wrongful disclosure of secret processes or confidential information of the Company or a Subsidiary (or the Successor, if applicable); (iii) an intentional, wrongful engagement in any competitive activity that would constitute a material breach of Grantee's duty of loyalty to the Company or a Subsidiary (or the Successor, if applicable); (iv) the willful misconduct in the performance of Grantee's duties to the Company or a Subsidiary (or the Successor, if applicable); or (v) gross negligence in the performance of Grantee's duties to the

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<sup>2</sup> NTD: Include this bracketed language for all associates other than new hires who will get full vesting on a Termination Without Cause.

<sup>3</sup> NTD: Include this bracketed language for all associates who are new hires who will get full vesting on a Termination Without Cause.

company or a Subsidiary (or the Successor, if applicable). No act, or failure to act, on the part of Grantee shall be deemed "intentional" unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee's action or omission was in or not opposed to the best interest of the Company or a Subsidiary (or the Successor, if applicable); provided that for any Grantee who is party to an individual severance or employment agreement defining Cause, "Cause" will have the meaning set forth in such agreement.

3. Forfeiture of Awards. Grantee's right to receive the a cash payment in respect of the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will be forfeited automatically and without further notice on the date that Grantee ceases to be an employee of the Company or a Subsidiary for any reason other than as described in Section 1 or 2 hereof prior to the Vesting Date. In the event that Grantee intentionally commits an act that the Committee determines to be materially adverse to the interests of the Company or a Subsidiary, Grantee's right to receive a cash payment with respect to the Deferred Share Equivalents covered by this Agreement and any related Dividend Equivalents then accumulated will be forfeited at the time of that determination notwithstanding any other provision of this Agreement to the contrary.
4. Crediting of Dividend Equivalents. With respect to each of the Deferred Share Equivalents covered by this Agreement, Grantee will be credited on the records of the Company with Dividend Equivalents in an amount equal to the amount per share of any cash dividends declared by the Board on the outstanding Deferred Share Equivalents during the period beginning on the Date of Grant and ending on the date on which Grantee receives the cash payment in respect of the Deferred Share Equivalents covered by this Agreement pursuant to Section 5 hereof or at the time when the Deferred Share Equivalents covered by this Agreement are forfeited in accordance with Section 3 of this Agreement. The Dividend Equivalents will accumulate without interest.
5. Payment of Awards.
  - (a) General: Subject to Sections 3 and 5(b), payment for the Deferred Share Equivalents covered by this Agreement that are nonforfeitable and any related Dividend Equivalents then accumulated will be made in cash within 60 days following the Vesting Date in an amount equal to the product of (i) the average of the highest price and the lowest price of a Common Share on the date that the Deferred Share Equivalents become nonforfeitable, as reported on the national securities exchange on which the Common Shares are listed, multiplied times (ii) the number of Deferred Share Equivalents covered by this Agreement, plus any related Dividend Equivalents accrued on the Deferred Share Equivalents since the Date of Grant. Payments will be made in one lump sum amount in U.S. Dollars or in the currency of Grantee's country in an equivalent amount, as determined by the Company, less any applicable federal, state, local or foreign withholding taxes.

- (b) Other Payment Events: Notwithstanding Section 5(a), to the extent that the Deferred Share Equivalents covered by this Agreement are nonforfeitable on the dates set forth below, payment with respect to the Deferred Share Equivalents covered by this Agreement that have become nonforfeitable and any related Dividend Equivalents then accumulated will be made as follows:
- (i) Change in Control. Within 10 days of a Change in Control, Grantee is entitled to receive a lump sum cash payment in respect of the Deferred Share Equivalents covered by this Agreement that are nonforfeitable and any related Dividend Equivalents then accumulated on the date of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, Grantee is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 5(a) or 5(b)(ii) as though such Change in Control had not occurred.
  - (ii) Death or Permanent Disability. Within 30 days of the date of Grantee's death or the date Grantee becomes Permanently Disabled, Grantee is entitled to receive a lump sum cash payment in respect of the Deferred Share Equivalents covered by this Agreement that are nonforfeitable and any related Dividend Equivalents then accumulated on such date.
- (c) Release Requirement. Notwithstanding any provision of this Agreement to the contrary, the Deferred Share Equivalents and any Dividend Equivalents will not become nonforfeitable or payable pursuant to Section 2(d) of this Agreement as a result of a Termination Without Cause or pursuant to Section 2(b)(ii)(E) of this Agreement as a result of a termination of employment for Good Reason by Grantee or without Cause by the Company or the Successor unless, to the extent permitted by applicable law, Grantee signs, does not revoke, and agrees to be bound by a general release of claims in a form provided by the Company or the Successor, which release must be signed, and any applicable revocation period shall have expired within 30 or 60 days (as specified by the Company or the Successor at the time such release is provided) of Grantee's termination of employment (such 30 day or 60 day period, as applicable, the "Review Period"). In the event such Review Period begins in one taxable year of Grantee, and ends in a second taxable year of Grantee, then to the extent necessary to avoid any penalties or additional taxes under Section 409A of the Code, no payment shall be made before the second taxable year.
- (d) For the avoidance of doubt, in no event will Grantee be entitled to receive payment in any form other than cash, and under no circumstances will Grantee be entitled to receive Common Shares or any other security hereunder.
6. Transferability. Neither Grantee's right to receive a cash payment in respect of the Deferred Share Equivalents covered by this Agreement nor Grantee's right to receive any

Dividend Equivalents shall be transferable by Grantee except by will or the laws of descent and distribution. Any purported transfer in violation of this Section 7 shall be null and void, and the purported transferee shall obtain no rights with respect to such Deferred Share Equivalents.

7. Compliance with Law.

To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Grantee).

- (a) It is intended that the Agreement and the Plan comply with any applicable requirements of the State Administration of Foreign Exchange ("SAFE") in the People's Republic of China (the "PRC") and other laws in effect in the PRC. The Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to meet these SAFE requirements and other laws in the PRC shall have no force and effect until they are amended to comply with the applicable SAFE requirements and other laws in the PRC. Grantee agrees in advance to any such required amendment.

8. Adjustments. Subject to Section 12 of the Plan, the Committee shall make any adjustments in the number or kind of shares of stock or other securities covered by this Agreement, and other terms and provisions, that the Committee shall determine is equitably required to prevent any dilution or expansion of Grantee's rights under this Agreement that otherwise would result from any (a) extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization, partial or complete liquidation or other distribution of assets involving the Company or (c) other transaction or event having an effect similar to any of those referred to in subsection (a) or (b) herein. Moreover, in the event that any transaction or event described or referred to in the immediately preceding sentence, or a Change in Control, shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration as the Committee shall determine in good faith to be equitable under the circumstances.

9. Withholding Taxes. To the extent that the Company or a Subsidiary is required to withhold federal, state, local or foreign taxes or other amounts in connection with Grantee's right to receive a cash payment under this Agreement, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of any cash payment that Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be

withheld. Grantee may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Deferred Share Equivalents delivered to Grantee. If such election is made, the Deferred Share Equivalents so retained shall be credited against such withholding requirement at the fair market value per Share on the date of such delivery.

10. Clawback; Detrimental Activity and Recapture.

- (a) Notwithstanding anything in this Agreement to the contrary, Grantee acknowledges and agrees that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares at any point may be traded) (the "Compensation Recovery Policy"), and that applicable terms of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof. By accepting this award under the Plan and pursuant to this Agreement, Grantee consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to Grantee, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of Grantee's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from Grantee of any such amounts, including from Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.
- (b) Notwithstanding anything in this Agreement to the contrary, including the terms of the Compensation Recovery Policy referenced in Section 10(a) of this Agreement, nothing in this Agreement prevents Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.

11. Relation to Other Benefits. Any economic or other benefit to Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the

amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that, subject to the terms of the Plan and the provisions of Section 8 hereof, no amendment shall materially impair the rights of Grantee with respect to either the Deferred Share Equivalents or other securities covered by this Agreement or the Dividend Equivalents without Grantee's consent.
13. Severability. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision in any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.
14. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio. Grantee agrees that the state and federal courts located in the State of Ohio shall have jurisdiction in any action, suit or proceeding against Grantee based on or arising out of this Agreement and Grantee hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against Grantee; and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process..
15. Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Deferred Share Equivalents by electronic means. Grantee has consented to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
16. Nature of Grant. Grantee has acknowledged that:
  - (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or the Agreement;
  - (b) the grant of the Deferred Share Equivalents is voluntary and occasional and does not create any contractual or other right to receive future grants of Deferred Share Equivalents, or benefits in lieu of Deferred Share Equivalents, even if Deferred Share Equivalents have been granted repeatedly in the past;
  - (c) all decisions with respect to future grants of Deferred Share Equivalents, if any, will be at the sole discretion of the Company;
  - (d) Grantee is voluntarily participating in the Plan;

- (e) the Deferred Share Equivalents are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company, its Subsidiaries, and/or its affiliates, and that is outside the scope of Grantee's employment contract with the Company or its affiliates, if any;
  - (f) the Deferred Share Equivalents are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;
  - (g) the future value of the underlying Common Shares is unknown and cannot be predicted with certainty;
  - (h) in consideration of the grant of the Deferred Share Equivalents, no claim or entitlement to compensation or damages shall arise from forfeiture or termination of the Deferred Share Equivalents or diminution in value of the Deferred Share Equivalents or the Common Shares resulting from Grantee's termination of employment (for any reason whatsoever and whether or not in breach of local labor laws); and
  - (i) notwithstanding any terms or conditions of the Plan to the contrary, in the event of the involuntary termination of Grantee's employment, Grantee's right to receive the Deferred Share Equivalents and vest in the Deferred Share Equivalents under the Plan, if any, will terminate effective as of the date that Grantee is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); furthermore, in the event of the involuntary termination of employment, Grantee's right to vest in the Deferred Share Equivalents after termination of employment, if any, will be measured by the date of termination of Grantee's active employment and will not be extended by any notice period mandated under local law.
17. **Data Privacy.** Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Grantee's personal data as described in this document by and among, as applicable, Grantee's employer (the "Employer"), the Company and its Subsidiaries and affiliates, for the exclusive purpose of implementing, administering and managing Grantee's participation in the Plan.

***Grantee understands that the Company and the Employer may hold certain personal information about Grantee, including, but not limited to, Grantee's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Deferred Share Equivalents or any other entitlement to shares of stock awarded, canceled, purchased, exercised, vested, unvested or outstanding in Grantee's favor, for the purpose of implementing, administering and managing the Plan ("Data").***



*Grantee understands that Data will be transferred to Computershare, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Grantee understands that the recipients of the Data may be located in the United States or elsewhere, including outside the European Economic Area (if applicable), and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Grantee's country. Grantee understands that Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting Grantee's local human resources representative. Grantee authorizes the Company, Computershare and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Grantee's participation in the Plan. Grantee understands that Data will be held only as long as is necessary to implement, administer and manage Grantee's participation in the Plan. Grantee understands that Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Grantee's local human resources representative. Grantee understands, however, that refusing or withdrawing Grantee's consent may affect Grantee's ability to participate in the Plan. For more information on the consequences of Grantee's refusal to consent or withdrawal of consent, Grantee understands that Grantee may contact Grantee's local human resources representative.*

*[Signatures on the Following Page]*

This Agreement is executed by the Company on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Timken Company

By:  
Name:  
Title:

The undersigned Grantee hereby acknowledges receipt of an executed original of this Agreement and accepts the right to receive the Deferred Share Equivalents or other securities covered hereby and any Dividend Equivalents accumulated with respect thereto, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

**[GRANTEE]**

Date:

**THE TIMKEN COMPANY**

**Time-Based Restricted Stock Unit Agreement for Nonemployee Directors**

WHEREAS, \_\_\_\_\_ ("Grantee") is a nonemployee director of The Timken Company (the "Company"); and

WHEREAS, the Company granted the Restricted Stock Units evidenced by this Time-Based Restricted Stock Unit Agreement (this "Agreement") effective as of \_\_\_\_\_, 20\_\_ (the "Date of Grant").

NOW, THEREFORE, pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time (the "Plan"), and subject to the terms and conditions thereof and this Agreement, the Company confirms to Grantee the grant of \_\_\_\_\_ Restricted Stock Units (the "RSUs"). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein shall have the meanings assigned to them in the Plan.

1. Payment of RSUs. The RSUs will become payable if the applicable portion of the Restriction Period (as defined below) lapses and Grantee's right to receive payment for the RSUs becomes nonforfeitable ("Vest," "Vesting" or "Vested") in accordance with Sections 3 and 4 of this Agreement.
  2. RSUs Not Transferrable. None of the RSUs nor any interest therein or in any Common Shares underlying such RSUs will be transferable other than by will or the laws of descent and distribution prior to payment.
  3. Vesting of RSUs. Subject to Sections 4 and 5 of this Agreement, the RSUs will Vest in full on the first anniversary of the Date of Grant, provided that Grantee shall have been in the continuous service as a member of the Board through such date.
  4. Alternative Vesting of RSUs. Notwithstanding Section 3 of this Agreement, and subject to the payment provisions of Section 6 hereof, the RSUs will Vest earlier than the time provided for in Section 3 under the following circumstances:
    - (a) Death or Disability. If Grantee's service as a member of the Board ("Director") is terminated as a result of Grantee's death or disability prior to the first anniversary of the Date of Grant, a pro-rata portion of the RSUs shall Vest in an amount equal to the product of the total number of RSUs as evidenced by this Agreement, multiplied by a fraction, the numerator of which is the number of full months from the Date of Grant until the date of Grantee's termination and the denominator of which is 12.
    - (b) Termination without Cause. If Grantee's service as a Director involuntarily ceases other than for Cause (as defined in Section 4(c)(iii)) prior to the first anniversary of the Date of Grant, unless otherwise provided in Section 4(c)(i), a pro-rata portion of the RSUs shall Vest in an amount equal to the product of the total number of RSUs as evidenced by this Agreement, multiplied by a fraction,
-

the numerator of which is the number of full months from the Date of Grant until the date of Grantee's termination and the denominator of which is 12.

(c) Change in Control:

- (i) Upon a Change in Control that occurs during the period commencing on the Date of Grant and ending on the fifth anniversary of the Date of Grant (such period, the "Restriction Period") while Grantee is a Director, to the extent that the RSUs have not previously been forfeited, the RSUs will Vest in full, except to the extent that a Replacement Award is provided to Grantee to replace, continue or adjust the outstanding RSUs (the "Replaced Award"). If Grantee is provided with a Replacement Award in connection with the Change in Control, then if, upon or after receiving the Replacement Award, Grantee's service as a Director (or as a member of the board of directors of any of the Company's successors after the Change in Control (the Company or any such successors, as applicable, the "Successor Company")) involuntarily ceases other than for Cause prior to the first anniversary of the Date of Grant, to the extent that the Replacement Award has not previously been forfeited, the Replacement Award will Vest in full.
- (ii) For purposes of this Agreement, a "Replacement Award" means an award (A) of restricted stock units, (B) that has a value at least equal to the value of the Replaced Award, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control), (D) the tax consequences of which, under the Code, if Grantee is subject to U.S. federal income tax under the Code, are not less favorable to Grantee than the tax consequences of the Replaced Award, and (E) the other terms and conditions of which are not less favorable to Grantee than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 4(c)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.
- (iii) For purposes of this Agreement, "Cause" means: (A) an intentional act of fraud, embezzlement or theft in connection with Grantee's duties with the Successor Company; (B) an intentional wrongful disclosure of secret processes or confidential information of the Successor Company; (C) an intentional, wrongful engagement in any competitive activity that would constitute a material breach of Grantee's duty of loyalty to the Successor

Company; (D) the willful misconduct in the performance of Grantee's duties to the Successor Company; or (E) any gross negligence in the performance of Grantee's duties to the Successor Company. No act, or failure to act, on the part of Grantee shall be deemed "intentional" unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee's action or omission was in or not opposed to the best interest of the Successor Company.

5. Forfeiture of RSUs. Any RSUs that have not Vested pursuant to Section 3 or 4 prior to the first anniversary of the Date of Grant will be forfeited automatically and without further notice on such date (or earlier if, and on such date that, Grantee ceases to be a Director prior to the first anniversary of the Date of Grant for any reason other than as described in Section 4).
6. Form and Time of Payment of RSUs
  - (a) General: Subject to Sections 5 and 6(b) and any deferral election that Grantee has made under any applicable deferred compensation plan applicable to Grantee, payment for Vested RSUs will be made in cash or Common Shares (as determined by the Committee) within 10 days following the Vesting date specified in Section 3.
  - (b) Other Payment Events. Notwithstanding Section 6(a) and subject to any deferral election that Grantee has made under any applicable deferred compensation plan applicable to Grantee, to the extent that the RSUs are Vested on the dates set forth below, payment with respect to the RSUs will be made as follows:
    - (i) Change in Control. Within 10 days of a Change in Control, Grantee will receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee); provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, Grantee is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 6(a) or 6(b)(ii) as though such Change in Control had not occurred.
    - (ii) Death or Disability. Within 30 days of the date of Grantee's death or the date Grantee's service as a Director terminates as a result of Grantee's disability, Grantee will receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee).
    - (iii) Termination without Cause. Within 10 days of the date Grantee's service as a Director involuntarily ceases other than for Cause, Grantee will receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee).

7. Payment of Dividend Equivalents. With respect to each of the RSUs covered by this Agreement, Grantee shall be credited on the records of the Company with dividend equivalents in an amount equal to the amount per Common Share of any cash dividends declared by the Board on the outstanding Common Shares as if the RSUs were issued Common Shares during the period beginning on the Date of Grant and ending either on the date on which Grantee receives payment for the RSUs pursuant to Section 6 hereof or at the time when the RSUs are forfeited in accordance with Section 5 of this Agreement. These dividend equivalents will accumulate without interest and, subject to the terms and conditions of this Agreement, will be paid at the same time, to the same extent and in the same manner, in cash or Common Shares (as determined by the Committee) as the RSUs for which the dividend equivalents were credited.
8. Clawback; Detrimental Activity and Recapture.
- (a) Notwithstanding anything in this Agreement to the contrary, Grantee acknowledges and agrees that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy or policies (if any) as may be in effect from time to time, including specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares at any point may be traded) (the "Compensation Recovery Policy"). By accepting the award under the Plan and pursuant to this Agreement, Grantee consents to be bound by the terms of the Compensation Recovery Policy, to the extent applicable to Grantee, and agrees and acknowledges to fully cooperate with and assist the Company in connection with any of Grantee's obligations to the Company pursuant to the Compensation Recovery Policy, and agrees that the Company may enforce its rights under the Compensation Recovery Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under the Compensation Recovery Policy, in each case from and after the effective dates thereof. Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from Grantee of any such amounts, including from Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.
  - (b) Notwithstanding anything in this Agreement to the contrary, including the terms of the Compensation Recovery Policy referenced in Section 8(a) of this Agreement, nothing in this Agreement prevents Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.
9. Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other

provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any such law.

10. Adjustments. Subject to Section 12 of the Plan, the Committee shall make any adjustments in the number of RSUs or kind of shares of stock or other securities underlying the RSUs covered by this Agreement, and other terms and provisions, that the Committee shall determine is equitably required to prevent any dilution or enlargement of Grantee's rights under this Agreement that otherwise would result from any (a) extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization, partial or complete liquidation or other distribution of assets involving the Company or (c) other transaction or event having an effect similar to any of those referred to in Section 10(a) or 10(b) hereof. Moreover, in the event that any transaction or event described or referred to in the immediately preceding sentence, or a Change in Control, shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration (including cash), if any, as the Committee shall determine in good faith to be equitable under the circumstances.
11. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable to this Agreement; provided, however, that, subject to the terms of the Plan, no amendment will materially impair the rights of Grantee with respect to the RSUs without Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of Grantee to certain amendments will not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code.
12. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
13. Processing of Information. Information about you and your participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. You understand that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third party administrators whether such persons are located within your country or elsewhere, including the United States of America. You consent to the processing of information relating to you and your participation in the Plan in any one or more of the ways referred to above.
14. Choice of Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio. Grantee agrees that the state and federal courts located in the State of Ohio shall have jurisdiction in any action, suit or proceeding against Grantee based on or arising out of this Agreement and Grantee

hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to service of process in connection with any action, suit or proceeding against Grantee; and (c) waives any other requirement (whether imposed by statute, rule of court or otherwise) with respect to personal jurisdiction, venue or service of process.

15. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with, or be exempt from, the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

**[SIGNATURES ON FOLLOWING PAGE]**



The undersigned Grantee hereby acknowledges receipt of an executed original of this Agreement and accepts the award of RSUs covered hereby, subject to the terms and conditions of the Plan and the terms and conditions herein above set forth.

Grantee

Date:

This Agreement is executed by the Company on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

The Timken Company

By  
Name:  
Title:

## **Appendix A**

### **SPECIAL TERMS AND CONDITIONS FOR EQUITY AWARDS GRANTED TO TIMKEN PARTICIPANTS IN FRANCE**

This Appendix A contains special terms and conditions of grants of time-based Restricted Stock Units (**RSUs**) and performance-based Restricted Stock Units (**PRSUs**) and together with RSUs, the **Awards**) made pursuant to The Timken Company 2019 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time (the **Plan**), and the related Time-Based Restricted Stock Units Agreement (the **RSU Agreement**) and the Performance-Based Restricted Stock Units Agreement (the **PRSU Agreement**) and together with the RSU Agreement, the **Agreements**), that will apply to you if you reside in France. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and/or the applicable Agreement. This Appendix A is part of each Agreement.

This Appendix A also includes information regarding exchange control and certain other issues of which you should be aware with respect to your Awards. The information is based on the securities, exchange control and other laws in effect in France as of **February 2024**. Such laws are often complex and change frequently. The Timken Company (the **Company**) therefore strongly recommends that you do not rely on the information in this Appendix A as the only source of information relating to the consequences of the Awards because such information may be outdated when the Awards vest and/or you sell any Common Shares after vesting.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of a particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment after the Awards were granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

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## **TERMS AND CONDITIONS APPLICABLE TO ALL OF THE AWARDS**

Electronic Delivery and Consent to Electronic Participation. The Company may, in its sole discretion, decide to deliver any documents related to the Awards by electronic means. Grantee has consented to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by Company.

Nature of Grant. Grantee acknowledges that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or the Agreements;
- (b) the grants of the Awards are voluntary and occasional and do not create any contractual or other right to receive future grants of the Awards, or benefits in lieu of the Awards, even if the Awards have been granted repeatedly in the past;
- (c) all decisions with respect to future grants of the Awards, if any, will be at the sole discretion of the Company;
- (d) Grantee is voluntarily participating in the Plan;
- (e) the Awards are an extraordinary item that do not constitute compensation of any kind for services of any kind rendered to the Company, its Subsidiaries, and/or its affiliates, and that is outside the scope of Grantee's employment contract with the Company or its affiliates, if any;
- (f) the Awards are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long service awards, pension or retirement benefits or similar payments;
- (g) the future value of the underlying Common Shares is unknown and cannot be predicted with certainty; and
- (h) in consideration of the grant of the Awards, no claim or entitlement to compensation or damages shall arise from forfeiture or termination of the Awards or diminution in value of the Awards or the Common Shares resulting from Grantee's termination of employment (for any reason whatsoever and whether or not in breach of local labor laws).

Language. By signing each Agreement, Grantee acknowledges that Grantee has agreed to the receipt of the Agreements and all documents related to the Awards in the English language.

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## **NOTIFICATIONS APPLICABLE TO ALL OF THE AWARDS**

**Data Privacy.** Please consult the notice addressing the EU General Data Protection Regulation, which is attached hereto as Addendum 1.

**Exchange Control Information.** If you import or export cash (e.g., sales' proceeds received under the Plan) with a value equal to or exceeding €10,000 and do not use a financial institution to do so, you must submit a report to the customs and excise authorities. If you maintain a foreign bank account, you are required to report such account to the French tax authorities when filing your annual tax return.

**EU Prospectus Regulation.** Please consult the information statement addressing the employee share plan exemption under the EU Prospectus Regulation, which is attached hereto as Addendum 2.

## **TERMS AND CONDITIONS APPLICABLE ONLY TO RSUS**

**Qualified Award.** Your grant of RSUs is being made pursuant to the French Sub-Plan, which is attached hereto as Addendum 3, and which contains additional terms and conditions that govern your RSUs and participation in the Plan. Please review that document carefully. Furthermore, the RSUs evidenced by the RSU Agreement are intended to meet the requirements of Articles L.225-197-1 et seq. of the French commercial code relating to grants of French tax qualifying awards ("*actions gratuites*").

**Death or Disability.** Section 4(a) of the RSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

- "(a) Death or Permanent Disability: If Grantee dies or becomes Permanently Disabled (as defined below) while employed by the Company or any Subsidiary, then the RSUs will immediately Vest in full upon Grantee's death or Permanent Disability. If Grantee dies or becomes Permanently Disabled during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 4(b), 4(d) or 4(e), then the RSUs will immediately Vest in full upon Grantee's death or Permanent Disability, except that if Section 4(e) applies, the RSUs will immediately Vest only to the extent that the RSUs would have become Vested during the severance period pursuant to Section 4(e). For purposes of this Agreement, "Permanently Disabled" means *disability as determined in categories 2 and 3 under article L. 341-4 of the French Social Security Code as amended*."

**Change in Control.** Section 4(c)(i) of the RSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

- "(i) Upon a Change in Control that occurs during the period that commences on the Date of Grant and ends on the fourth Vesting Date (such period, the "Restriction Period") while Grantee is an employee of the Company or a
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Subsidiary, except to the extent that a Replacement Award for the RSUs is provided to Grantee, any RSUs that remain outstanding and have not yet Vested as of such Change in Control will immediately Vest in full; *provided, however, that (A) if the Change in Control occurs before the first anniversary of the Date of Grant, the RSUs will be forfeited in full, and (B) if the Change in Control occurs between the first anniversary of the Date of Grant and the second anniversary of the Date of Grant, the Common Shares issued upon Vesting may not be transferred or sold until the second anniversary of the Date of Grant.* If Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 4(b), 4(d) or 4(e), then, upon a Change in Control that occurs *after the second anniversary of the Date of Grant*, any RSUs that remain outstanding and that have not yet Vested as of such Change in Control will immediately Vest in full, except that if Section 4(e) applies, the RSUs will Vest only to the extent that the RSUs would have become Vested during the severance period pursuant to Section 4(e)."

**Alternative Vesting of RSUs – Divestiture.** The first sentence of Section 4(d) of the RSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

"If Grantee's employment with the Company or a Subsidiary terminates as the result of a Divestiture (as defined below, *and to the extent French law permits such termination*), then Grantee will continue to Vest in any RSUs that remain outstanding and have not yet vested at the time of termination in accordance with the vesting schedule described in Section 3 until the earlier of (i) the end of the Restriction Period and (ii) the occurrence of an event referenced in Section 4(a) or 4(c)."

**Form and Time of Payment of RSUs** For the avoidance of doubt, notwithstanding any provision in the RSU Agreement, this Appendix A or the Plan to the contrary, payment for Vested RSUs as provided in Section 6 of the RSU Agreement will only be made in Common Shares for participants in France.

**Clawback; Detrimental Activity and Recapture.** Section 9(a) of the RSU Agreement will only apply to the RSUs to the extent permitted by applicable law. Section 9(b) of the RSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

"Notwithstanding anything in this Agreement to the contrary, including the terms of the Compensation Recovery Policy referenced in Section 9(a) of this Agreement, nothing in this Agreement prevents Grantee, *in accordance with applicable law, from the internal or external reporting, or public disclosure, of possible legal violations. Within the framework of applicable law, these acts include reporting to authorities without prior notice to the Company or any of the Company's affiliates that employ Grantee, or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.*"

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**Acceleration of Vesting.** For the avoidance of doubt, notwithstanding any provision in the RSU Agreement, this Appendix A or the Plan to the contrary, and in compliance with minimum vesting requirements and exceptions provided for under the Plan and the French Sub-Plan (if any), if Grantee's employment with the Company or a Subsidiary terminates as a result of (a) Grantee's Retirement pursuant to Section 4(b) of the RSU Agreement, (b) a Divestiture pursuant to Section 4(d) of the RSU Agreement, or (c) a Termination Without Cause pursuant to Section 4(e) of the RSU Agreement, the Committee may, in its sole discretion, accelerate the Vesting of the RSUs so that it occurs on the date of such termination, but only to the extent (i) such acceleration is permissible under Section 409A of the Code (if Section 409A of the Code is applicable to the RSUs) and does not result in adverse consequences to the Company, a Subsidiary or Grantee under applicable law, (ii) such acceleration occurs after the second anniversary of the Date of Grant, and (iii) if Grantee is an officer of the Company under Section 16 of the Exchange Act, requisite corporate approval has been obtained.

#### **TERMS AND CONDITIONS APPLICABLE ONLY TO PRSUS**

**Qualified Award.** Your grant of PRSUs is being made pursuant to the French Sub-Plan, which is attached hereto as Addendum 3, and which contains additional terms and conditions that govern your PRSUs and participation in the Plan. Please review that document carefully. Furthermore, the PRSUs evidenced by the PRSU Agreement are intended to meet the requirements of Articles L.225-197-1 et seq. of the French commercial code relating to grants of French tax qualifying awards ("*actions gratuites*").

**Death or Permanent Disability.** Section 4(a) of the PRSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

- "(a) Death or Permanent Disability. If Grantee dies or becomes Permanently Disabled (as defined below) while employed by the Company or any Subsidiary, then Grantee will Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of Section 3 if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the payment date of the Vested PRSUs under Section 6(a) or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, multiplied by (ii) a fraction (in no case greater than 1) the numerator of which is the number of whole months from the first day of the Performance Period through the date of such death or Permanent Disability and the denominator of which is 36. PRSUs that Vest in accordance with this Section 4(a) will be paid as set forth in Section 6(a) of this Agreement. For purposes of this Agreement, "Permanently Disabled" means *disability as determined in categories 2 and 3 under article L. 341-4 of the French Social Security Code as amended.*"

**Retirement.** Section 4(b) of the PRSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

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- “(b) **Retirement:** If Grantee Retires (as defined below), then Grantee will Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of Section 3 if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the payment date of the Vested PRSUs under Section 6(a) or the occurrence of a Change in Control to the extent a Replacement Award is not provided, whichever occurs first, multiplied by (ii) a fraction (in no case greater than 1) the numerator of which is the number of whole months from the first day of the Performance Period through the date of such Retirement and the denominator of which is 36; *provided, however, that (A) if the Change in Control occurs before the first anniversary of the Date of Grant, the PRSUs will be forfeited in full, and (B) if the Change in Control occurs between the first anniversary of the Date of Grant and the second anniversary of the Date of Grant, the Common Shares issued upon the Change in Control may not be transferred or sold until the second anniversary of the Date of Grant.* PRSUs that Vest in accordance with this Section 4(b) will be paid as set forth in Section 6(a) of this Agreement. For purposes of this Agreement, “Retire” or “Retirement” means: (I) Grantee’s voluntary termination of employment at or after age 62 or (II) Grantee’s termination of employment in accordance with applicable non-U.S. local law, if such non-U.S. law requires such termination to be treated as a retirement based on different criteria than those set forth in the preceding clause (I).”

**Change in Control.** Section 4(c)(i) of the RSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

- “(i) Upon a Change in Control that occurs during the Restriction Period while Grantee is an employee of the Company or a Subsidiary or during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 4(a), 4(b), 4(d) or 4(e), any PRSUs that remain outstanding and have not yet Vested as of such Change in Control will Vest, except to the extent that a Replacement Award for the RSUs is provided to Grantee) as follows: the Performance Period will terminate and the Committee as constituted immediately before the Change in Control will determine and certify the Vested PRSUs based on actual performance through the most recent date prior to the Change in Control for which achievement of the Performance Metrics can reasonably be determined; *provided, however, that (A) if the Change in Control occurs before the first anniversary of the Date of Grant, the PRSUs will be forfeited in full, and (B) if the Change in Control occurs between the first anniversary of the Date of Grant and the second anniversary of the Date of Grant, the Common Shares issued upon the Change in Control may not be transferred or sold until the second anniversary of the Date of Grant.* PRSUs that Vest in accordance with this Section 4(c)(i) will be paid as set forth in Section 6(b) of this Agreement.”
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**Alternative Vesting of PRSUs – Divestiture.** The first sentence of Section 4(d) of the PRSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

“If Grantee’s employment with the Company or a Subsidiary terminates as the result of a Divestiture (as defined below, *and to the extent French law permits such termination*), then Grantee shall Vest in the PRSUs in accordance with the terms and conditions of Section 3 as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the end of the three-year period described in Section 3 or the occurrence of a circumstance referenced in Section 4(a) or Section 4(c), whichever occurs first.”

**Form and Time of Payment of PRSUs** For the avoidance of doubt, notwithstanding any provision in the PRSU Agreement, this Appendix A or the Plan to the contrary, payment for Vested PRSUs as provided in Section 6 of the PRSU Agreement will only be made in Common Shares for participants in France.

**Clawback; Detrimental Activity and Recapture.** Section 9(a) of the PRSU Agreement will only apply to the PRSUs to the extent permitted by applicable law. Section 9(b) of the PRSU Agreement is hereby amended in its entirety to read as follows (with the revised language in italics):

“Notwithstanding anything in this Agreement to the contrary, including the Compensation Recovery Policy referenced in Section 9(a) of this Agreement, nothing in this Agreement prevents Grantee, *in accordance with applicable law, from the internal or external reporting, or public disclosure, of possible legal violations. Within the framework of applicable law, these acts include reporting to authorities without prior notice to the Company or any of the Company’s affiliates that employ Grantee, or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations.*”

**Acceleration of Vesting.** For the avoidance of doubt, notwithstanding any provision in the PRSU Agreement, this Appendix A, and the Plan to the contrary, and in compliance with minimum vesting requirements and exceptions provided for under the Plan (if any) and the French Sub-Plan (if any), if Grantee’s employment with the Company or a Subsidiary terminates as a result of (a) Grantee’s Retirement pursuant to Section 4(b) of the PRSU Agreement, (b) a Divestiture pursuant to Section 4(d) of the PRSU Agreement, or (c) a Termination Without Cause pursuant to Section 4(e) of the PRSU Agreement, the Committee may, in its sole discretion, accelerate the Vesting of the Award, so that it occurs on the date of such termination, but only to the extent (i) such acceleration is permissible under Section 409A of the Code (if Section 409A of the Code is applicable to the PRSUs) and does not result in adverse consequences to the Company, a Subsidiary or Grantee under applicable law, (ii) such acceleration occurs after the second anniversary of the Grant Date, and (iii) if Grantee is an officer of the Company under Section 16 of the Exchange Act, requisite corporate approval has been obtained.



Principal Executive Officer's Certifications  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard G. Kyle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Timken Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2024

By: /s/ Richard G. Kyle

Richard G. Kyle  
President and Chief Executive Officer  
(Principal Executive Officer)

## Principal Financial Officer's Certifications

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Philip D. Fracassa, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Timken Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 30, 2024

By: /s/ Philip D. Fracassa

Philip D. Fracassa

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Certification Pursuant to  
18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the quarterly report of The Timken Company (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: April 30, 2024

By: /s/ Richard G. Kyle

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Richard G. Kyle  
President and Chief Executive Officer  
(Principal Executive Officer)

By: /s/ Philip D. Fracassa

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Philip D. Fracassa  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. 1350 and is not being filed as part of the Report or as a separate disclosure document.