

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

JUN 27 2003



03025431

FORM 11-K

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

**PROCESSED**  
JUL 02 2003  
THOMSON  
FINANCIAL

- ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the fiscal year ended December 30, 2002

OR

- TRANSITIONAL REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-1169

THE HOURLY PENSION INVESTMENT PLAN  
(Full title of the plan)

THE TIMKEN COMPANY, 1835 Dueber Avenue, S.W., Canton, Ohio 44706  
(Name of issuer of the securities held pursuant to the plan  
and the address of its principal executive office)

AUDITED FINANCIAL STATEMENTS AND SCHEDULES

The Hourly Pension Investment Plan

December 30, 2002 and 2001 and Year ended December 30, 2002  
with Report of Independent Auditors

The Hourly Pension Investment Plan  
Audited Financial Statements and Schedules

December 30, 2002 and 2001 and  
Year ended December 30, 2002

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## Report of Independent Auditors

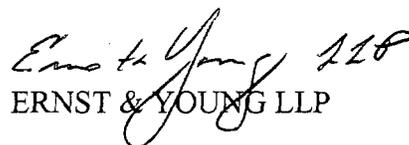
The Timken Company, Administrator of  
The Hourly Pension Investment Plan

We have audited the accompanying statements of assets available for benefits of The Hourly Pension Investment Plan as of December 30, 2002 and 2001, and the related statement of changes in assets available for benefits for the year ended December 30, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets available for benefits of the Plan at December 30, 2002 and 2001, and the changes in its assets available for benefits for the year ended December 30, 2002, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 30, 2002 and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

  
ERNST & YOUNG LLP

Canton, Ohio  
June 20, 2003

# The Hourly Pension Investment Plan

## Statements of Assets Available for Benefits

	December 30	
	2002	2001
<b>Assets</b>		
Investments, at fair value	\$ 65,248,123	\$ 58,110,293
Receivables:		
Contribution receivable from participants	363,687	478,725
Contribution receivable from The Timken Company	229,612	307,043
Accrued income	5,247	6,366
Total receivables	598,546	792,134
Assets available for benefits	<u>\$ 65,846,669</u>	<u>\$ 58,902,427</u>

*See accompanying notes.*

## The Hourly Pension Investment Plan

### Statement of Changes in Assets Available for Benefits

Year ended December 30, 2002

#### **Additions**

##### Income:

Net appreciation in fair value of investments	\$ 591,592
Interest and dividends	<u>1,313,276</u>
	1,904,868

##### Contributions:

Participants	5,214,786
The Timken Company	<u>3,052,055</u>
	8,266,841

Total additions 10,171,709

#### **Deductions**

Benefits paid directly to participants	<u>3,225,366</u>
Total deductions	<u>3,225,366</u>

Net increase prior to transfers	6,946,343
Transfers between plans	<u>(2,101)</u>
Net increase	6,944,242

##### Assets available for benefits:

Beginning of year	<u>58,902,427</u>
End of year	<u><u>\$ 65,846,669</u></u>

*See accompanying notes.*

# The Hourly Pension Investment Plan

## Notes to Financial Statements

December 30, 2002

### 1. Description of the Plan

The following description of The Hourly Pension Investment Plan (the Plan) provides only general information. Participants should refer to their *Compensation and Benefits* handbook for a more complete description of the Plan's provisions. Copies of the handbook are available from The Timken Company (the Company).

#### General

The Plan is a defined contribution plan covering certain non-bargaining hourly employees of the Company's manufacturing facilities in the United States. Certain non-bargaining employees located in the Bucyrus, Ohio facility become eligible to participate in the Plan the first full pay period after completing one full calendar month of full-time service. Non-bargaining employees located in the Lincolnton, North Carolina and Gaffney, South Carolina facilities become eligible the first full pay period after completing three calendar months of full-time service. Non-bargaining employees of Koncor Industries of Timken Latrobe Steel become eligible the first full pay period after completing 90 calendar days of full-time service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

#### Contributions

Under the provisions of the Plan, participants may elect to contribute up to 15% of their gross earnings directly to the Plan subject to IRS limitations. Participants may also rollover amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company matches Bucyrus, Ohio non-bargaining employee contributions at an amount equal to 30% of the first 5% of participant's gross earnings. The Company matches Wauseon, Ohio non-bargaining employee contributions at an amount equal to 80% of the first 5% of participant's gross earnings. The Company matches Lincolnton, North Carolina and Gaffney, South Carolina non-bargaining hourly employee contributions at an amount equal to 80% of the first 5% of the participant's gross earnings and 20% of the excess of 5% up to the next 3% of the participants gross earnings. In addition, the Company makes a Base Contribution equal to 1% of all the participants' wages on a quarterly basis.

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### **1. Description of the Plan (continued)**

Upon enrollment, a participant must direct the percentage of his or her contribution to be invested in each fund in increments of 5%. All Company contributions are made in Timken common shares. Participants are not allowed to direct the investment of the Company's matching contributions and Base Contributions made in Timken common shares until reaching the age of 55, 30 years of service, or upon retirement. Participants have access to their account information and the ability to make account transfers and contribution changes an unlimited number of times through an automated telecommunications system and through the Internet.

#### **Participant Accounts**

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

#### **Vesting**

Participants are immediately vested in both their contribution and the Company's contribution plus actual earnings thereon.

#### **Participant Notes Receivable**

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan terms generally cannot exceed five years for general purpose loans, 30 years for residential loans. The loans are secured by the balance in the participant's account and bear interest at an interest rate of one percent in excess of the prime rate, as published the first business day of each month in the Wall Street Journal. Principal and interest are paid ratably through payroll deductions.

#### **Payment of Benefits**

On termination of service, a participant may leave his or her assets in the Plan until age 70 ½, receive a lump-sum amount equal to the balance of his or her account, or elect to receive staggered installments over a fixed period of time.

The Hourly Pension Investment Plan  
Notes to Financial Statements (continued)

**1. Description of the Plan (continued)**

**Transfers Between Plans**

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

**Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the Trustee shall distribute to each participant the amount standing to his or her credit in his or her separate account.

**Plan Amendment**

Effective December 31, 2001, the Plan was amended to segregate the Timken Company Common Stock Fund into two components—a newly created Employee Stock Ownership Plan, or ESOP, and a Timken Stock Fund. The ESOP contained all shares held in the Timken Company Common Stock Fund at December 30, 2001. Beginning December 31, 2001, Company and participant contributions are made to the Timken Stock Fund. At the end of each plan year, all contributions, reinvested dividends and any market gains or losses in the Timken Stock Fund are then transferred into the Timken ESOP. Participants may elect to have their dividends in the Timken ESOP distributed to them in cash rather than automatically reinvested in Timken common shares.

The Hourly Pension Investment Plan  
Notes to Financial Statements (continued)

**2. Accounting Policies**

**Basis of Accounting**

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

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. American Express Trust Company (the Trustee) maintains a collective investment trust of Timken common shares in which the Company's defined contribution plans participate on a unit basis. Timken common shares are traded on a national securities exchange and participation units in the Timken Company Common Stock Fund are valued at the last reported sales price on the last business day of the Plan year. The valuation per unit of the Timken Company Common Stock Fund was \$10.67 and \$9.00 at December 30, 2002 and 2001, respectively.

The participation units owned by the Plan in the Trustee collective trust funds and mutual funds are valued at quoted market prices which represent the net asset values of shares held by the Plan at year end. The participant notes receivable are valued at their outstanding balances, which approximates fair value.

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

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## The Hourly Pension Investment Plan

### Notes to Financial Statements (continued)

#### 3. Investments

During 2002, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

	<u>Net Appreciation (Depreciation) in Fair Value of Investments</u>
Timken common shares	\$ 5,443,332
Mutual funds	(1,225,955)
Collective trust funds	(3,625,785)
	<u>\$ 591,592</u>

Investments that represent 5% or more of fair value of the Plan's net assets are as follows:

	2002	2001
Timken Company Common Stock Fund*	\$ 34,623,807	\$ 27,334,165
AXP New Dimensions Fund	3,871,515	4,562,434
American Express Trust U. S. Government Securities Fund I	4,546,659	3,702,758
American Express Trust Equity Index Base Fund	11,582,344	14,418,432
Participant notes receivable	4,865,374	3,616,413

\* Nonparticipant-directed

The Hourly Pension Investment Plan  
Notes to Financial Statements (continued)

**4. Nonparticipant-Directed Investments**

Information about the net assets and the significant components of changes in net assets related to the nonparticipant-directed investment is as follows:

	<b>December 30</b>	
	<b>2002</b>	<b>2001</b>
Investments, at fair value:		
Timken Company Common Stock Fund	<b>\$ 34,623,807</b>	\$ 27,334,165
Receivables:		
Contribution receivable	<b>410,810</b>	534,645
	<b>\$ 35,034,617</b>	\$ 27,868,810
		<b>Year ended December 30, 2002</b>
Change in assets:		
Net appreciation in fair value of investments		\$ 5,443,332
Dividends		902,560
Contributions		4,304,472
Benefits paid directly to participants		(927,010)
Transfers to participant directed accounts		(2,557,547)
		<b>\$ 7,165,807</b>

**5. Income Tax Status**

The Plan has received a determination letter from the Internal Revenue Service dated April 3, 2003 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

The Hourly Pension Investment Plan  
Notes to Financial Statements (continued)

**6. Related Party Transactions**

The following is a summary of transactions of Timken common shares for the year ended December 30, 2002:

	<u>Shares</u>	<u>Dollars</u>
Purchased	366,187	\$ 6,983,873
Issued to participants for payment of benefits	44,545	863,070
Dividends received		902,560

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

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

The Hourly Pension Investment Plan

EIN: 34-0577130 Plan Number: 016

Schedule H, Line 4(i)—Schedule of Assets  
(Held at End of Year)

December 30, 2002

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost (B)	Current Value
Timken Company Common Stock Fund*(A)	3,243,752 units	\$ 33,711,957	\$34,623,807
AXP New Dimensions Fund*	200,597 units		3,871,515
Templeton Foreign Fund	113,351 units		937,413
American Express Trust*:			
U.S. Government Securities Fund I	4,546,659 units		4,546,659
Bond Fund	38,743 units		2,766,374
Short-Term Horizon (25:75) Fund	8,312 units		146,322
Medium-Term Horizon (50:50) Fund	61,857 units		1,235,788
Long-Term Horizon (80:20) Fund	4,675 units		87,447
Small Cap Equity Index Fund II	51,458 units		585,080
Equity Index Base Fund	429,055 units		11,582,344
Participant notes receivable at interest rates ranging from 5.25% to 11.00%*	4,865,374 units		<u>4,865,374</u>
Total investments			<u>\$65,248,123</u>

\*Indicates party-in-interest to the Plan.

(A) Nonparticipant-directed investment.

(B) Cost information is only required for nonparticipated-directed investments.

The Hourly Pension Investment Plan

EIN: 34-0577130 Plan Number: 016

Schedule H, Line 4(j)—Schedule of Reportable Transactions

Year ended December 30, 2002

Identity of Party Involved	Description of Assets	Purchase Price	Selling Price	Expenses Incurred with Transaction (A)	Cost of Asset	Current Value of Asset on Transaction Date (B)	Net Gain or (Loss)
The Timken Company*(C)	Timken common shares						
	177 purchases aggregating 366,187 shares	\$ 6,983,873			\$6,983,873		
	284 sales aggregating 249,499 shares		\$5,022,481		5,292,696		\$ (270,215)

Category (iii)—Series of Transactions in a Security in Excess of 5% of the Current Value of Plan Assets

\* Indicates party-in-interest to the Plan.

(A) Commissions, taxes and other expenses incurred with the transaction are capitalized on purchases and charged against proceeds on sales.

(B) Current value at the date of purchase or sale equals the transaction price.

(C) Nonparticipant-directed investment.

There were no category (i), (ii) or (iv) transactions during 2002.

SIGNATURES

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

THE HOURLY PENSION INVESTMENT  
PLAN

Date: June 26, 2003

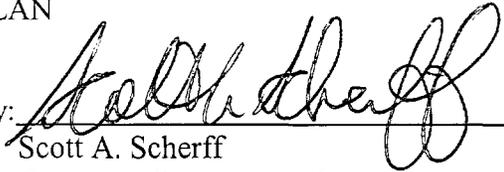
By:   
\_\_\_\_\_  
Scott A. Scherff  
Corporate Secretary and Assistant  
General Counsel

EXHIBIT INDEX

<u>EXHIBIT NUMBER</u>	<u>EXHIBIT DESCRIPTION</u>
23	Consent of Ernst & Young LLP
99	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

### Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-35152) pertaining to The Hourly Pension Investment Plan of our report dated June 20, 2003, with respect to the financial statements and schedules of The Hourly Pension Investment Plan included in this Annual Report (Form 11-K) for the year ended December 30, 2002.

*Ernst & Young LLP*  
ERNST & YOUNG LLP

Canton, Ohio  
June 20, 2003

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Annual Report of the Voluntary Investment Program for Hourly Employees of The Hourly Pension Investment Plan, (the "Plan") on Form 11-K for the period ended December 30, 2002 as filed with the Securities and Exchange Commission (the "SEC") on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his 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 Plan as of the dates and for the periods expressed in the Report.

This certification is provided solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed to be a part of the Report or "filed" for any purpose whatsoever.

Date: June 26, 2003



Glenn A. Eisenberg  
Executive Vice President-Finance and Administration  
of The Timken Company  
(Principal Executive Officer and Principal Financial  
Officer)