TIMKEN CO
Form 11-K
June 17, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
OR
o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number: 1-1169

THE TIMKEN COMPANY SAVINGS PLAN FOR CERTAIN BARGAINING ASSOCIATES
(Full title of the Plan)

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

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December 31, 2015 and 2014, and Year Ended December 31, 2015

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Report of Independent Registered Public Accounting Firm

The Timken Company, Administrator of
The Timken Company Savings Plan for
Certain Bargaining Associates
North Canton, Ohio

We have audited the accompanying Statement of Net Assets Available for Benefits of The Timken Company Savings Plan for Certain Bargaining Associates (the "Plan") as of December 31, 2015 and the related Statement of Changes in Net Assets Available for Benefits for the year then ended. 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 audit. The financial statements of the Plan as of December 31, 2014 were audited by other auditors whose report dated June 29, 2015 expressed an unqualified opinion on the financial statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available of the Plan as of December 31, 2015, and the changes in net assets available for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying and Schedule of Delinquent Participant Contributions for the year ended December 31, 2015 and Schedule of Assets (Held at End of Year) as of December 31, 2015 have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of management. Our audit procedures include determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information.

In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ BOBER, MARKEY, FEDOROVICH & COMPANY

Akron, Ohio
June 17, 2016

Report of Independent Registered Public Accounting Firm

The Timken Company, Administrator of
The Timken Company Savings Plan for
Certain Bargaining Associates

We have audited the accompanying statement of net assets available for benefits of The Timken Company Savings Plan for Certain Bargaining Associates as of December 31, 2014. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the net assets available for benefits of The Timken Company Savings Plan for Certain Bargaining Associates at December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Akron, Ohio
June 29, 2015

The Timken Company Savings Plan
for Certain Bargaining Associates

Statements of Net Assets Available for Benefits

	December 31,	
Assets	2015	2014
Investments, at fair value:		
Interest in The Master Trust Agreement for The Timken Company Defined Contribution Plans	$5,348,294	$6,430,876
Receivables:		
Contribution receivable from participants	1,910	2,910
Contributions receivable from The Timken Company	206	543
Notes receivable from participants	197,085	205,316
	199,201	208,769
Total assets reflecting investments at fair value	5,547,495	6,639,645
Adjustment from fair value to contract value for interest in The Master Trust Agreement for The Timken Company Defined Contribution Plans relating to fully benefit-responsive investment contracts	(4,365)	(13,353)
Net assets available for benefits	$5,543,130	$6,626,292

See accompanying notes.

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The Timken Company Savings Plan
for Certain Bargaining Associates

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2015

Additions	
Interest income on notes receivable from participants	$9,507
Contributions:	
Participants	215,388
The Timken Company	62,878
	278,266
Total Additions	287,773
Deductions	
Investment loss:	
Net depreciation from The Master Trust Agreement for The Timken Company Defined Contribution Plans	198,920
Benefits paid directly to participants	1,171,589
Administrative expenses	426
Total deductions	1,370,935
Net decrease	(1,083,162)
Net assets available for benefits:	
Beginning of year	6,626,292
End of year	$5,543,130

See accompanying notes.

The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements
December 31, 2015 and 2014, and Year Ended December 31, 2015

1. Description of the Plan

The following description of The Timken Company Savings Plan for Certain Bargaining Associates (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions. The Plan was established on February 16, 2003. On February 16, 2003, The Timken Company (Timken) acquired Ingersoll-Rand Company Limited's Engineered Solutions business, which was comprised of certain operating assets and subsidiaries including The Torrington Company. On July 1, 2013, Timken merged the Timken Gears & Services Savings Plan into the Plan and renamed the Plan as The Timken Company Savings Plan for Certain Bargaining Associates.

On June 30, 2014, the Company completed the separation of its steel business from its bearings and power transmission business through a spinoff, creating a new independent publicly traded company, TimkenSteel Corporation (TimkenSteel). The Company's board of directors declared a distribution of all outstanding common shares of TimkenSteel through a dividend. At the close of business on June 30, 2014, the Company's shareholders received one common share of TimkenSteel for every two common shares of the Company they held as of the close of business on June 23, 2014. A dividend of $176,715 in common shares of TimkenSteel was distributed to participants in the Plan, creating the TimkenSteel Common Stock Fund. In addition, as a result of the spinoff, $10,810 in plan assets were transferred to The TimkenSteel Corporation Savings Plan for Certain Bargaining Associates for TimkenSteel employees and retirees.

General

During 2006, The Timken Company closed its Standard Plant, the full-time hourly employees of which were represented by the United Auto Workers Local 1645. As a result of this transaction, all participants in the Plan terminated their employment with The Timken Company and the Plan will no longer have any new participants or contributions from Local 1645. The Plan is a defined contribution plan which covered full-time hourly employees of Timken who are represented by the United Auto Workers (UAW) Local 864 and the International Association of Machinists (IAM) Local 311. Employees of Timken represented by UAW Local 864 and IAM Local 311 become eligible to participate in the Plan following the earlier of (i) being credited with one year of service or (ii) completion of 60 consecutive days of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Under the provisions of the Plan, UAW Local 864 and IAM Local 311 participants are able to elect to contribute up to 18% of their eligible earnings on a pretax basis directly to the Plan subject to Internal Revenue Service (IRS) limitations. Participants are also able to contribute amounts representing distributions from other qualified defined benefit or 401(k) defined contribution plans. For employees represented by UAW Local 864, Timken matches participant contributions, "Company Matching Contributions," at an amount equal to 100% on the first 3% of the participant's eligible earnings. The Plan also provides a "Company Non-elective Contribution," which is a 3% non-elective contribution for all employees represented by UAW 864. The compensation used to determine the Company Matching Contribution and the Company Non-elective Contribution for UAW Local 864 participants is equal to 100% of the employee's base hourly rate for the first forty hours per week plus 50% of overtime earnings.

Upon enrollment, a participant is required to direct his or her contribution in 1% increments to any of the Plan's investment options. Participants have access to their account information and the ability to make changes on a daily basis, subject to the next available payroll for contribution change election, through an automated telecommunications system. Account information and certain changes may also be made through the Internet.

Delinquent Participant Contributions

During 2014, the Company failed to transmit certain participant contributions to the Plan in the amount of $1,058 within the time period prescribed by ERISA. Late transmissions of participant contributions constitute a prohibited transaction under ERISA section 406, regardless of materiality. The Company transmitted the delinquent participant contributions to the Plan by December 31, 2015 and reimbursed the Plan for lost earnings in the amount of $22 during 2015. Related excise taxes were paid by the Company.

The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements (continued)

Participant Accounts
Each participant's account is credited with the participant's contributions and allocations of (a) Timken's contributions and (b) Plan earnings, and is charged with an allocation of administrative expenses. Plan earnings are allocated based on the participant's share of net earnings or losses of their respective elected investment options. Allocations of administrative expenses are based on the participant's account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting
Participants were immediately vested in their contributions and rollover contributions plus actual earnings thereon. Vesting in the Company Matching Contribution portion of their account plus actual earnings thereon is also immediate.

Notes Receivable from Participants
Participants may borrow from their account related to their participant contributions and rollover contributions with a minimum of $1,000 up to a maximum equal to the lesser of (1) $50,000 minus the excess of the highest outstanding loan balance during the past 12 months or (2) 50% of their account balance related to participant contributions and rollover contributions. Loan terms generally cannot exceed five years for general purpose loans and thirty years for residential loans.

The loans bear interest at an interest rate of 1% in excess of the prime rate, as published in the Wall Street Journal on the first business day of the month in which the loan is granted. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits
Upon termination of service with The Timken Company, participants having a vested account balance greater than $1,000 were given the option of (i) transferring their account balance to another plan, (ii) receiving a lump-sum amount equal to the vested balance of their account, or (iii) leaving their vested account balance in the Plan (if vested account balance was greater than $5,000). Participants having a vested account balance less than $1,000 received a lump-sum amount equal to their vested account balance. Participants with a vested account balance between $1,000 and $5,000 and who did not elect a distribution, were paid in a direct rollover to an individual retirement plan. Participants electing to leave their vested assets in the Plan may do so until age 70-$^{1}/_{2}$ after which time the lump-sum option would apply.

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

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

Plan Termination

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

The Timken Company Savings Plan
for Certain Bargaining Associates
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 and are invested in The Master Trust Agreement for the Timken Defined Contribution Plans (Master Trust), which was established for the investment of assets of the Plan and the two other defined contribution plans sponsored by The Timken Company.

The Plan's 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.

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

Payment of Benefits

Benefits are recorded when paid.

Notes Receivable from Participants

Participant notes receivable represents participant loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2015 or 2014. If a participant ceases to make loan repayments and the Plan Administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Use of Estimates

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

New Accounting Pronouncements

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient. Part I of the ASU eliminates the requirements to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II of the ASU eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. It also simplifies the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III of the ASU allows a plan with a fiscal year end that doesn't coincide with the end of a calendar month to measure its investments and investment-related accounts using the month end closest to its fiscal year end. The ASU is effective for fiscal years beginning after December 15, 2015. Parts I and II are to be applied retrospectively. Part III is to be applied prospectively. Plans can early adopt any of the ASU's three parts without early adopting the other parts. Management is currently evaluating the effect that the provisions of Parts I and II of ASU 2015-12 will have on the Plan's financial statements. Part III is not applicable to the Plan.

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

Subsequent Events

Management evaluates subsequent events and transactions occurring subsequent to the date of the financial statements that affect recognition or disclosure to the financial statements.

The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements (continued)

3. Investments

The Plan’s assets are held in the Master Trust, commingled with assets of other Company-sponsored benefit plans.

Each participating plan’s interest in the investment funds (i.e., separate accounts) of the Master Trust is based on account balances of the participants and their elected investment funds. The Master Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Master Trust. The Plan’s ownership percentage in the Master Trust as of December 31, 2015 and 2014 was 0.58% and 0.61%, respectively.

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

	December 31, 2015					
	Cash and Cash Equivalents	Company Stock	Registered Investment Companies	Common Collective Funds	Total Assets	Plan's Ownership Percentage
Investment, at Fair Value:						
The Timken Company Common Stock Fund	$90	$117,471,456	$—	$—	$117,471,546	0.18 %
TimkenSteel Common Stock Fund	1	11,517,698	—	—	11,517,699	0.26 %
American Funds EuroPacific Growth	—	—	85,746,776	—	85,746,776	0.07 %
American Funds Washington Mutual Investors	—	—	26,736,461	—	26,736,461	0.04 %
American Beacon Small Cap Value	—	—	16,913,911	—	16,913,911	0.17 %
Eagle Small Cap Growth	—	—	12,513,727	—	12,513,727	0.02 %
Vanguard Target Retirement Income	—	—	16,855,898	—	16,855,898	6.68 %
Vanguard Target Retirement 2015	—	—	43,801,786	—	43,801,786	2.46 %
Vanguard Target Retirement 2025	—	—	40,879,722	—	40,879,722	0.61 %
Vanguard Target Retirement 2035	—	—	35,885,129	—	35,885,129	0.93 %
Vanguard Target Retirement 2045	—	—	15,425,679	—	15,425,679	0.43 %
Vanguard Target Retirement 2055	—	—	851,790	—	851,790	1.16 %
Vanguard Target Retirement 2020	—	—	17,554,594	—	17,554,594	2.57 %
Vanguard Target Retirement 2030	—	—	8,308,521	—	8,308,521	6.13 %
Vanguard Target Retirement 2040	—	—	3,726,655	—	3,726,655	1.11 %
Vanguard Target Retirement 2050	—	—	3,333,234	—	3,333,234	2.29 %
Vanguard Target Retirement 2060	—	—	659,076	—	659,076	0.00 %
JPMorgan S&P 500 Index	—	—	—	7,792,129	7,792,129	0.48 %
JPMCB Core Bond	—	—	—	85,675,984	85,675,984	0.06 %
JPMorgan Equity Index	—	—	—	143,784,620	143,784,620	0.00 %
Nuveen Winslow Large-Cap Growth	—	—	—	57,191,575	57,191,575	0.10 %
SSgA Russell 2000-A Index	—	—	—	43,004,113	43,004,113	0.07 %
	$91	$128,989,154	$329,192,959	$337,448,421	$795,630,625	
Wells Fargo Stable Value Fund:						
Wells Fargo Stable Return	$—	$—	$—	$3,075,107	$3,075,107	

Wells Fargo Stable Value	—	—	—	122,970,956	122,970,956		
Adjustment from fair value to contract value	—	—	—	(627,095)	(627,095)		
	$—	$—	$—	$125,418,968	$125,418,968	0.70	%
Net Assets of Master Trust	$91	$128,989,154	$329,192,959	$462,867,389	$921,049,593	0.58	%

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The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements (continued)

	December 31, 2014					
	Cash and Cash Equivalents	Company Stock	Registered Investment Companies	Common Collective Funds	Total Assets	Plan's Ownership Percentage
Investment, at Fair Value:						
The Timken Company Common Stock Fund	$657,641	$169,394,951	$—	$—	$170,052,592	0.21 %
TimkenSteel Common Stock Fund	11,108	63,360,126	—	—	63,371,234	0.24 %
Morgan Stanley Small Company Growth	—	—	14,813,430	—	14,813,430	0.11 %
American Funds EuroPacific Growth	—	—	86,365,892	—	86,365,892	0.09 %
American Funds Washington Mutual Investors	—	—	29,056,130	—	29,056,130	0.09 %
American Beacon Small Cap Value	—	—	19,829,041	—	19,829,041	0.22 %
Vanguard Target Retirement Income	—	—	18,682,387	—	18,682,387	9.06 %
Vanguard Target Retirement 2015	—	—	53,853,742	—	53,853,742	2.27 %
Vanguard Target Retirement 2025	—	—	42,876,841	—	42,876,841	0.53 %
Vanguard Target Retirement 2035	—	—	35,591,237	—	35,591,237	0.99 %
Vanguard Target Retirement 2045	—	—	14,860,688	—	14,860,688	0.38 %
Vanguard Target Retirement 2020	—	—	14,653,078	—	14,653,078	2.91 %
Vanguard Target Retirement 2030	—	—	10,230,594	—	10,230,594	4.54 %
Vanguard Target Retirement 2040	—	—	3,273,703	—	3,273,703	2.74 %
Vanguard Target Retirement 2050	—	—	2,702,181	—	2,702,181	1.14 %
JPMorgan S&P 500 Index	—	—	—	8,519,545	8,519,545	0.61 %
JPMCB Core Bond Fund	—	—	—	88,400,086	88,400,086	0.07 %
JPMorgan Equity Index	—	—	—	149,370,583	149,370,583	0.00 %
Nuveen Winslow Large-Cap Growth	—	—	—	56,696,153	56,696,153	0.12 %
SSgA Russell 2000-A Index	—	—	—	47,039,238	47,039,238	0.09 %
	$668,749	$232,755,077	$346,788,944	$350,025,605	$930,238,375	
Wells Fargo Stable Value Fund:						
Wells Fargo Stable Return	$—	$—	$—	$3,264,205	$3,264,205	
Wells Fargo Stable Value	—	—	—	128,802,600	128,802,600	

Adjustment from fair value to contract value	—	—	—	(1,823,408)	(1,823,408)		
	$—	$—	$—	$130,243,397	$130,243,397	0.73	%
Net Assets of Master Trust	$668,749	$232,755,077	$346,788,944	$480,269,002	$1,060,481,772	0.61	%

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The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements (continued)

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

	Year Ended December 31, 2015
Net transfers (contributions, transfers and benefit payments for the participating plans)	$(44,744,705)
Net appreciation (depreciation) in fair value of instruments:	
Company stock funds	(100,999,887)
Registered investment companies	(11,992,635)
Common collective funds	6,410,476
	(151,326,751)
Interest	1,550
Dividends	12,856,400
	12,857,950
Total investment loss (net of transfers)	(138,468,801)
Administrative expenses	(963,378)
Net decrease	(139,432,179)
Net assets:	
Beginning of the year	1,060,481,772
End of the year	$921,049,593

The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements (continued)

4. Fair Value

The fair value framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, are described as follows:
Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2 - Inputs to the valuation methodology include:
•quoted prices for similar assets or liabilities in active markets;
•quoted prices for identical or similar assets or liabilities in inactive markets;
•inputs other than quoted prices that are observable for the asset or liability;
•inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.
The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Timken Company Savings Plan
for Certain Bargaining Associates
Notes to Financial Statements (continued)

The following tables present the fair value hierarchy for those investment of the Master Trust measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	Assets at Fair Value as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Assets:				