



## Timken Co. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions). Your first question comes from Andrew Obin of Banc of America.

**James W. Griffith**

Andrew, are you there?

**Operator**

Andrew, your line is now open.

**Andrew Obin – Banc of America**

Great. Can you hear me?

**James W. Griffith**

We can hear you now.

**Andrew Obin – Banc of America**

Okay, great. So, just a question first in terms of assumptions for positive pricing in '09. Just given the state of the world, can you just give us a better, I guess color, where have you seen pricing power in 4Q08, and what are the key areas for pricing power in '09, maybe by region and product?

**Michael C. Arnold**

Yeah. Andrew, this is Mike. I will take it from a bearings and power transmission perspective. As I think you are aware, there is a significant piece of our business that this is negotiating contracts from time to time, and so much of that pricing that we see still remaining strong in 2009 is already under agreement. So, there is some real positive moves with regards to that to offset some of the volume impact.

Obviously you will see it very differently throughout many of those markets, again because of the timing, and/or if there are contractual obligations with that pricing.

So, as the markets deteriorate in many of these areas, I think as Glenn and Jim talked about, there will be ongoing pressure with regards to that, but we feel we still are in a pretty good position with regards to pricing across most of our markets.

**Andrew Obin – Banc of America**

Sorry, and just a follow up question. In terms of your new facilities in India and China, could you just perhaps — and perhaps I missed it, but could you provide a bit more color what are you seeing specifically in terms of demand in these two key end markets, and what has your experience been so far.

**James W. Griffith**

Sure. We have completed two additional facilities in 2008 in Asia. We will complete another facility in 2009. Those facilities actually were put in place to serve the Asian markets, which as we said a little bit earlier, we do still see some growth, in particular in the China markets.

But I will tell you also at the same time there is pressure on that new capacity just because the global markets are weakening. So, we would have used the majority of that capacity to serve the Asian markets and its growth, some of that capacity being used to serve the global markets.

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