

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

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, 2021

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: 1-36313



TIMKENSTEEL CORPORATION

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)
1835 Dueber Avenue SW, Canton, OH
(Address of principal executive offices)

46-4024951
(I.R.S. Employer
Identification No.)
44706
(Zip Code)

330.471.7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading symbol	Name of exchange in which registered
Common shares	TMST	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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" 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 reporting 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 stock, as of the latest practicable date.

Class	Outstanding at April 30, 2021
Common Shares, without par value	45,702,530

TimkenSteel Corporation
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Part I. Financial Information**Item 1. Financial Statements**

TimkenSteel Corporation
Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2021	2020
<i>(Dollars in millions, except per share data)</i>		
Net sales	\$ 273.6	\$ 259.7
Cost of products sold	242.9	251.9
Gross Profit	30.7	7.8
Selling, general and administrative expenses	19.5	23.4
Restructuring charges	0.5	0.6
Loss (gain) on sale or disposal of assets, net	—	(2.3)
Impairment charges	8.2	—
Interest expense	1.9	3.2
Other (income) expense, net	(9.4)	2.7
Income (Loss) Before Income Taxes	10.0	(19.8)
Provision (benefit) for income taxes	0.2	0.1
Net Income (Loss)	\$ 9.8	\$ (19.9)
Per Share Data:		
Basic earnings (loss) per share	\$ 0.22	\$ (0.44)
Diluted earnings (loss) per share	\$ 0.20	\$ (0.44)

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statement of Comprehensive Income (Loss) (Unaudited)

	Three Months Ended March 31,	
	2021	2020
<i>(Dollars in millions)</i>		
Net income (loss)	\$ 9.8	\$ (19.9)
Other comprehensive income (loss)		
Foreign currency translation adjustments	0.1	(1.8)
Pension and postretirement liability adjustments	(1.5)	(1.1)
Other comprehensive income (loss), net of tax	(1.4)	(2.9)
Comprehensive Income (Loss), net of tax	\$ 8.4	\$ (22.8)

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Balance Sheets (Unaudited)

<i>(Dollars in millions)</i>	March 31, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 115.7	\$ 102.8
Accounts receivable, net of allowances (2021 - \$1.6 million; 2020 - \$1.3 million)	96.3	63.3
Inventories, net	202.7	178.4
Deferred charges and prepaid expenses	3.7	4.0
Assets held for sale	—	0.3
Other current assets	12.0	8.8
Total Current Assets	430.4	357.6
Property, plant and equipment, net	550.0	569.8
Operating lease right-of-use assets	19.3	21.0
Pension assets	37.3	33.5
Intangible assets, net	8.5	9.3
Other non-current assets	2.6	2.8
Total Assets	\$ 1,048.1	\$ 994.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 136.4	\$ 89.5
Salaries, wages and benefits	28.7	29.4
Accrued pension and postretirement costs	2.3	2.3
Current operating lease liabilities	7.0	7.5
Current convertible notes, net	40.2	38.9
Other current liabilities	12.5	13.4
Total Current Liabilities	227.1	181.0
Non-current convertible notes, net	44.7	39.3
Credit Agreement	—	—
Non-current operating lease liabilities	12.3	13.5
Accrued pension and postretirement costs	239.4	240.7
Deferred income taxes	1.0	1.0
Other non-current liabilities	10.3	11.0
Total Liabilities	534.8	486.5
Shareholders' Equity		
Preferred shares, without par value; authorized 10.0 million shares, none issued	—	—
Common shares, without par value; authorized 200.0 million shares; issued 2021 and 2020 - 45.7 million shares	—	—
Additional paid-in capital	824.7	843.4
Retained deficit	(349.4)	(363.4)
Treasury shares - 2021 - 0.1 million; 2020 - 0.6 million	(1.0)	(12.9)
Accumulated other comprehensive income (loss)	39.0	40.4
Total Shareholders' Equity	513.3	507.5
Total Liabilities and Shareholders' Equity	\$ 1,048.1	\$ 994.0

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Shareholders' Equity (Unaudited)

(Dollars in millions)

	Common Shares Outstanding	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2020	45,164,308	\$ 843.4	\$ (363.4)	\$ (12.9)	\$ 40.4	\$ 507.5
Net income (loss)	—	—	9.8	—	—	9.8
Other comprehensive income (loss)	—	—	—	—	(1.4)	(1.4)
Adoption of new accounting standard	—	(10.6)	4.2	—	—	(6.4)
Stock-based compensation expense	—	1.8	—	—	—	1.8
Stock option activity	—	2.5	—	—	—	2.5
Issuance of treasury shares	580,248	(12.4)	—	12.4	—	—
Shares surrendered for taxes	(72,174)	—	—	(0.5)	—	(0.5)
Balance at March 31, 2021	45,672,382	\$ 824.7	\$ (349.4)	\$ (1.0)	\$ 39.0	\$ 513.3

	Common Shares Outstanding	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2019	44,820,153	\$ 844.8	\$ (301.5)	\$ (24.9)	\$ 44.7	\$ 563.1
Net income (loss)	—	—	(19.9)	—	—	(19.9)
Other comprehensive income (loss)	—	—	—	—	(2.9)	(2.9)
Stock-based compensation expense	—	2.0	—	—	—	2.0
Issuance of treasury shares	215,708	(5.7)	—	5.7	—	—
Shares surrendered for taxes	(70,033)	—	—	(0.2)	—	(0.2)
Balance at March 31, 2020	44,965,828	\$ 841.1	\$ (321.4)	\$ (19.4)	\$ 41.8	\$ 542.1

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Cash Flows (Unaudited)

Three Months Ended March 31,
2021 **2020**

<i>(Dollars in millions)</i>		
CASH PROVIDED (USED)		
Operating Activities		
Net income (loss)	\$ 9.8	\$ (19.9)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	17.6	18.6
Amortization of deferred financing fees and debt discount	0.3	1.3
Loss (gain) on sale or disposal of assets	—	(2.3)
Impairment charges	8.2	—
Deferred income taxes	—	0.2
Stock-based compensation expense	1.8	2.0
Pension and postretirement (benefit) expense, net	(4.7)	8.1
Changes in operating assets and liabilities:		
Accounts receivable, net	(33.0)	(16.3)
Inventories, net	(28.2)	41.2
Accounts payable	48.1	26.7
Other accrued expenses	(2.4)	5.7
Pension and postretirement contributions and payments	(1.6)	(2.5)
Deferred charges and prepaid expenses	0.3	(0.3)
Other, net	(3.0)	1.3
Net Cash Provided (Used) by Operating Activities	13.2	63.8
Investing Activities		
Capital expenditures	(2.3)	(2.9)
Proceeds from disposals of property, plant and equipment	—	7.8
Net Cash Provided (Used) by Investing Activities	(2.3)	4.9
Financing Activities		
Proceeds from exercise of stock options	2.5	—
Shares surrendered for employee taxes on stock compensation	(0.5)	(0.2)
Repayments on credit agreements	—	(30.0)
Net Cash Provided (Used) by Financing Activities	2.0	(30.2)
Increase (Decrease) in Cash and Cash Equivalents	12.9	38.5
Cash and cash equivalents at beginning of period	102.8	27.1
Cash and Cash Equivalents at End of Period	\$ 115.7	\$ 65.6

See accompanying Notes to the unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Notes to Unaudited Consolidated Financial Statements
(dollars in millions, except per share data)

Note 1 - Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared by TimkenSteel Corporation (the "Company" or "TimkenSteel") in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by 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 TimkenSteel's audited Consolidated Financial Statements and Notes included in its Annual Report on Form 10-K for the year ended December 31, 2020.

Certain items previously reported in specific financial statement captions have been reclassified to conform with current year presentation.

Note 2 - Recent Accounting Pronouncements**Adoption of New Accounting Standards**

The Company adopted the following Accounting Standard Updates ("ASU") in the first quarter of 2021.

Standard Adopted	Description	Date of Adoption	Impact
ASU 2019-12, Income Taxes (Topic 740)	The standard simplifies the accounting for income taxes by removing various exceptions.	January 1, 2021	The adoption of this standard had an immaterial impact on the Company's tax provision.
ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)	The standard simplifies the accounting for convertible instruments, as well as the diluted net income per share calculation. The standard also removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception.	January 1, 2021	The Company early adopted this standard as of January 1, 2021 using the modified retrospective method of transition. The standard had a material impact on the Consolidated Financial Statements. See below for additional information.

Upon adoption of ASU 2020-06 prospectively as of January 1, 2021, all outstanding Convertible Notes are now fully classified as a liability, there is no longer a separate equity component and the Convertible Notes will no longer have a debt discount that is amortized. This resulted in a decrease of \$10.6 million to additional paid-in capital and an increase of \$1.1 million and \$5.3 million to current convertible notes, net and non-current convertible notes, net, respectively, on the Consolidated Balance Sheets as of January 1, 2021. Additionally, retained deficit was reduced by \$4.2 million in the Consolidated Balance Sheets as of January 1, 2021 to remove amortization expense recognized in prior periods. The adoption of this standard did not have an effect on the Company's cash flows, liquidity, and the methodology used for the earnings per share calculation. Refer to "Note 10 – Financing Arrangements" for additional information on the Company's Convertible Notes.

There are no current ASUs issued, but not adopted, that will have an impact on the Company.

Legislation related to the COVID-19 Pandemic**Coronavirus Aid, Relief, and Economic Security ("CARES") Act**

On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, an economic stimulus package intended to provide support, principally in the form of tax benefits, to companies and individuals negatively impacted by the COVID-19 pandemic. Although the majority of the provisions included in the CARES Act did not immediately benefit the Company from a cash tax perspective due to its significant net operating losses, the Company took advantage of the deferral of the employer share (6.2% of employee wages) of Social Security payroll taxes that would otherwise have been owed from the date of enactment of the legislation through December 31, 2020, as afforded by the CARES Act. At December 31, 2020, the Company had deferred \$6.4 million in cash payments and recorded reserves for such deferred payroll taxes in salaries, wages and benefits on the Consolidated Balance Sheets. The deferred amount of payments is to be paid in two equal installments at December 31, 2021 and December 31, 2022.

The CARES Act also provided for an employee retention credit ("Employee Retention Credit"), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to

employees during a quarter, capped at \$10,000 of qualified wages per employee throughout the year. The Company qualified for the tax credit in the second and third quarters of 2020 and accrued a benefit of \$2.3 million in the fourth quarter of 2020 related to the Employee Retention Credit in other (income) expense, net on the Company's Consolidated Statements of Operations. The Company is currently in the process of filing for this credit.

Consolidated Appropriations Act, 2021 ("CAA")

On December 27, 2020, the President of the United States signed the Consolidated Appropriation Act, 2021 ("CAA"). The CAA includes additional COVID-19 relief that expands upon the relief provided in the CARES Act, including, but not limited to, the extension of tax deductions, credits, and incentives. The Company has evaluated the CAA for any potential impact. While it was determined that the CAA revised and extended the Employee Retention Credit into 2021, the CAA is not expected to have an impact on the Company as furloughs related to the COVID-19 pandemic ceased in 2020. Furthermore, the Company does not expect any of the other provisions within the CAA to provide a benefit.

American Rescue Plan Act of 2021 ("ARPA")

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 ("ARPA"). ARPA strengthens and extends certain programs enacted through the CARES Act and establishes new relief programs aimed at mitigating the financial impact of the COVID-19 pandemic. The Company is evaluating the provisions within the ARPA. At this time, two provisions are anticipated to impact the Company.

The first applicable provision imposes new requirements related to health coverage provided by the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Under the ARPA, employers are required to provide a 100% premium subsidy for COBRA health care continuation coverage for certain employees for the period of April 1, 2021 through September 30, 2021. The Company will be reimbursed for this additional coverage through fully refundable payroll tax credits.

The second applicable provision offers funding relief for single-employer defined benefit pension plans. Specifically, the ARPA provides enhanced interest rate stabilization, as well as extended amortization of funding shortfalls. The Company is currently evaluating the impact and timing of election options permitted by the ARPA on required contributions to our domestic defined benefit pension plans. At this time based on current assumptions and expected asset returns, pending further IRS guidance, we believe that the ARPA provisions are likely to result in a delay in the timing of required Company contributions until 2028. However, these estimates are subject to significant uncertainty.

Note 3 - Revenue Recognition

The following table provides the major sources of revenue by end-market sector for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Mobile	\$ 133.6	\$ 97.7
Industrial	124.7	113.3
Energy	7.7	25.2
Other (1)	7.6	23.5
Total Net Sales	\$ 273.6	\$ 259.7

(1) "Other" sales by end-market sector includes the Company's scrap and oil country tubular goods ("OCTG") billet sales.

The following table provides the major sources of revenue by product type for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Bar	\$ 173.2	\$ 168.1
Tube	36.1	30.4
Value-add	56.7	55.5
Other (2)	7.6	5.7
Total Net Sales	\$ 273.6	\$ 259.7

(2) "Other" sales by product type includes the Company's scrap sales.

Note 4 - Restructuring Charges

Beginning in 2019, TimkenSteel made organizational changes to enhance profitable and sustainable growth. These company-wide actions included the restructuring of its business support functions, the reduction of management layers throughout the organization, the closure of the TimkenSteel Material Services ("TMS") facility in Houston, Texas and other domestic and international actions to further improve the Company's overall cost structure. Through these restructuring efforts, to date the Company has eliminated approximately 230 salaried positions and recognized restructuring charges of \$12.2 million.

Restructuring charges in the first quarter of 2021 amounted to \$0.5 million, consisting of \$0.3 million related to the transition of customers to other TimkenSteel manufacturing equipment due to the discontinuation of specific small-diameter seamless mechanical tube manufacturing and the indefinite idling of our Harrison melt and casting activities (refer to "Note 5 - Disposition of Non-Core Assets" for additional information). The remaining \$0.2 million related to severance and employee-related benefits as a result of continued organizational changes. Approximately 15 salaried positions were eliminated in the first quarter of 2021. TimkenSteel recorded reserves for such restructuring charges as other current liabilities on the Consolidated Balance Sheets. The reserve balance at March 31, 2021 is expected to be substantially used in the next twelve months.

The following is a summary of the restructuring reserve for the three months ended March 31, 2021 and 2020.

Balance at December 31, 2020	\$	1.5
Expenses		0.5
Payments		(1.4)
Balance at March 31, 2021	\$	0.6
Balance at December 31, 2019	\$	6.0
Expenses		0.6
Payments		(4.0)
Balance at March 31, 2020	\$	2.6

Note 5 - Disposition of Non-Core Assets***TimkenSteel Material Services Facility***

During the first quarter of 2020, management completed its previously announced plan to close the Company's TMS facility in Houston and began selling the assets at the facility. Accelerated depreciation and amortization on TMS assets of \$1.6 million was recorded in the first quarter of 2020 to reduce the net book value of the machinery and equipment to its expected fair value. Subsequent to the closure, certain assets were sold and a gain on sale of \$3.2 million was recognized for the three months ended March 31, 2020.

At March 31, 2021, the remaining associated machinery and equipment that was classified as held for sale with a net book value of \$0.3 million as of December 31, 2020, was fully impaired as there is no longer an expected market value for these assets. This is classified as impairment charges on the Consolidated Statements of Operations.

The land and buildings associated with TMS are classified as property, plant and equipment, net on the Consolidated Balance Sheets, as it is not probable that these assets will be sold within the next 12 months.

Small-Diameter Seamless Mechanical Tubing Machinery and Equipment

In the third quarter of 2020, TimkenSteel informed customers that as of December 31, 2020 the Company will discontinue the commercial offering of specific small-diameter seamless mechanical tubing products. As a result, the Company recognized accelerated depreciation of \$1.5 million for the three months ended March 31, 2021 in alignment with the ramp down of the machinery and equipment used in the manufacturing of these specific products, which was completed in the first quarter of 2021. Spare parts related to this machinery and equipment of \$0.5 million was also written down in the first quarter of 2021, as management determined there was no alternative use.

Harrison Melt and Casting Assets

On February 16, 2021, management announced a plan to indefinitely idle its Harrison melt and casting assets, which was completed in the first quarter of 2021. Going forward, all of the Company's melt and casting activities will take place at the Faircrest location. The Company worked collaboratively with employees, suppliers and a number of customers to ensure a well-organized and efficient transition. The Company's rolling and finishing operations at Harrison were not impacted by this action.

The Company recognized non-cash charges of \$9.5 million related to the write-down of the associated Harrison melt and casting assets in the first quarter of 2021. These charges include \$7.9 million related to the impairment of the associated machinery and equipment, which is classified as impairment charges on the Consolidated Statements of Operations, as well as a write-down of spare parts of \$1.6 million, as management determined there was no alternative use. The Company did not incur any cash expenditures related to these charges.

TimkenSteel (Shanghai) Corporation Limited

On March 31, 2021, the Company entered into an agreement pursuant to which Daido Steel (Shanghai) Co., Ltd. has agreed to acquire all of the Company's ownership interest in TimkenSteel (Shanghai) Corporation Limited in an all-cash transaction for approximately \$7 million, subject to certain regulatory approvals and other closing conditions. As of March 31, 2021, the Company does not expect a material impact to our Consolidated Statements of Operations. The transaction is expected to close during the third quarter of 2021.

Note 6 – Other (Income) Expense, net

The following table provides the components of other (income) expense, net for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,			
	2021		2020	
Pension and postretirement non-service benefit (income) loss	\$	(9.6)	\$	(6.6)
Loss (gain) from remeasurement of benefit plans		0.2		9.5
Miscellaneous (income) expense		—		(0.2)
Total other (income) expense, net	\$	(9.4)	\$	2.7

Non-service related pension and other postretirement benefit income, for all years, consists of the interest cost, expected return on plan assets and amortization components of net periodic cost.

The TimkenSteel Corporation Retirement Plan ("Salaried Plan") has a provision that permits employees to elect to receive their pension benefits in a lump sum. In the first quarter of 2021, the cumulative cost of all lump sum payments exceeded the sum of the service cost and interest cost components of net periodic pension cost for the Salaried Plan. As a result, the Company completed a full remeasurement of its pension obligations and plan assets associated with the Salaried Plan during the first quarter of 2021, which resulted in a non-cash loss from remeasurement of \$0.2 million. A full remeasurement of the pension obligations and plan assets associated with the Salaried Plan was also required in the first quarter of 2020 resulting in a non-cash loss from remeasurement of \$9.5 million for the three months ended March 31, 2020. For more details on the remeasurement, refer to "Note 11 - Retirement and Postretirement Plans".

Note 7 - Income Tax Provision

TimkenSteel's provision for income taxes in interim periods is computed by applying the appropriate estimated annual effective tax rates to income or loss before income taxes for the period. In addition, non-recurring or discrete items, including interest on prior-year tax liabilities, are recorded during the periods in which they occur.

	Three Months Ended March 31,			
	2021		2020	
Provision (benefit) for incomes taxes	\$	0.2	\$	0.1
Effective tax rate		2.0%		(0.5)%

Due to TimkenSteel's historical operating performance in the U.S., the Company assessed its U.S. deferred tax assets and concluded, based upon all available evidence, that it was more likely than not that it would not realize the assets. As a result, the Company maintains a full valuation allowance against its deferred tax assets in the U.S. and applicable foreign countries until sufficient positive evidence exists to conclude that a valuation allowance is not necessary. Going forward, the need to maintain valuation allowances against deferred tax assets in the U.S. and other affected countries will cause variability in the Company's effective tax rate. The majority of TimkenSteel's income taxes are derived from foreign operations.

Note 8 - Earnings (Loss) Per Share

Basic earnings (loss) per share is computed based upon the weighted average number of common shares outstanding. Diluted earnings (loss) per share is computed based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method or if-converted method. For the Convertible Notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. Under the if-converted method, the Company adjusts net earnings to add back interest expense (including amortization of debt issuance costs) recognized on the Convertible Notes and includes the number of shares potentially issuable related to the Convertible Notes in the weighted average shares outstanding. Treasury stock is excluded from the denominator in calculating both basic and diluted earnings (loss) per share.

Common share equivalents for shares issuable for equity-based awards amounted to 5.1 million shares and 4.1 million shares as of March 31, 2021 and March 31, 2020, respectively. As of March 31, 2021, 2.3 million shares primarily related to options with exercise prices more than the average market price of our common shares (i.e., “underwater” options) were excluded from the computation of diluted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive. The difference between the remaining 2.8 million shares assumed issued and the 1.6 million shares assumed purchased with potential proceeds were included in the denominator of the diluted earnings (loss) per share calculation. All common share equivalents for shares issuable for equity-based awards were excluded from the computation of diluted earnings (loss) per share for the three months ended March 31, 2020 because the effect of their inclusion would have been anti-dilutive.

Common share equivalents for shares issuable upon the conversion of outstanding convertible notes were included in the computation of diluted earnings (loss) per share for the three months ended March 31, 2021 as these shares would be dilutive. Common share equivalents for shares issuable upon the conversion of outstanding convertible notes were excluded from the computation of diluted earnings (loss) per share for the three months ended March 31, 2020 because the effect of their inclusion would have been anti-dilutive.

The following table sets forth the reconciliation of the numerator and the denominator of basic and diluted earnings (loss) per share for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
Numerator:		
Net income (loss), basic	\$ 9.8	\$ (19.9)
Add convertible notes interest	1.3	—
Net income (loss), diluted	\$ 11.1	\$ (19.9)
Denominator:		
Weighted average shares outstanding, basic	45.4	44.9
Dilutive effect of stock-based awards	1.2	—
Dilutive effect of convertible notes	9.1	—
Weighted average shares outstanding, diluted	55.7	44.9
Basic earnings (loss) per share	\$ 0.22	\$ (0.44)
Diluted earnings (loss) per share	\$ 0.20	\$ (0.44)

Note 9 - Inventories

The components of inventories, net of reserves as of March 31, 2021 and December 31, 2020 were as follows:

	March 31,	December 31,
	2021	2020
Manufacturing supplies	\$ 28.5	\$ 37.6
Raw materials	25.1	20.0
Work in process	99.5	79.1
Finished products	58.2	55.6
Gross inventory	211.3	192.3
Allowance for inventory reserves	(8.6)	(13.9)
Total inventories, net	\$ 202.7	\$ 178.4

Note 10 - Financing Arrangements

For a detailed discussion of the Company's long-term debt and credit arrangements, refer to "Note 14 - Financing Arrangements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

The following table summarizes the current and non-current debt as of March 31, 2021 and December 31, 2020.

	March 31, 2021		December 31, 2020
Credit Agreement	\$	—	\$ —
Convertible Senior Notes due 2021		40.2	38.9
Convertible Senior Notes due 2025		44.7	39.3
Total debt	\$	84.9	\$ 78.2
Less current portion of debt		40.2	38.9
Total non-current portion of debt	\$	44.7	\$ 39.3

Amended Credit Agreement

On October 15, 2019, the Company, as borrower, and certain domestic subsidiaries of the Company, as subsidiary guarantors, entered into a Third Amended and Restated Credit Agreement (the "Amended Credit Agreement"), with JP Morgan Chase Bank, N.A., as administrative agent (the "Administrative Agent"), Bank of America, N.A., as syndication agent, and the other lenders party thereto (collectively, the "Lenders"), which further amended and restated the Company's Second Amended and Restated Credit Agreement dated as of January 26, 2018. As of March 31, 2021, the amount available under the Amended Credit Agreement was \$241.8 million, reflective of the Company's asset borrowing base with no outstanding borrowings. Additionally, the Company is in compliance with all covenants outlined in the Amended Credit Agreement.

Convertible Senior Notes due 2021

The components of the Convertible Senior Notes due 2021 as of March 31, 2021 and December 31, 2020 were as follows:

	March 31, 2021		December 31, 2020
Principal	\$	40.2	\$ 40.2
Less: Debt issuance costs, net of amortization		—	(0.1)
Less: Debt discount, net of amortization		—	(1.2)
Convertible Senior Notes due 2021, net	\$	40.2	\$ 38.9

The principal amount of the outstanding Convertible Senior Notes due 2021 as of March 31, 2021 is \$40.2 million. Transaction costs related to the outstanding Convertible Senior Notes due 2021 were \$1.4 million. These costs are amortized to interest expense over the term of the notes. The Convertible Senior Notes due 2021 mature on June 1, 2021. The Convertible Senior Notes due 2021 are currently convertible at the option of holders into a combination of the Company's common shares and cash, up until the close of business on the business day immediately preceding the maturity date; upon maturity, the Convertible Senior Notes due 2021 remaining outstanding will be settled in cash. For details regarding conversion mechanics and method of settlement, refer to the Indenture for the Convertible Senior Notes due 2021 filed as an exhibit to a Form 8-K on May 31, 2016 and incorporated by reference in our most recent 10-K filing. The Convertible Senior Notes due 2021 are classified as a current liability in the Consolidated Balance Sheets as of March 31, 2021.

Convertible Senior Notes due 2025

The components of the Convertible Senior Notes due 2025 as of March 31, 2021 and December 31, 2020 were as follows:

	March 31, 2021		December 31, 2020
Principal	\$	46.0	\$ 46.0
Less: Debt issuance costs, net of amortization		(1.3)	(1.3)
Less: Debt discount, net of amortization		—	(5.4)
Convertible Senior Notes due 2025, net	\$	44.7	\$ 39.3

The principal amount of the Convertible Senior Notes due 2025 as of March 31, 2021 is \$46.0 million. Transaction costs related to the Convertible Senior Notes due 2025 were \$1.5 million. These costs are amortized to interest expense over the term of the notes. The Convertible Senior Notes due 2025 mature on December 1, 2025. The Convertible Senior Notes due 2025 are convertible at the option of holders in certain circumstances and during certain periods into the Company's common shares, cash, or a combination thereof, at the Company's election. For details regarding conversion mechanics and method of settlement, refer to the Indenture for the Convertible Senior Notes due 2025 filed as an exhibit to a Form 8-K on December 15, 2020 and incorporated by reference in our most recent 10-K filing. The Convertible Senior Notes due 2025 are classified as a non-current liability in the Consolidated Balance Sheets as of March 31, 2021.

Convertible Notes Interest Expense

The following table sets forth total interest expense recognized related to the Convertible Notes:

	Three Months Ended March 31,			
	2021		2020	
Contractual interest expense	\$	1.2	\$	1.3
Amortization of debt issuance costs		0.1		0.1
Amortization of debt discount		—		1.1
Total	\$	1.3	\$	2.5

Fair Value Measurement

The fair value of the Convertible Senior Notes due 2021 was approximately \$40.8 million as of March 31, 2021. The fair value of the Convertible Senior Notes due 2021, which falls within Level 1 of the fair value hierarchy as defined by applicable accounting guidance, is based on the price traded closest to March 31, 2021.

The fair value of the Convertible Senior Notes due 2025 was approximately \$77.2 million as of March 31, 2021. The fair value of the Convertible Senior Notes due 2025, which falls within Level 1 of the fair value hierarchy as defined by applicable accounting guidance, is based on the last price traded in March 2021.

TimkenSteel's Credit Facility is variable-rate debt. As such, any outstanding carrying value is a reasonable estimate of fair value as interest rates on these borrowings approximate current market rates. This valuation falls within Level 2 of the fair value hierarchy and is based on quoted prices for similar assets and liabilities in active markets that are observable either directly or indirectly. There were no outstanding borrowings on the Credit Facility as of March 31, 2021.

Cash Interest Paid

The total cash interest paid for the three months ended March 31, 2021 and 2020 was \$0.3 million and \$0.8 million, respectively.

Note 11 - Retirement and Postretirement Plans

The components of net periodic benefit cost (income) for the three months ended March 31, 2021 and 2020 were as follows:

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
	Pension	Postretirement	Pension	Postretirement
Service cost	\$ 4.4	\$ 0.3	\$ 4.9	\$ 0.3
Interest cost	9.1	0.8	10.9	1.0
Expected return on plan assets	(17.2)	(0.9)	(16.2)	(0.9)
Amortization of prior service cost	0.1	(1.5)	0.1	(1.5)
Net remeasurement losses	0.2	—	9.5	—
Net Periodic Benefit Cost (Income)	\$ (3.4)	\$ (1.3)	\$ 9.2	\$ (1.1)

The Salaried Plan has a provision that permits employees to elect to receive their pension benefits in a lump sum. In the first quarter of 2021, the cumulative cost of all lump sum payments exceeded the sum of the service cost and interest cost components of net periodic pension cost for the Salaried Plan. As a result, the Company completed a full remeasurement of its pension obligations and plan assets associated with the Salaried Plan during the first quarter of 2021, which resulted in a non-cash loss from remeasurement of \$0.2 million. A full remeasurement of the pension obligations and plan assets associated with the Salaried Plan was also required in the first quarter of 2020, resulting in a non-cash loss from remeasurement of \$9.5 million for the three months ended March 31, 2020.

Note 12 – Stock-Based Compensation

During the first quarter of 2021, the Board of Directors granted 797,320 time-based restricted stock units and 651,240 performance-based restricted stock units, which includes the annual grant to our employees, as well as the inducement grant made to our newly hired CEO in January 2021. There were no stock option grants in the first quarter of 2021.

Time-based restricted stock units are issued with the fair value equal to the closing market price of TimkenSteel common shares on the date of grant. These restricted stock units do not have any performance conditions for vesting. Expense is recognized over the service period, adjusted for any forfeitures that should occur during the vesting period. The weighted average fair value of the restricted stock units granted during the three months ended March 31, 2021 was \$6.79 per share.

Performance-based restricted stock units issued in 2021 vest based on achievement of a total shareholder return (“TSR”) metric. The TSR metric is considered a market condition, which requires TimkenSteel to reflect it in the fair value on grant date using an advanced option-pricing model. The fair value of each performance share was therefore determined using a Monte Carlo valuation model, a generally accepted lattice pricing model under ASC 718 – Stock-based Compensation. The Monte Carlo valuation model, among other factors, uses commonly-accepted economic theory underlying all valuation models, estimates fair value using simulations of future share prices based on stock price behavior and considers the correlation of peer company returns in determining fair value. The weighted average fair value of the performance-based restricted stock units granted during the three months ended March 31, 2021 was \$7.57 per share.

TimkenSteel recognized stock-based compensation expense of \$1.8 million and \$2.0 million for the three months ended March 31, 2021 and 2020, respectively. Future stock-based compensation expense regarding the unvested portion of all awards is approximately \$15.2 million. The future expense is expected to be recognized over the remaining vesting periods through 2024.

Note 13 - Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the three months ended March 31, 2021 and 2020 by component were as follows:

	Foreign Currency Translation Adjustments		Pension and Postretirement Liability Adjustments		Total
Balance as of December 31, 2020	\$	(5.4)	\$	45.8	\$ 40.4
Other comprehensive income (loss) before reclassifications, before income tax		0.1		—	0.1
Amounts reclassified from accumulated other comprehensive income (loss), before income tax		—		(1.5)	(1.5)
Tax effect		—		—	—
Net current period other comprehensive income (loss), net of income taxes		0.1		(1.5)	(1.4)
Balance as of March 31, 2021	\$	(5.3)	\$	44.3	\$ 39.0

	Foreign Currency Translation Adjustments		Pension and Postretirement Liability Adjustments		Total
Balance at December 31, 2019	\$	(6.8)	\$	51.5	\$ 44.7
Other comprehensive income (loss) before reclassifications, before income tax		(1.8)		—	(1.8)
Amounts reclassified from accumulated other comprehensive income (loss), before income tax		—		(1.4)	(1.4)
Amounts deferred to accumulated other comprehensive income (loss), before income tax		—		0.3	0.3
Tax effect		—		—	—
Net current period other comprehensive income (loss), net of income taxes		(1.8)		(1.1)	(2.9)
Balance as of March 31, 2020	\$	(8.6)	\$	50.4	\$ 41.8

The amount reclassified from accumulated other comprehensive income (loss) in the three months ended March 31, 2021 and 2020 for the pension and postretirement liability adjustment was included in other (income) expense, net in the unaudited Consolidated Statements of Operations.

Note 14 – Contingencies

TimkenSteel has a number of loss exposures incurred in the ordinary course of business, such as environmental claims, product warranty claims, and litigation. Establishing loss reserves for these matters requires management's estimate and judgment regarding risk exposure and ultimate liability or realization. These loss reserves are reviewed periodically and adjustments are made to reflect the most recent facts and circumstances. Accruals related to environmental claims represent management's best estimate of the fees and costs associated with these claims. Although it is not possible to predict with certainty the outcome of such claims, management believes that their ultimate dispositions should not have a material adverse effect on our financial position, cash flows or results of operations. As of March 31, 2021 and December 31, 2020, TimkenSteel had a \$0.9 million and a \$1.0 million contingency reserve, respectively, related to loss exposures incurred in the ordinary course of business

Note 15 – Subsequent Events

Effective May 7, 2021, Thomas D. Moline, executive vice president of commercial operations, and William P. Bryan, executive vice president of manufacturing and supply chain, will leave the company. Kevin A. Raketich, currently serving as executive vice president of strategy and corporate development at TimkenSteel, will assume a new role as executive vice president of sales, marketing, and business development. In connection with these leadership changes, the Company is expecting to recognize severance and transition charges of approximately \$2.1 million in the second quarter of 2021, of which approximately \$1.3 million will be a cash charge.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(dollars in millions, except per share data)

Business Overview

We manufacture alloy steel, as well as carbon and micro-alloy steel. Our portfolio includes special bar quality ("SBQ") bars, seamless mechanical tubing ("tubes"), value-added solutions such as precision steel components, and billets. In addition, we supply machining and thermal treatment services and manage raw material recycling programs, which are also used as a feeder system for our melt operations. Our products and services are used in a diverse range of demanding applications in the following market sectors: automotive; oil and gas; industrial equipment; mining; construction; rail; defense; heavy truck; agriculture; power generation; and oil country tubular goods ("OCTG").

SBQ steel is made to restrictive chemical compositions and high internal purity levels and is used in critical mechanical applications. We make these products from nearly 100% recycled steel, using our expertise in raw materials to create custom steel products. We focus on creating tailored products and services for our customers' most demanding applications. Our engineers are experts in both materials and applications, so we can work closely with each customer to deliver flexible solutions related to our products as well as to their applications and supply chains.

The SBQ bar, tube, and billet production processes take place at our Canton, Ohio manufacturing location. This location accounts for all of the SBQ bars, seamless mechanical tubes and billets we produce and includes three manufacturing facilities: the Faircrest, Harrison, and Gambrinus facilities. Our value-added solutions production processes take place at two downstream manufacturing facilities: Tryon Peak (Columbus, North Carolina) and St. Clair (Eaton, Ohio). Many of the production processes are integrated, and the manufacturing facilities produce products that are sold in all of our market sectors. As a result, investments in our facilities and resource allocation decisions affecting our operations are designed to benefit the overall business, not any specific aspect of the business.

The lead time for our products varies based on product type and specifications. As of the date of this filing, lead times for SBQ bars are averaging 15 to 18 weeks and lead times for tubes are averaging 18 weeks.

On February 16, 2021, management announced a plan to indefinitely idle our Harrison melt and casting assets, which was completed in the first quarter of 2021. Going forward, all of our melt and casting activities will take place at the Faircrest location. We worked collaboratively with employees, suppliers and a number of customers to ensure a well-organized and efficient transition. Our rolling and finishing operations at Harrison were not impacted by this action. Prior to indefinitely idling these assets, we had an annual melt capacity of approximately 2 million tons and shipment capacity of 1.5 million tons. After indefinitely idling these assets, our annual melt capacity is approximately 1.2 million tons and our shipment capacity is approximately 0.9 million tons.

We conduct our business activities and report financial results as one business segment. The presentation of financial results as one reportable segment is consistent with the way we operate our business and is consistent with the manner in which the Chief Operating Decision Maker ("CODM") evaluates performance and makes resource and operating decisions for the business as described above. Furthermore, the Company notes that monitoring financial results as one reportable segment helps the CODM manage costs on a consolidated basis, consistent with the integrated nature of our operations.

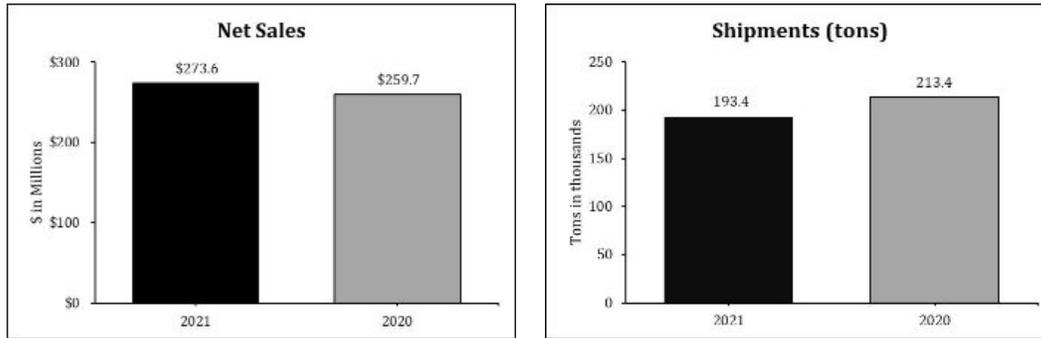
Impact of Raw Material Prices

In the ordinary course of business, we are exposed to the volatility of the costs of our raw materials. Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing process. We utilize a raw material surcharge mechanism when pricing products to our customers, which is designed to mitigate the impact of increases or decreases in raw material costs, although generally with a one-month lag effect. This timing effect can result in raw material spread whereby costs can be over- or under-recovered in certain periods. While the surcharge generally protects gross profit, it has the effect of diluting gross margin as a percent of sales.

Results of Operations

Net Sales

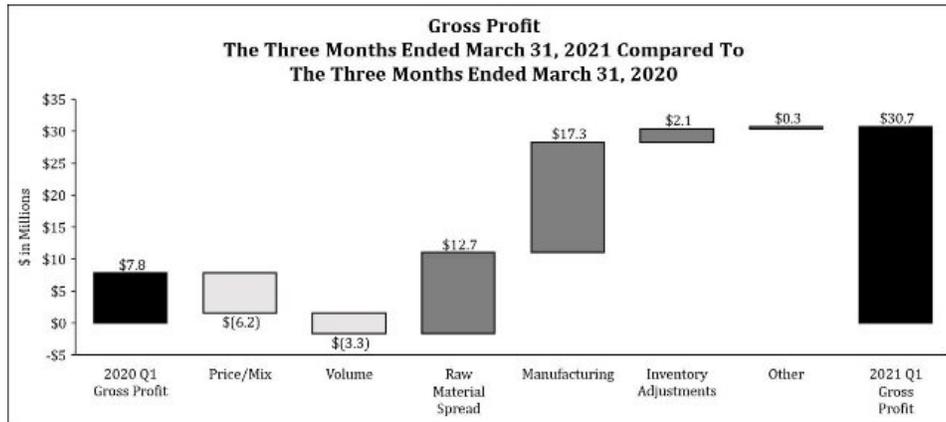
The charts below present net sales and shipments for the three months ended March 31, 2021 and 2020.



Net sales for the three months ended March 31, 2021 were \$273.6 million, an increase of \$13.9 million, or 5.4% compared with the three months ended March 31, 2020. The increase was primarily driven by an increase in surcharges of \$21.7 million across all end-market sectors due to higher market prices for scrap and favorable price/mix of \$11.5 million driven by the mobile end-market sector. These increases were partially offset by lower volumes of \$19.3 million, primarily due to lower energy and OCTG billet shipments in the first quarter of 2021. Excluding surcharges, net sales decreased \$7.8 million or 3.6%.

Gross Profit

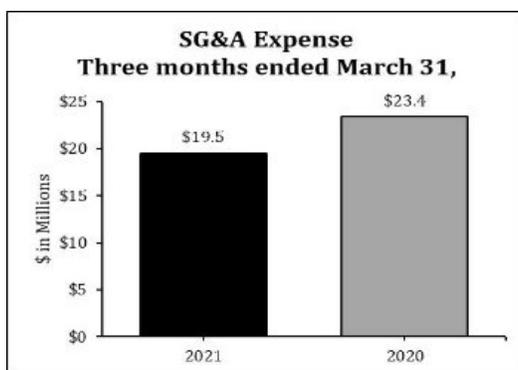
The chart below presents the drivers of the gross profit variance from the three months ended March 31, 2021 to March 31, 2020.



Gross profit for the three months ended March 31, 2021 increased \$22.9 million, or 293.6%, compared with the three months ended March 31, 2020. The increase was driven primarily by favorable manufacturing costs and raw material spread, partially offset by price/mix and lower volumes. Favorable manufacturing costs were primarily due to the Company's significant cost reduction actions and a favorable impact of higher production levels on fixed cost leverage, partially offset by higher variable compensation costs. Raw material spread was favorable due to higher scrap and alloy spreads. Unfavorable price/mix was driven by higher sales in the mobile end-market sector compared with the industrial and energy end-market sectors. Unfavorable volume was due to lower sales of OCTG billets in the first quarter of 2021 and a weak energy market.

Selling, General and Administrative Expenses

The charts below present selling, general and administrative (“SG&A”) expense for the three months ended March 31, 2021 and 2020.



SG&A expense for the three months ended March 31, 2021 decreased by \$3.9 million, compared with the same period in 2020. The decreases are primarily due to lower wages and benefits expense, which are a result of a reduction in employee headcount following the Company’s restructuring actions. Other related cost reduction actions and lower controllable spend also contributed to the decrease. These decreases are partially offset by increases in variable compensation.

Restructuring Charges

Beginning in 2019, TimkenSteel made organizational changes to enhance profitable and sustainable growth. These company-wide actions included the restructuring of its business support functions, the reduction of management layers throughout the organization, the closure of the TimkenSteel Material Services (“TMS”) facility in Houston, Texas and other domestic and international actions to further improve the Company’s overall cost structure. Through these restructuring efforts, to date the Company has eliminated approximately 230 salaried positions and recognized restructuring charges of \$12.2 million. Approximately 15 salaried positions were eliminated in the first quarter of 2021. The Company expects to realize annual savings of approximately \$27 million as a result of these actions. Refer to “Note 4 - Restructuring Charges” in the Notes to the unaudited Consolidated Financial Statements for additional information.

Interest Expense

Interest expense for the three months ended March 31, 2021 was \$1.9 million, a decrease of \$1.3 million, compared with the three months ended March 31, 2020. The decrease in interest expense was primarily due to the adoption of the Accounting Standard Update 2020-06 on January 1, 2021, which caused the Convertible Notes to no longer have a debt discount that is amortized. The remaining decrease is due to a reduction in outstanding borrowings as well as lower overall interest rates. Refer to “Note 10 - Financing Arrangements” in the Notes to the unaudited Consolidated Financial Statements for additional information.

Other (Income) Expense, net

	Three Months Ended March 31,		
	2021	2020	\$ Change
Pension and postretirement non-service benefit (income) loss	\$ (9.6)	\$ (6.6)	\$ (3.0)
Loss (gain) from rereasurement benefit plan	0.2	9.5	(9.3)
Miscellaneous (income) expense	—	(0.2)	0.2
Total other (income) expense, net	\$ (9.4)	\$ 2.7	\$ (12.1)

Non-service related pension and other postretirement benefit income, for all years, consists of the interest cost, expected return on plan assets and amortization components of net periodic cost.

The TimkenSteel Corporation Retirement Plan (“Salaried Plan”) has a provision that permits employees to elect to receive their pension benefits in a lump sum. In the first quarter of 2021, the cumulative cost of all lump sum payments exceeded the sum of the service cost and interest cost components of net periodic pension cost for the Salaried Plan. As a result, the Company completed a full rereasurement of its pension obligations and plan assets associated with the Salaried Plan during the first quarter of 2021, which resulted in a non-cash loss from rereasurement of \$0.2 million. A full rereasurement of the pension obligations and plan assets

associated with the Salaried Plan was also required in the first quarter of 2020 resulting in a non-cash loss from remeasurement of \$9.5 million for the three months ended March 31, 2020. For more details on the remeasurement, refer to "Note 11 - Retirement and Postretirement Plans".

Provision for Income Taxes

	Three Months Ended March 31,				\$ Change
	2021	2020	2021	2020	
Provision (benefit) for income taxes	\$	0.2	\$	0.1	\$ 0.1
Effective tax rate		2.0%		(0.5)%	NM(1)

(1) "NM" represents data that is not meaningful.

The majority of the Company's income tax expense is derived from foreign operations. The Company remains in a full valuation for the U.S. jurisdiction for the three months ended March 31, 2021 and 2020.

Non-GAAP Financial Measures

Net Sales, Excluding Surcharges

The table below presents net sales by end-market sector, adjusted to exclude surcharges, which represents a financial measure that has not been determined in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We believe presenting net sales by end-market sector adjusted to exclude surcharges provides additional insight into key drivers of net sales such as base price and product mix.

(dollars in millions, tons in thousands)

	Three Months Ended March 31, 2021					
	Mobile	Industrial	Energy	Other	Total	
Tons	103.5	84.4	5.5	—	193.4	
Net Sales	\$ 133.6	\$ 124.7	\$ 7.7	\$ 7.6	\$ 273.6	
Less: Surcharges	32.8	32.7	2.1	—	67.6	
Base Sales	\$ 100.8	\$ 92.0	\$ 5.6	\$ 7.6	\$ 206.0	
Net Sales / Ton	\$ 1,291	\$ 1,477	\$ 1,400	\$ —	\$ 1,415	
Surcharges / Ton	\$ 317	\$ 387	\$ 382	\$ —	\$ 350	
Base Sales / Ton	\$ 974	\$ 1,090	\$ 1,018	\$ —	\$ 1,065	

	Three Months Ended March 31, 2020					
	Mobile	Industrial	Energy	Other	Total	
Tons	88.8	81.2	18.4	25.0	213.4	
Net Sales	\$ 97.7	\$ 113.3	\$ 25.2	\$ 23.5	\$ 259.7	
Less: Surcharges	16.6	18.8	4.2	6.3	45.9	
Base Sales	\$ 81.1	\$ 94.5	\$ 21.0	\$ 17.2	\$ 213.8	
Net Sales / Ton	\$ 1,100	\$ 1,395	\$ 1,370	\$ 940	\$ 1,217	
Surcharges / Ton	\$ 187	\$ 231	\$ 229	\$ 252	\$ 215	
Base Sales / Ton	\$ 913	\$ 1,164	\$ 1,141	\$ 688	\$ 1,002	

Liquidity and Capital Resources

Amended Credit Agreement

On October 15, 2019, the Company entered into a Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”) with JP Morgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and the other lenders party thereto, which further amended and restated the Company’s Second Amended and Restated Credit Agreement dated as of January 26, 2018.

The Amended Credit Agreement requires the Company to (i) unless certain conditions are met, maintain certain minimum liquidity as specified in the Amended Credit Agreement during the period commencing on March 1, 2021 and ending on June 1, 2021 and (ii) maintain a minimum specified fixed charge coverage ratio on a springing basis if minimum availability requirements as specified in the Amended Credit Agreement are not maintained.

The minimum liquidity required for the period commencing on March 1, 2021 and ending on June 1, 2021 is equal to the sum of (i) the aggregate outstanding principal amount of the Convertible Senior Notes due 2021 and (ii) an amount equal to 12.5% of the lesser of the borrowing base and the total capacity of \$400 million. As of March 31, 2021, the total minimum liquidity requirement is \$71.1 million (calculated as the sum of \$40.2 million in outstanding Convertible Senior Notes due 2021 and \$30.9 million, representing 12.5% of the borrowing base as of March 31, 2021). The Company is currently compliant with this minimum liquidity requirement and expects to remain compliant through June 1, 2021.

For additional details regarding the Amended Credit Agreement please refer to “Note 14 - Financing Arrangements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Convertible Notes

In May 2016, the Company issued \$75.0 million aggregate principal amount of Convertible Senior Notes due 2021, plus an additional \$11.3 million principal amount to cover over-allotments. The Convertible Senior Notes due 2021 bear cash interest at a rate of 6.0% per year, payable semiannually on June 1 and December 1, beginning on December 1, 2016. The Convertible Senior Notes due 2021 will mature on June 1, 2021, unless earlier repurchased or converted. The net proceeds received from the offering were \$83.2 million, after deducting the initial underwriters’ discount and fees and paying the offering expenses. We used the net proceeds to repay a portion of the amounts outstanding under our credit agreement.

In December 2020, the Company entered into separate, privately negotiated exchange agreements with a limited number of holders of the Company’s currently outstanding Convertible Senior Notes due 2021. Pursuant to the exchange agreements, the Company exchanged \$46.0 million aggregate principal amount of Convertible Senior Notes due 2021 for \$46.0 million aggregate principal amount of its new Convertible Senior Notes due 2025. The Company did not receive any cash proceeds from the issuance of the Convertible Senior Notes due 2025.

The Convertible Senior Notes due 2025 bear cash interest at a rate of 6.0% per year, payable semiannually on June 1 and December 1, beginning on June 1, 2021. The Convertible Senior Notes due 2025 will mature on December 1, 2025, unless earlier repurchased or converted. The net amount of this exchange was \$44.5 million, after deducting the initial underwriters’ fees and paying other transaction costs.

For additional details regarding the Convertible Notes please refer to “Note 14 - Financing Arrangements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Additional Liquidity Considerations

The following represents a summary of key liquidity measures under the Amended Credit Agreement as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 115.7	\$ 102.8
Credit Agreement:		
Maximum availability	\$ 400.0	\$ 400.0
Suppressed availability ⁽¹⁾	(152.7)	(183.2)
Availability	247.3	216.8
Amount borrowed	—	—
Letter of credit obligations	(5.5)	(5.5)
Availability not borrowed	\$ 241.8	\$ 211.3
Total liquidity	\$ 357.5	\$ 314.1

(1) As of March 31, 2021, and December 31, 2020, TimkenSteel had less than \$400 million in collateral assets to borrow against.

Our principal sources of liquidity are cash and cash equivalents, cash flows from operations and available borrowing capacity under our credit agreement. As of March 31, 2021, taking into account our view of mobile, industrial, and energy market demands for our products, and our 2021 operating and long-range plan, we believe that our cash balance as of March 31, 2021, projected cash generated from operations, and borrowings available under the Amended Credit Agreement, will be sufficient to satisfy our working capital needs, capital expenditures and other liquidity requirements associated with our operations, including servicing our debt obligations, for at least the next twelve months. Regarding the Convertible Senior Notes due June 1, 2021, we plan to repay the remaining outstanding principal balance plus accrued interest upon maturity with available cash. As of March 31, 2021, the outstanding principal balance on the Convertible Senior Notes due June 1, 2021 was \$40.2 million.

The full extent to which the COVID-19 pandemic will impact our operations and financial results is uncertain and ultimately will depend on, among many other factors, the duration of the pandemic, further Federal and State government actions and the speed of economic recovery. To the extent our liquidity needs prove to be greater than expected or cash generated from operations is less than anticipated, and cash on hand or credit availability is insufficient, we would seek additional financing to provide additional liquidity. We regularly evaluate our potential access to the equity and debt capital markets as sources of liquidity and we believe additional financing would likely be available if necessary, although we can make no assurance as to the form or terms of any such financing. We would also consider additional cost reductions and restructuring, changes in working capital management and further reductions of capital expenditures. Regardless, we will continue to evaluate additional financing or may seek to refinance outstanding borrowings under the Amended Credit Agreement to provide us with additional flexibility and liquidity. Any additional financing beyond that incurred to refinance existing debt would increase our overall debt and could increase interest expense.

For additional details regarding the Amended Credit Agreement and the Convertible Notes please refer to "Note 14 - Financing Arrangements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020.

Coronavirus Aid, Relief, and Economic Security ("CARES") Act

On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, an economic stimulus package intended to provide support, principally in the form of tax benefits and additional liquidity, to companies and individuals negatively impacted by the COVID-19 pandemic. Although the majority of the provisions included in the CARES Act did not immediately benefit the Company from a cash tax perspective due to its significant net operating losses, the Company has taken advantage of the deferral of the employer share (6.2% of employee wages) of Social Security payroll taxes that would otherwise have been owed from the date of enactment of the legislation through December 31, 2020, as afforded by the Act. At December 31, 2020, the Company deferred approximately \$6.4 million of payroll taxes as permitted by the CARES Act, all of which will be paid in two equal installments at December 31, 2021 and December 31, 2022. Additionally, the Company is currently in the process of filing for the Employee Retention Credit and accrued a benefit of approximately \$2.3 million for this credit in the fourth quarter of 2020.

Consolidated Appropriations Act, 2021 ("CAA")

On December 27, 2020, the President of the United States signed the Consolidated Appropriation Act, 2021 ("CAA"). The CAA includes additional COVID-19 relief that expands upon the relief provided in the CARES Act, including, but not limited to, the extension of tax deductions, credits, and incentives. The Company has evaluated the CAA for any potential impact. While it was determined that the CAA revised and extended the Employee Retention Credit into 2021, the CAA is not expected to have an impact on the Company as

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furloughs related to the COVID-19 pandemic ceased in 2020. Furthermore, the Company does not expect any of the other provisions within the CAA to provide a benefit.

American Rescue Plan Act of 2021 ("ARPA")

On March 11, 2021, the President of the United States signed the American Rescue Plan Act of 2021 ("ARPA"). The ARPA strengthens and extends certain programs enacted through the CARES Act and establishes new relief programs aimed at mitigating the financial impact of the COVID-19 pandemic. The Company is evaluating the provisions within the ARPA. At this time, two provisions are anticipated to impact the Company.

The first applicable provision imposes new requirements related to health coverage provided by the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Under the ARPA, employers are required to provide a 100% premium subsidy for COBRA health care continuation coverage for certain employees for the period of April 1, 2021 through September 30, 2021. The Company will be reimbursed for this additional coverage through fully refundable payroll tax credits.

The second applicable provision offers funding relief for single-employer defined benefit pension plans. Specifically, the ARPA provides enhanced interest rate stabilization, as well as extended amortization of funding shortfalls. The Company is currently evaluating the impact and timing of election options permitted by the ARPA on required contributions to our domestic defined benefit pension plans. At this time based on current assumptions and expected asset returns, pending further IRS guidance, we believe that the ARPA provisions are likely to result in a delay in the timing of required Company contributions until 2028. However, these estimates are subject to significant uncertainty.

Cash Flows

The following table reflects the major categories of cash flows for the three months ended March 31, 2021 and 2020. For additional details, please refer to the unaudited Consolidated Statements of Cash Flows included in this quarterly report.

	Three Months Ended March 31,	
	2021	2020
Net cash provided (used) by operating activities	\$ 13.2	\$ 63.8
Net cash provided (used) by investing activities	(2.3)	4.9
Net cash provided (used) by financing activities	2.0	(30.2)
Increase (Decrease) in Cash and Cash Equivalents	\$ 12.9	\$ 38.5

Operating activities

Net cash provided by operating activities for the three months ended March 31, 2021 was \$13.2 million compared to net cash provided of \$63.8 million for the three months ended March 31, 2020. The decrease in the first quarter of 2021 as compared to the first quarter of 2020 was primarily due to lower cash flows from working capital in the first quarter of 2021 due to increasing customer demand and production levels during the first quarter of 2021 as compared to the benefits of cost saving initiatives achieved in the first quarter of 2020.

Investing activities

Net cash used by investing activities for the three months ended March 31, 2021 was \$2.3 million, as compared to net cash provided of \$4.9 million for the three months ended March 31, 2020. The change was primarily due to no proceeds from disposals of property, plant and equipment in the first quarter of 2021 compared to the first quarter of 2020.

Financing activities

Net cash provided by financing activities for the three months ended March 31, 2021 was \$2.0 million compared to net cash used by financing activities of \$30.2 million for the three months ended March 31, 2020. The change was primarily due to no repayments on credit agreements in the first quarter of 2021 compared to the first quarter of 2020.

Critical Accounting Policies and Estimates

Our 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. We review our critical accounting policies throughout the year.

New Accounting Guidance

See "Note 2 - Recent Accounting Pronouncements" in the Notes to the unaudited Consolidated Financial Statements.

Forward-Looking Statements

Certain statements set forth in this Quarterly Report on Form 10-Q (including our forecasts, beliefs and expectations) that are not historical in nature are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, Management's Discussion and Analysis of Financial Condition and Results of Operations 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," "plan," "possible," "potential," "predict," "project," "seek," "should," "target," "will," "would," or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q. We caution readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of us 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 we conduct business, including additional adverse effects from global economic slowdown, terrorism or hostilities. This includes: political risks associated with the potential instability of governments and legal systems in countries in which we or our customers conduct business, and changes in currency valuations;
- the effects of fluctuations in customer demand on sales, product mix and prices in the industries in which we operate. This includes: our ability to respond to rapid changes in customer demand; the effects of customer bankruptcies or liquidations; the impact of changes in industrial business cycles; and whether conditions of fair trade exist in the U.S. markets;
- the potential impact of the COVID-19 pandemic on our operations and financial results, including cash flows and liquidity;
- competitive factors, including changes in market penetration; increasing price competition by existing or new foreign and domestic competitors; the introduction of new products by existing and new competitors; and new technology that may impact the way our products are sold or distributed;
- changes in operating costs, including the effect of changes in our manufacturing processes; changes in costs associated with varying levels of operations and manufacturing capacity; availability of raw materials and energy; our ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of our surcharge mechanism; changes in the expected costs associated with product warranty claims; changes resulting from inventory management, cost reduction initiatives and different levels of customer demands; the effects of unplanned work stoppages; and changes in the cost of labor and benefits;
- the success of our operating plans, announced programs, initiatives and capital investments; and our ability to maintain appropriate relations with unions that represent our associates in certain locations in order to avoid disruptions of business;
- unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, and environmental issues and taxes, among other matters;
- the availability of financing and interest rates, which affect our cost of funds and/or ability to raise capital, including our ability to refinance and/or repay prior to or at maturity the Convertible Notes; our pension obligations and investment performance; and/or customer demand and the ability of customers to obtain financing to purchase our products or equipment that contain our products; and the amount of any dividend declared by our Board of Directors on our common shares;
- the overall impact of the pension and postretirement mark-to-market accounting; and
- those items identified under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020.

You 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, we

undertake 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

Interest Rate Risk

Our borrowings include both fixed and variable-rate debt. The variable debt consists principally of borrowings under our Credit Agreement. We are exposed to the risk of rising interest rates to the extent we fund our operations with these variable-rate borrowings. As of March 31, 2021, we have \$84.9 million of aggregate debt outstanding. None of our outstanding debt as of March 31, 2021 has variable interest rates, thus a rise in interest rates would not impact our interest expense at this point in time.

Foreign Currency Exchange Rate Risk

Fluctuations in the value of the U.S. dollar compared to foreign currencies may impact our earnings. Geographically, our sales are primarily made to customers in the United States. Currency fluctuations could impact us to the extent they impact the currency or the price of raw materials in foreign countries in which our competitors operate or have significant sales.

Commodity Price Risk

In the ordinary course of business, we are exposed to market risk with respect to commodity price fluctuations, primarily related to our purchases of raw materials and energy, principally scrap steel, other ferrous and non-ferrous metals, alloys, natural gas and electricity. Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used in our manufacturing business. We utilize a raw material surcharge as a component of pricing steel to pass through the cost increases of scrap, alloys and other raw materials, as well as natural gas. From time to time, we may use financial instruments to hedge a portion of our exposure to commodity price risk. In periods of stable demand for our products, the surcharge mechanism has worked effectively to reduce the normal time lag in passing through higher raw material costs so that we can maintain our gross margins. When demand and cost of raw materials are lower, however, the surcharge impacts sales prices to a lesser extent.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our 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 our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) Changes in Internal Control Over Financial Reporting

During the Company's most recent fiscal quarter, 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.

Part II. Other Information

Item 1. Legal Proceedings

We are involved in various claims and legal actions arising in the ordinary course of business. In the opinion of our management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC.

Item 6. Exhibits

Exhibit Number	Exhibit Description
10.1*	Form of Performance-Based Restricted Share Unit Agreement
10.2*	Form of Time-Based Restricted Share Unit Agreement
31.1*	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act, as adopted, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

** Furnished herewith.

Signatures

Pursuant to the requirements 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.

TIMKENSTEEL CORPORATION

Date: May 6, 2021

/s/Kristopher R. Westbrooks
Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

TIMKENSTEEL CORPORATION

Performance-Based Restricted Share Unit Agreement

WHEREAS, _____ (“**Grantee**”) is an employee of TimkenSteel Corporation (the “**Company**”) or a Subsidiary thereof; and

WHEREAS, the grant of performance-based Restricted Share Units evidenced hereby was authorized by a resolution of the Compensation Committee (the “**Committee**”) of the Board and the execution of a performance-based Restricted Share Unit agreement in the form hereof (this “**Agreement**”) was authorized by a resolution of the Committee.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation 2020 Equity and Incentive Compensation Plan (the “**Plan**”) and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to Grantee the grant, effective _____ (the “**Date of Grant**”), of ____ performance-based Restricted Share Units (the “**PRSUs**”). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein will have the meanings assigned to them in the Plan. Subject to the attainment of the Management Objectives described in **Section 3** and **Exhibit A** of this Agreement, Grantee may earn from 0% to 150% of the PRSUs.

1. **Payment of PRSUs.** The PRSUs will become payable in accordance with the provisions of **Section 6** of this Agreement if the Restriction Period lapses and Grantee’s right to receive payment for the PRSUs becomes nonforfeitable (“**Vest**,” “**Vesting**” or “**Vested**”) in accordance with **Section 3** and **Section 4** of this Agreement.
2. **PRSUs Not Transferrable.** None of the PRSUs nor any interest therein or in any Common Shares underlying such PRSUs is transferable prior to payment other than by will or the laws of descent and distribution upon the death of the Grantee.
3. **Vesting of PRSUs.**
 - (a) Subject to the terms and conditions of **Section 4** and **Section 5** of this Agreement, the PRSUs will be earned and Vest on the basis of the relative achievement of the Management Objectives approved by the Committee on or before the Date of Grant (the “**Performance Metrics**”) for the period from January 1, __ through December 31, __, inclusive (the “**Performance Period**”), as set forth on **Exhibit A** of this Agreement. The Vesting of the PRSUs pursuant to this **Section 3** or pursuant to **Section 4** is contingent upon a determination of the Committee that the Performance Metrics have been satisfied and the

PRSUs have been earned, as described in this **Section 3** and set forth in **Exhibit A**.

- (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 the goals or actual levels of achievement regarding the Performance Metrics, in whole or in part, as the Committee deems appropriate.
- (c) Subject to **Section 3(a)** and **Section 3(b)**, the PRSUs earned with respect to the Performance Period will Vest if Grantee is in the continuous employ of the Company or a Subsidiary from the Date of Grant through the last day of the Performance Period. 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 or if Grantee is absent on leave approved by a duly constituted officer of the Company or its Subsidiaries.

4. **Alternative Vesting of PRSUs.** Notwithstanding the provisions of **Section 3** of this Agreement, and subject to the payment provisions of **Section 6** hereof, some or all of the PRSUs will Vest under the following circumstances:

- (a) **Death or Disability:** If Grantee dies or become permanently disabled while in the employ of the Company or a 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 end of the Performance Period 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 provided for in **Section 6** of this Agreement. As used herein, "**permanently disabled**" means that Grantee has qualified for long-term disability benefits under a disability plan or program of the Company or a Subsidiary or, in the absence of a disability plan or program of the Company or a Subsidiary, under a government-sponsored disability program, and is "**disabled**" within the meaning of

Section 409A(a)(2)(C) of the Code. As used in this Agreement, "**Code**" means the Internal Revenue Code of 1986, as amended, including any regulations or any other formal guidance promulgated by the U.S. Department of the Treasury or the Internal Revenue Service with respect to the Sections of the Code referenced in this Agreement.

- (b) **Retirement:** If Grantee retires with the Company's consent, 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 end of the Performance Period 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 provided for in **Section 6** of this Agreement. As used herein, "**retire with the Company's consent**" means: (i) the retirement of Grantee prior to age 62 and when eligible to retire under a retirement plan of the Company or a Subsidiary, if the Board or the Committee determines that his or her retirement is for the convenience of the Company or a Subsidiary; or (ii) the retirement of Grantee at or after age 62 and when eligible to retire under a retirement plan of the Company or a Subsidiary.
- (c) **Change in Control:**
- (i) Upon a Change in Control occurring 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)**, to the extent the PRSUs have not been forfeited, then, notwithstanding any provision of this Agreement (including **Exhibit A**) to the contrary, (A) the Committee as constituted immediately before such Change in Control will determine and certify the number of earned PRSUs in accordance with **Exhibit A** to this Agreement which will be equal to the greater of (I) the actual achievement of the Performance Metrics as of the date of the Change in Control or (II) the target performance level of the PRSUs (the greater of clause (I) or (II), the "**Change in Control Payout Level**"), and (B) a number of the PRSUs will Vest (except to the extent that a Replacement Award is provided to Grantee for the PRSUs to continue, replace or assume the PRSUs covered by this

Agreement) equal to the number of PRSUs earned at the Change in Control Payout Level, but in no event may negative discretion be exercised with respect to the number of PRSUs Vested. Any PRSUs that are not earned and do not Vest in accordance with this **Section 4(c)(i)** will terminate and be forfeited (except to the extent that a Replacement Award is provided). PRSUs that Vest in accordance with this **Section 4(c)(i)** will be paid as provided for in **Section 6** of this Agreement.

- (ii) As used in this Agreement, a “**Replacement Award**” means an award (A) of service-based restricted share units with no performance-based vesting requirements, (B) that has a value at least equal to the value of the PRSUs earned at the Change in Control Payout Level, (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 relative to the PRSUs, (E) that Vests in full (i.e., in a number that is no less than the Change in Control Payout Level) upon a termination of Grantee’s employment with the Company or a Subsidiary or their successors in the Change in Control (or another entity that is affiliated with the Company or a Subsidiary or their successors following the Change in Control) (as applicable, the “**Successor**”) for Good Reason by Grantee or without Cause by such employer or upon the death of Grantee or Grantee becoming permanently disabled (as defined in **Section 4(a)**), in each case prior to the end of the Performance Period and 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 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 or be exempt from 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)**, “Cause” will be defined not less favorably with respect to Grantee than: any intentional act of fraud, embezzlement or theft in connection with the Grantee’s duties with the Successor, any intentional wrongful disclosure of secret processes or confidential information of the Successor, or any intentional wrongful engagement in any competitive activity that would constitute a material breach of Grantee’s duty of loyalty to the Successor, and no act, or failure to act, on the part of Grantee will 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; 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. Also 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, or 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, 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** of this Agreement.
- (d) Divestiture: If Grantee’s employment with the Company or a Subsidiary terminates as the result of a divestiture, 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 end of the Performance Period 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 provided for in **Section 6** of this Agreement. As used herein, 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) **Layoff**: If (i) Grantee's employment with the Company or a Subsidiary terminates as the result of a layoff and (ii) Grantee is entitled to receive severance pay pursuant to the terms of any severance pay plan 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 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** if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the end of the Performance Period 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 provided for in **Section 6** of this Agreement. As used herein, "**layoff**" means the involuntary termination by the Company or any Subsidiary of Grantee's employment with the Company or any Subsidiary due to (A) a reduction in force leading to a permanent downsizing of the salaried workforce, (B) a permanent shutdown of the plant, department or subdivision in which Grantee works, (C) an elimination of position; or (D) any or no reason, except for Cause, at the Company's discretion; provided that a termination under clause (D) will constitute a "**layoff**" for purposes of this Agreement only (i) upon the prior approval of the Compensation Committee in the case of an executive officer, or (ii) upon the prior approval of the Executive Vice President—Human Resources and Corporate Relations or the Executive Vice President, General Counsel and Secretary in the case of any other terminated Grantee.

5. **Forfeiture of PRSUs**. Any PRSUs that have not Vested pursuant to **Section 3** or **Section 4** at the end of the Performance Period will be forfeited automatically and without further notice after the end of the Performance Period (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 Performance Period for any reason other than as described in **Section 4**).

6. Form and Time of Payment of PRSUs.

- (a) General. Subject to **Section 5**, **Section 6(b)**, and **Section 6(c)**, payment for Vested PRSUs will be made in cash or Common Shares (as determined by the Committee) in the year following the last day of the Performance Period but in no event later than March 15 of that year.
- (b) Change in Control. Notwithstanding **Section 6(a)**, to the extent 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) 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 where Section 409A of the Code applies to such distribution, Grantee will receive the corresponding payment on the date that would have otherwise applied pursuant to this **Section 6**.
- (c) Payment Following a Change in Control. Notwithstanding **Section 6(a)**, if, during the two-year period following a Change in Control, Grantee experiences a “separation from service” (within the meaning of Treasury Regulation section 1.409A-1(h)), the PRSUs that are Vested as of the date of such separation from service will be paid in cash or Common Shares (as determined by the Committee) within 10 days of the separation from service to the extent they have not been previously paid to Grantee; 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 where Section 409A of the Code applies to such distribution, Grantee will receive the corresponding payment on the date that would have otherwise applied pursuant to this **Section 6**.

7. Dividend Equivalents. Grantee will be credited with cash per PRSU equal to the amount of each cash dividend paid by the Company (if any) to holders of Common Shares generally with a record date occurring on or after the Date of Grant and prior to the time when the PRSUs are paid in accordance with **Section 6** hereof. Any amounts credited pursuant to the immediately preceding sentence will be subject to the same applicable terms and conditions (including earning, Vesting, payment, and forfeitability) as apply to the PRSUs based on which the dividend equivalents were credited, and such amounts will be paid in either cash or Common Shares, as determined by the Committee in its sole discretion, at the same time as the PRSUs to which they relate. If such amounts are paid in Common Shares, the number of shares so paid will be rounded down to the nearest whole number and will

be determined by dividing such credited amounts by the Market Value per Share on the payment date.

8. Detrimental Activity and Recapture.

- (a) Notwithstanding anything in this Agreement to the contrary, in the event that, as determined by the Committee, Grantee engages in Detrimental Activity during employment with the Company or a Subsidiary, the PRSUs will be forfeited automatically and without further notice at the time of that determination. As used herein, "**Detrimental Activity**" means:
- (i) engaging in any activity, as an employee, principal, agent, or consultant, for another entity that competes with the Company in any actual, researched, or prospective product, service, system, or business activity for which Grantee has had any direct responsibility during the last two years of his or her employment with the Company or a Subsidiary, in any territory in which the Company or a Subsidiary manufactures, sells, markets, services, or installs such product, service, or system, or engages in such business activity;
 - (ii) soliciting any employee of the Company or a Subsidiary to terminate his or her employment with the Company or a Subsidiary;
 - (iii) the disclosure to anyone outside the Company or a Subsidiary, or the use in other than the Company's or one of its Subsidiary's business, without prior written authorization from the Company, of any confidential, proprietary or trade secret information or material relating to the business of the Company and its Subsidiaries, acquired by Grantee during his or her employment with the Company or its Subsidiaries or while acting as a director of or consultant for the Company or its Subsidiaries thereafter;
 - (iv) the failure or refusal to disclose promptly and to assign to the Company upon request all right, title and interest in any invention or idea, patentable or not, made or conceived by Grantee during employment by the Company and any Subsidiary, relating in any manner to the actual or anticipated business, research or development work of the Company or any Subsidiary or the failure or refusal to do anything reasonably necessary to enable the Company or any Subsidiary to secure a patent where appropriate in the United States and in other countries;

- (v) activity that results in Termination for Cause. For purposes of this **Section 8(a)(v)**, "**Termination for Cause**" means a termination: (A) due to Grantee's willful and continuous gross neglect of his or her duties for which he or she is employed; or (B) due to an act of dishonesty on the part of Grantee constituting a felony resulting or intended to result, directly or indirectly, in his or her gain for personal enrichment at the expense of the Company or a Subsidiary; or
- (vi) any other conduct or act determined to be injurious, detrimental or prejudicial to any significant interest of the Company or any Subsidiary unless Grantee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

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, and for purpose of clarity, Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

- (b) If a Restatement occurs and the Committee determines that Grantee is personally responsible in whole or in part for causing the Restatement as a result of Grantee's personal misconduct or any fraudulent activity on the part of Grantee, then the Committee has discretion to, based on applicable facts and circumstances and subject to applicable law, cause the Company to recover all or any portion (but no more than 100%) of the PRSUs (plus dividend equivalent payments) earned or payable to Grantee for some or all of the years covered by the Restatement. The amount of any earned or payable PRSUs (and dividend equivalent payments) recovered by the Company will be limited to the amount by which such earned or payable PRSUs (and dividend equivalent payments) exceeded the amount that would have been earned by or paid to Grantee had the Company's financial statements for the applicable restated fiscal year or years been initially filed as restated, as reasonably determined by the Committee. The Committee also will determine whether the Company will effect any recovery under this **Section 8(b)** by: (i) seeking repayment from Grantee; (ii) reducing, except with respect to any non-qualified deferred compensation under Section 409A of the Code, the amount that would otherwise be payable to Grantee under any compensatory plan, program or arrangement maintained by the Company (subject to applicable law and the terms and conditions of such plan, program or arrangement); (iii) by

withholding, except with respect to any non-qualified deferred compensation under Section 409A of the Code, payment of future increases in compensation (including the payment of any discretionary bonus amount) that would otherwise have been made to Grantee in accordance with the Company's compensation practices; or (iv) by any combination of these alternatives. As used herein, "**Restatement**" means a restatement (made within 24 months of the publication of the financial statements that are required to be restated) of any part of the Company's financial statements for any fiscal year or years beginning with the year in which the Date of Grant occurs due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years. 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 (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 are traded) (the "**Compensation Recovery Policy**"), and that this **Section 8** will be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

9. **Compliance with Law.** The Company will not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any law or regulation to which the Company is subject.
10. **Adjustments.** Subject to **Section 11** of the Plan, the Committee will make or provide for such adjustments in the number of and kind of Common Shares covered by the PRSUs, or in other award terms, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent 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, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities involving the Company or (c) any other transaction or event having an effect similar to any of those referred to in **Section 10(a)** or **10(b)** hereof.
11. **Withholding Taxes.** If the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with Grantee's right to receive Common Shares or cash 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 such Common Shares or cash (or the realization of 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. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, unless otherwise determined by the Committee, 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 he or she has owned. In no event, however, shall the Company accept Common Shares for payment of taxes in excess of required tax withholding rates (unless such higher withholding amounts would not result in adverse accounting implications for the Company and the additional withholding amount is authorized by the Committee). If Grantee's benefit is to be received in the form of Common Shares, and Grantee fails to make arrangements for the payment of required taxes or other amounts, then, unless otherwise determined by the Committee, the Company will withhold Common Shares having a value equal to the amount required to be withheld. Further, notwithstanding anything in this Section 11 to the contrary, if at any time (a) Grantee is subject to reporting as a Director or an "officer" for purposes of Section 16 of the Exchange Act, (b) withholding is required with respect to the award evidenced by this Agreement, and (c) Grantee is subject to trading restrictions pursuant to a periodic or special closed trading window for the Company under its insider trading policies, then the Company shall withhold Common Shares otherwise payable to Grantee under this award in order to satisfy such withholding, with the number of Common Shares withheld having a value equal to the amount required to be withheld. The Common Shares used for tax withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the applicable benefit is to be included in Grantee's income.

12. Rights as a Shareholder. Grantee will not have any rights as a Shareholder with respect to any Common Shares granted to him or her under this Agreement prior to the date as of which he or she is actually recorded as the holder of such Common Shares upon the share records of the Company.
13. Right to Terminate Employment. Nothing in this Agreement limits in any way whatsoever any right 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 the amendment is applicable to this Agreement; provided, however, that (a) no amendment will adversely affect in a material manner the rights of Grantee with respect to the Common Shares or other securities covered by this Agreement without Grantee's consent and (b) Grantee's consent will not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 10D of the Exchange Act. 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.
16. Severability. In the event one or more of the provisions of this Agreement is unenforceable or is invalidated for any reason by a court of competent jurisdiction, such provision will be deemed to be separable from the other provisions of this Agreement, construed or deemed amended or limited in scope to conform to the applicable laws or, in the discretion of the Committee, such provision will be stricken and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
17. Governing Law. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio.
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 will be administered in a manner consistent with this intent. Notwithstanding any provision of the Agreement to the contrary, if, at the time of Grantee's separation from service (within the meaning of Section 409A of the Code), (a) Grantee is a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the first business day of the seventh month after Grantee's separation from service.

[SIGNATURES ON 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__.

TimkenSteel Corporation

By _____
Kristine C. Syrvalin
Executive Vice President, General Counsel & Secretary

Exhibit A

Statement of Management Objectives

This Statement of Management Objectives applies to the PRSUs granted to the Grantee on the Date of Grant memorialized the Agreement. Capitalized terms used in the Agreement that are not specifically defined in this Statement of Management Objectives have the meanings assigned to them in the Agreement or in the Plan, as applicable.

Section 1. Definitions. For purposes hereof:

- (a) **"Peer Group"** means, of a benchmark group of 16 entities, the names of which are attached hereto as Annex A, those entities that remain in the Peer Group as of the end of the Performance Period (or the date of the Change in Control if Section 1(e)(ii) of this Exhibit A is applicable) after application of the Peer Group Adjustment Protocol.
- (b) **"Peer Group Adjustment Protocol"** means: (i) if an entity listed in Annex A files for bankruptcy and/or liquidation, is operating under bankruptcy protection, or is delisted from its primary stock exchange because it fails to meet the exchange listing requirement, then such entity will remain in the Peer Group, but RTSR for the Performance Period will be calculated as if such entity achieved Total Shareholder Return placing it at the bottom (chronologically, if more than one such entity) of the Peer Group; (ii) if, by the last day of the Performance Period (or the date of the Change in Control if Section 1(e)(ii) of this Exhibit A is applicable), an entity listed in Annex A has been acquired, or has announced that it has entered into a definitive agreement the consummation of which will result in such entity's acquisition, and/or the entity is no longer existing as a public company that is traded on its primary stock exchange (other than for the reasons as described in subsection (i) above), then such entity will not remain in the Peer Group and RTSR for the Performance Period will be calculated as if such entity had never been a member of the Peer Group; and (iii) except as otherwise described in subsection (i) and (ii) above, for purposes of this Statement of Management Objectives, for each of the entities listed in Annex A, such entity will be deemed to include any successor to all or substantially all of the primary business of such entity at end of the Performance Period.
- (c) **"Relative Total Shareholder Return" or "RTSR"** means the percentile rank of the Company's Total Shareholder Return among the Total Shareholder Returns of all members of the Peer Group (including the Company), ranked in descending order, at the end of each of the first year, first two years and full three years, respectively, of the Performance Period, as applicable (each, a "Nested Period") (or the date of the Change in Control if Section 1(e)(ii) of this Exhibit A is applicable).
- (e) **"Total Shareholder Return"** means, for each Nested Period, with respect to each of the Common Shares and the common stock of each of the members of

the Peer Group, a rate of return reflecting stock price appreciation, plus the reinvestment of dividends in additional shares of stock, from the beginning of the Performance Period through the end of such Nested Period. Total Shareholder Return will be calculated as follows:

(i) Except as provided in clause (ii), for each Nested Period, Total Shareholder Return will be calculated for the Company and each member of the Peer Group by measuring the ending stock price for the applicable calendar year against the beginning price at the start of the Performance Period. For purposes of calculating Total Shareholder Return for each of the Company and the members of the Peer Group, the beginning stock price will be based on the average closing stock price for the 20 trading days immediately preceding the first day of the Performance Period on the principal stock exchange on which the stock then traded and the ending stock price for the applicable calendar year during the Nested Period will be based on the average closing stock price for the 20 trading days ending on December 31 of such applicable calendar year in the Nested Period on the principal stock exchange on which the stock then trades.

(ii) If a Change in Control occurs during the Restriction Period, and **Section 4(c)** of the Agreement applies to the PRSUs, (A) for purposes of determining Total Shareholder Return, the last day of the Performance Period will be the date of the Change in Control, and (B) Total Shareholder Return for the last Nested Period during the Performance Period will be calculated for the Company and each member of the Peer Group using a beginning stock price based on the average closing stock price for the 20 trading days immediately preceding the first day of the Performance Period on the principal stock exchange on which the stock then traded, and the ending stock price for the Company will be the "Sale Price" (as defined below) and for each member of the Peer Group will be based on the average closing stock price for the 20 trading days ending on the date of the Change in Control on the principal stock exchange on which the stock then traded. The "**Sale Price**" will be the amount of consideration per Common Share that shareholders of the Company receive upon consummation of the Change in Control (including the fair market value, as determined by the Committee, of any non-cash consideration); provided that if the Change in Control is not the result of a transaction in which shareholders receive consideration, the "**Sale Price**" will be the closing price of a Common Share on the last trading day immediately preceding the date of the Change in Control.

Section 2. Performance Matrices.

For each Nested Period during the Performance Period, from 0% to 150% of the PRSUs will be deemed to be the payout percentage ("Payout Percentage") for such Nested Period based on achievement of the Management Objectives measured by RTSR performance during the Nested Period, in each case as follows (with the percentage of PRSUs (rounded to the nearest whole PRSU) earned for the entire Performance Period (including in the event of a Change in Control occurring during the Restriction Period) determined by

averaging (rounded to two decimal places) the Payout Percentages calculated for the Nested Periods occurring during the Performance Period):

Performance Level	Relative Total Shareholder Return	Payout Percentage
Below Threshold	Ranked below 25th percentile	0%
Threshold	Ranked at 25th percentile	50%
Target	Ranked at 50th percentile	100%
Maximum	Ranked at or above 75th percentile	150%

- Section 3. Number of PRSUs Earned. The Committee will determine whether and to what extent the goals relating to the Management Objectives described herein have been satisfied for the Performance Period and will determine the number of PRSUs that will become earned hereunder and under the Agreement on the basis of the following:
- (a) Below Threshold. If, upon the conclusion of a Nested Period, RTSR for the Nested Period falls below the threshold level, as set forth in the Performance Matrices, the Payout Percentage will be zero for such Nested Period.
 - (b) Threshold. If, upon the conclusion of a Nested Period, RTSR for the Nested Period equals the threshold level, as set forth in the Performance Matrices, 50% will be the Payout Percentage for such Nested Period.
 - (c) Between Threshold and Target. If, upon the conclusion of a Nested Period, RTSR for the Nested Period exceeds the threshold level, but is less than the target level, as set forth in the Performance Matrices, a percentage between 50% and 100% (determined on the basis of straight-line mathematical interpolation) will be the Percentage Payout for such Nested Period.
 - (d) Target. If, upon the conclusion of a Nested Period, RTSR for the Nested Period equals the target level, as set forth in the Performance Matrices, 100% will be the Payout Percentage for such Nested Period.
 - (e) Between Target and Maximum. If, upon the conclusion of a Nested Period, RTSR for the Nested Period exceeds the target level, but is less than the maximum level, as set forth in the Performance Matrices, a percentage between 100% and 150% (determined on the basis of straight-line mathematical interpolation) will be the Payout Percentage for such Nested Period.
 - (f) Equals or Exceeds Maximum. If, upon the conclusion of a Nested Period, RTSR for the Nested Period equals or exceeds the maximum level, as set forth in the Performance Matrices, 150% will be the Payout Percentage for such Nested Period.

TIMKENSTEEL CORPORATION

Time-Based Restricted Share Unit Agreement

WHEREAS, _____ (“Grantee”) is an employee of TimkenSteel Corporation or a Subsidiary thereof; and

WHEREAS, the grant of service-based Restricted Share Units evidenced hereby was authorized by a resolution of the Compensation Committee (the “Committee”) of the Board, and the execution of a Restricted Share Unit Agreement in the form hereof (this “Agreement”) was authorized by a resolution of the Committee.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation 2020 Equity and Incentive Compensation Plan (the “Plan”) and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to Grantee the grant, effective _____, ____ (the “Date of Grant”), of _____ Restricted Share Units (the “RSUs”). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein have the meanings assigned to them in the Plan.

1. **Payment of RSUs.** The RSUs will become payable if the Restriction Period lapses and Grantee’s right to receive payment for the RSUs becomes nonforfeitable (“Vest,” “Vesting” or “Vested”) in accordance with Section 3 and Section 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 prior to payment other than by will or the laws of descent and distribution.
3. **Vesting of RSUs.** Subject to the terms and conditions of Section 4 and Section 5 of this Agreement, the RSUs will Vest on the third anniversary of the Date of Grant if the Grantee shall have been in the continuous employ of the Company or a Subsidiary from the Date of Grant until the third anniversary of the Date of Grant. 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 shall 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 between or among the Company and its Subsidiaries.
4. **Alternative Vesting of RSUs.** Notwithstanding the provisions of 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 should die or become permanently disabled while in the employ of the Company or a Subsidiary, then the

RSUs will immediately Vest in full. 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, except that to the extent that Section 4(e) applies, the RSUs will immediately Vest only to the extent that the RSUs would have become Vested pursuant to Section 4(e). 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 a Subsidiary or, in the absence of a disability plan or program of the Company or a Subsidiary, under a government-sponsored disability program and is "disabled" within the meaning of Section 409A(a)(2)(C) of the Code. As used in this Agreement, "Code" means the Internal Revenue Code of 1986, as amended, including any regulations or any other formal guidance promulgated by the U.S. Department of the Treasury or the Internal Revenue Service with respect to the sections of the Code referenced in this Agreement.

- (b) Retirement: If Grantee should retire with the Company's consent, then Grantee shall Vest in the RSUs 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 third anniversary of the Date of Grant as described in Section 3 or the occurrence of a circumstance referenced in Section 4(a) or Section 4(c), whichever occurs first. As used herein, "retire with the Company's consent" means: (i) the retirement of Grantee prior to age 62 and when eligible to retire under a retirement plan of the Company or a Subsidiary, if the Board or the Committee determines that Grantee's retirement is for the convenience of the Company or a Subsidiary; or (ii) the retirement of Grantee at or after age 62 and when eligible to retire under a retirement plan of the Company or a Subsidiary.
- (c) Change in Control:
 - (i) Upon a Change in Control occurring during the Restriction Period while Grantee is an employee of the Company or a Subsidiary, to the extent the RSUs have not been forfeited, the RSUs will immediately Vest in full (except to the extent that a Replacement Award is provided to Grantee for the RSUs). 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), upon a Change in Control during the Restriction Period, then the RSUs will immediately Vest in full, except that to the extent Section 4(e) applies, the RSUs will Vest only to the extent the RSUs would have become Vested pursuant to Section 4(e).

- (ii) As used in this Agreement, a “Replacement Award” means an award (A) of service-based restricted share 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), (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 relative to the RSUs, (E) that Vests in full upon a termination of Grantee’s employment with the Company or a Subsidiary or their successors in the Change in Control (or another entity that is affiliated with the Company or a Subsidiary or their successors following the Change in Control) (as applicable, the “Successor”) for Good Reason by Grantee or without Cause by such Successor, or upon the death of Grantee or Grantee becoming permanently disabled (as defined in Section 4(a)), 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 or be exempt from 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 Sections 4(c) and 4(e), “Cause” means with respect to Grantee: (A) any intentional act of fraud, embezzlement or theft in connection with the Grantee’s duties with the Company, its Subsidiaries, or Successor, (B) any intentional wrongful disclosure of secret processes or confidential information of the Company, its Subsidiaries, or Successor, or (C) any intentional wrongful engagement in any competitive activity that would constitute a material breach of Grantee’s duty of loyalty to the Company, its Subsidiaries, or Successor, and 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, its Subsidiaries, or Successor; 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. Also 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, or 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, 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 and will be paid as provided for in Section 6 of this Agreement.
- (d) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a divestiture, then Grantee shall Vest in the RSUs 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 third anniversary of the Date of Grant as described in Section 3 or the occurrence of a circumstance referenced in Section 4(a) or 4(c), whichever occurs first. As used herein, 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) Layoff: If (i) Grantee's employment with the Company or a Subsidiary terminates as the result of a layoff and (ii) Grantee is entitled to receive severance pay pursuant to the terms of any severance pay plan 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 RSUs equal to the

product of (x) the number of RSUs 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 third anniversary of the Date of Grant or the occurrence of a circumstance referenced in Section 4(a) or Section 4(c), 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 Date of Grant through the end of the specified severance period and the denominator of which is 36. As used herein, a "layoff" means the involuntary termination by the Company or any Subsidiary of Grantee's employment with the Company or any Subsidiary due to (A) a reduction in force leading to a permanent downsizing of the salaried workforce, (B) a permanent shutdown of the plant, department or subdivision in which Grantee works, or (C) an elimination of position, or (D) any or no reason, except for Cause (as defined in Section 4(c)), at the Company's discretion; provided that a termination under clause (D) shall constitute a "layoff" for purposes of this Agreement only (i) upon the prior approval of the Compensation Committee in the case of an executive officer, or (ii) upon the prior approval of the Executive Vice President—Human Resources and Corporate Relations or the Executive Vice President, General Counsel and Secretary in the case of any other terminated Grantee.

5. Forfeiture of RSUs. Any RSUs that have not Vested pursuant to Section 3 or Section 4 by the third anniversary of the Date of Grant will be forfeited automatically and without further notice on such date (or earlier if, and on such date Grantee ceases to be an employee of the Company or a Subsidiary prior to the third 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 Section 5 and Section 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 date specified in Section 3.
 - (b) Other Payment Events. Notwithstanding Section 6(a), to the extent 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. Upon a Change in Control, Grantee is entitled to receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee) 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 where Section 409A of the Code applies to such distribution, Grantee will receive the corresponding payment on the date that would have otherwise applied pursuant to this Section 6.

- (ii) Death or Disability. On the date of Grantee's death or the date Grantee becomes permanently disabled, Grantee is entitled to receive payment for Vested RSUs in cash or Common Shares (as determined by the Committee) on such date.

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 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. Detrimental Activity and Recapture.

- (a) Notwithstanding anything in this Agreement to the contrary, in the event that, as determined by the Committee, Grantee engages in Detrimental Activity during employment with the Company or a Subsidiary, the RSUs will be forfeited automatically and without further notice at the time of that determination. As used herein, "Detrimental Activity" means:
 - (i) engaging in any activity, as an employee, principal, agent, or consultant for another entity that competes with the Company in any actual, researched, or prospective product, service, system, or business activity for which Grantee has had any direct responsibility during the last two years of his or her employment with the Company or a Subsidiary, in any territory in which the Company or a Subsidiary manufactures, sells, markets, services, or installs such product, service, or system, or engages in such business activity;
 - (ii) soliciting any employee of the Company or a Subsidiary to terminate his or her employment with the Company or a Subsidiary;

- (iii) the disclosure to anyone outside the Company or a Subsidiary, or the use in other than the Company's or one of its Subsidiary's business, without prior written authorization from the Company, of any confidential, proprietary or trade secret information or material relating to the business of the Company and its Subsidiaries, acquired by Grantee during his or her employment with the Company or its Subsidiaries or while acting as a director of or consultant for the Company or its Subsidiaries thereafter;
- (iv) the failure or refusal to disclose promptly and to assign to the Company upon request all right, title and interest in any invention or idea, patentable or not, made or conceived by Grantee during employment by the Company and any Subsidiary, relating in any manner to the actual or anticipated business, research or development work of the Company or any Subsidiary or the failure or refusal to do anything reasonably necessary to enable the Company or any Subsidiary to secure a patent where appropriate in the United States and in other countries;
- (v) activity that results in Termination for Cause. For purposes of this Section 8(a)(v), "Termination for Cause" means a termination: (A) due to Grantee's willful and continuous gross neglect of his or her duties for which he or she is employed; or (B) due to an act of dishonesty on the part of Grantee constituting a felony resulting or intended to result, directly or indirectly, in his or her gain for personal enrichment at the expense of the Company or a Subsidiary; or
- (vi) any other conduct or act determined to be injurious, detrimental or prejudicial to any significant interest of the Company or any Subsidiary unless Grantee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

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, and for purpose of clarity, Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

- (b) If a Restatement occurs and the Committee determines that Grantee is personally responsible in whole or in part for causing the Restatement as a result of Grantee's personal misconduct or any fraudulent activity on the part of Grantee, then the Committee has discretion to, based on applicable facts and circumstances and subject to applicable law, cause the Company to recover all or any portion (but no more than 100%) of the RSUs earned or payable to Grantee for some or all of the years covered by the Restatement. The amount of any earned or payable RSUs recovered by the Company shall be limited to the amount by which such earned or payable RSUs exceeded the amount that would have been earned by or paid to Grantee had the Company's financial statements for the applicable restated fiscal year or years been initially filed as restated, as reasonably determined by the Committee. The Committee also will determine whether the Company will effect any recovery under this Section 8(b) by: (i) seeking repayment from Grantee; (ii) reducing, except with respect to any non-qualified deferred compensation under Section 409A of the Code, the amount that would otherwise be payable to Grantee under any compensatory plan, program or arrangement maintained by the Company (subject to applicable law and the terms and conditions of such plan, program or arrangement); (iii) by withholding, except with respect to any non-qualified deferred compensation under Section 409A of the Code, payment of future increases in compensation (including the payment of any discretionary bonus amount) that would otherwise have been made to Grantee in accordance with the Company's compensation practices; or (iv) by any combination of these alternatives. As used herein, "Restatement" means a restatement (made within 36 months of the publication of the financial statements that are required to be restated) of any part of the Company's financial statements for any fiscal year or years beginning with the year in which the Date of Grant occurs due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years. 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 (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 are traded) (the "**Compensation Recovery Policy**"), and that this Section 8 will be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

9. Compliance with Law. Notwithstanding any other provision of this Agreement, the Company will not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any law or regulation to which the Company is subject.
10. Adjustments. Subject to Section 11 of the Plan, the Committee shall make or provide for such adjustments in the number of and kind of Common Shares covered by the RSUs and in other award terms, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent 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, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities involving the Company, or (c) any other transaction or event having an effect similar to any of those referred to in Section 10(a) or 10(b) hereof.
11. Withholding Taxes. If the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with Grantee's right to receive Common Shares or cash 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 such Common Shares or cash (or the realization of 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. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, unless otherwise determined by the Committee, 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 he or she has owned. In no event, however, shall the Company accept Common Shares for payment of taxes in excess of required tax withholding rates (unless such higher withholding amounts would not result in adverse accounting implications for the Company and the additional withholding amount is authorized by the Committee). If Grantee's benefit is to be received in the form of Common Shares, and Grantee fails to make arrangements for the payment of required taxes or other amounts, then, unless otherwise determined by the Committee, the Company will withhold Common Shares having a value equal to the amount required to be withheld. Further, notwithstanding anything in this Section 11 to the contrary, if at any time (a) Grantee is subject to reporting as a Director or an "officer" for purposes of Section 16 of the Exchange Act, (b) withholding is required with respect to the award evidenced by this Agreement, and (c) Grantee is subject to trading restrictions pursuant to a periodic or special closed trading window for the Company under its insider trading policies, then the Company shall withhold Common Shares otherwise payable to Grantee under this award in

order to satisfy such withholding, with the number of Common Shares withheld having a value equal to the amount required to be withheld. The Common Shares used for tax withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the applicable benefit is to be included in Grantee's income.

12. Rights as a Shareholder. Grantee will not have any rights as a Shareholder with respect to any Common Shares granted to him or her under this Agreement prior to the date as of which he or she is actually recorded as the holder of such Common Shares upon the share records of the Company.
13. Right to Terminate Employment. Nothing in this Agreement limits 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 the amendment is applicable to this Agreement; provided, however, that (a) no amendment will adversely affect in a material manner the rights of Grantee with respect to the Common Shares or other securities covered by this Agreement without Grantee's consent and (b) Grantee's consent will not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 10D of the Exchange Act. 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.
16. Severability. In the event one or more of the provisions of this Agreement is unenforceable or invalidated for any reason by a court of competent jurisdiction, any such provision will be deemed to be separable from the other provisions of this Agreement, construed or deemed amended or limited in scope to conform to the applicable laws or, in the discretion of the Committee, such provision will be stricken and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
17. Governing Law. This Agreement is made under, and will be construed in accordance with, the internal substantive laws of the State of Ohio.

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 will 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. Relation to Plan. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan.

[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 ___, ___

TimkenSteel Corporation

By _____

Kris Syrvalin
Executive Vice President, General Counsel
Secretary

and

CERTIFICATION

I, Michael S. Williams, certify that:

I have reviewed this quarterly report on Form 10-Q of TimkenSteel Corporation;

1. 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;
2. 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;
3. 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
4. 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 the 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: May 6, 2021

/s/ Michael S. Williams

Michael S. Williams
Chief Executive Officer and President
(Principal Executive Officer)

CERTIFICATION

I, Kristopher R. Westbrooks, certify that:

I have reviewed this quarterly report on Form 10-Q of TimkenSteel Corporation;

1. 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;
2. 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;
3. 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
4. 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 the 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: May 6, 2021

/s/ Kristopher R. Westbrooks

Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial 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 TimkenSteel Corporation (the "Company") on Form 10-Q for the period ended March 31, 2021, 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. Section 1350, as adopted pursuant to Section 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: May 6, 2021

/s/ Michael S. Williams

Michael S. Williams
Chief Executive Officer and President
(Principal Executive Officer)

Date: May 6, 2021

/s/ Kristopher R. Westbrooks

Kristopher R. Westbrooks
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)