

**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, 2019

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)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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"/> (Do not check if smaller reporting company)	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 15, 2019
Common Shares, without par value	44,765,909

**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,	
	2019	2018
(Dollars in millions, except per share data)		
Net sales	\$371.0	\$380.8
Cost of products sold	341.9	359.7
Gross Profit	29.1	21.1
Selling, general and administrative expenses	23.3	24.7
Operating Income (Loss)	5.8	(3.6)
Interest expense	4.2	4.6
Other income, net	2.7	6.4
Income (Loss) Before Income Taxes	4.3	(1.8)
Provision for income taxes	0.1	0.1
Net Income (Loss)	\$4.2	(\$1.9)
Per Share Data:		
Basic earnings (loss) per share	\$0.09	(\$0.04)
Diluted earnings (loss) per share	\$0.09	(\$0.04)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2019	2018
(Dollars in millions)		
Net income (loss)	\$4.2	(\$1.9)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	0.4	0.8
Pension and postretirement liability adjustments	0.1	0.1
Other comprehensive income, net of tax	0.5	0.9
Comprehensive Income (Loss), net of tax	\$4.7	(\$1.0)

See accompanying Notes to the Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Balance Sheets (Unaudited)

	March 31, 2019	December 31, 2018
(Dollars in millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$7.8	\$21.6
Accounts receivable, net of allowances (2019 - \$1.5 million; 2018 - \$1.7 million)	151.3	163.4
Inventories, net	324.3	296.8
Deferred charges and prepaid expenses	3.4	3.5
Other current assets	7.4	6.1
Total Current Assets	494.2	491.4
Property, plant and equipment, net	661.1	674.4
Operating lease right-of-use assets	15.9	—
Pension assets	12.7	10.5
Intangible assets, net	17.7	17.8
Other non-current assets	3.1	3.5
Total Assets	\$1,204.7	\$1,197.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$129.9	\$160.6
Salaries, wages and benefits	26.6	36.8
Accrued pension and postretirement costs	3.0	3.0
Current operating lease liabilities	5.9	—
Other current liabilities	20.3	20.4
Total Current Liabilities	185.7	220.8
Convertible notes, net	75.2	74.1
Credit Agreement	140.0	115.0
Non-current operating lease liabilities	10.0	—
Accrued pension and postretirement costs	241.3	240.0
Deferred income taxes	0.6	0.8
Other non-current liabilities	10.6	11.7
Total Liabilities	663.4	662.4
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 2019 and 2018 - 45.7 million shares	—	—
Additional paid-in capital	841.2	846.3
Retained deficit	(265.0)	(269.2)
Treasury shares - 2019 - 1.0 million; 2018 - 1.1 million	(26.5)	(33.0)
Accumulated other comprehensive loss	(8.4)	(8.9)
Total Shareholders' Equity	541.3	535.2
Total Liabilities and Shareholders' Equity	\$1,204.7	\$1,197.6

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 Loss	Total
Balance as of December 31, 2018	44,584,668	\$846.3	(\$269.2)	(\$33.0)	(\$8.9)	\$535.2
Net income	—	—	4.2	—	—	4.2
Other comprehensive income	—	—	—	—	0.5	0.5
Stock-based compensation expense	—	2.2	—	—	—	2.2
Stock option activity	—	0.2	—	—	—	0.2
Issuance of treasury shares	261,130	(7.5)	—	7.5	—	—
Shares surrendered for taxes	(79,889)	—	—	(1.0)	—	(1.0)
Balance of March 31, 2019	44,765,909	\$841.2	(\$265.0)	(\$26.5)	(\$8.4)	\$541.3

(Dollars in millions)	Common Shares Outstanding	Additional Paid-in Capital	Retained Deficit	Treasury Shares	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2017	44,445,747	\$843.7	(\$238.0)	(\$37.4)	(\$7.6)	\$560.7
Net loss	—	—	(1.9)	—	—	(1.9)
Other comprehensive income	—	—	—	—	0.9	0.9
Revenue recognition accounting standard adoption	—	—	0.7	—	—	0.7
Stock-based compensation expense	—	2.2	—	—	—	2.2
Stock option activity	—	0.1	—	—	—	0.1
Issuance of treasury shares	121,012	(3.4)	(0.1)	3.5	—	—
Shares surrendered for taxes	(37,533)	—	—	(0.7)	—	(0.7)
Balance at March 31, 2018	44,529,226	\$842.6	(\$239.3)	(\$34.6)	(\$6.7)	\$562.0

TimkenSteel Corporation
Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2019	2018
(Dollars in millions)		
CASH PROVIDED (USED)		
Operating Activities		
Net income (loss)	\$4.2	(\$1.9)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	17.8	18.5
Amortization of deferred financing fees and debt discount	1.3	1.8
Deferred income taxes	(0.2)	(0.3)
Stock-based compensation expense	2.2	2.2
Pension and postretirement expense (benefit), net	1.8	(1.4)
Pension and postretirement contributions and payments	(2.4)	(2.5)
Changes in operating assets and liabilities:		
Accounts receivable, net	12.1	(31.3)
Inventories, net	(27.5)	(28.8)
Accounts payable	(30.7)	35.7
Other accrued expenses	(11.4)	(13.2)
Deferred charges and prepaid expenses	0.1	0.4
Other, net	(0.9)	1.4
Net Cash Used by Operating Activities	(33.6)	(19.4)
Investing Activities		
Capital expenditures	(4.4)	(2.2)
Net Cash Used by Investing Activities	(4.4)	(2.2)
Financing Activities		
Proceeds from exercise of stock options	0.2	0.1
Shares surrendered for employee taxes on stock compensation	(1.0)	(0.7)
Refunding Bonds repayments	—	(30.2)
Repayments on credit agreements	(5.0)	(65.0)
Borrowings on credit agreements	30.0	130.0
Debt issuance costs	—	(1.7)
Net Cash Provided by Financing Activities	24.2	32.5
Effect of exchange rate changes on cash	—	—
Decrease (Increase) In Cash and Cash Equivalents	(13.8)	10.9
Cash and cash equivalents at beginning of period	21.6	24.5
Cash and Cash Equivalents at End of Period	\$7.8	\$35.4

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, 2018.

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

The Company adopted the following Accounting Standard Updates (ASU) in the first quarter of 2019, all of which were effective as of January 1, 2019. The adoption of these standards had no impact on the Unaudited Consolidated Financial Statements or the related Notes to the Unaudited Consolidated Financial Statements.

Standards Adopted	Description
ASU 2018-07, Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting	The standard provides an expanded scope of Topic 718, to include share-based payment transactions for acquiring goods and services from nonemployees.
ASU 2018-02, Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	The standard permits entities to reclassify tax effects stranded in accumulated other comprehensive income as a result of tax reform to retained earnings.
ASU 2017-11, Distinguishing Liabilities from Equity; Derivatives and Hedging	The standard eliminates the requirement to consider "down round" features when determining whether certain equity-linked financial instruments or embedded features are indexed to an entity's own stock.

On January 1, 2019, the Company adopted ASU 2016-02, "Leases (Topics 842)," which requires lessees to recognize lease liabilities and right-of-use assets on the balance sheet for not only finance (previously capital) leases but also operating leases. The standard also requires additional quantitative and qualitative disclosures. The Company adopted the standard using the modified retrospective transition approach without adjusting comparative periods.

The Company elected certain of the practical expedients permitted under the transition guidance within the new standard as follows:

- A package of practical expedients to not reassess:
 - Whether a contract is or contains a lease
 - Lease classification
 - Initial direct costs
- A practical expedient to not reassess certain land easements

The Company has implemented internal controls and lease accounting software to enable the quantification of the expected impact on the Unaudited Consolidated Balance Sheets and to facilitate the calculations of the related accounting entries and disclosures. Adoption of the lease standard resulted in recognition of right-to-use assets and lease liabilities of \$16.0 million as of January 1, 2019. Adoption of the lease standard had no impact on the Company's debt-covenant compliance under its current agreements. Also, the standard did not materially affect the Company's results of operations or its cash flows. Refer to "Note 9 - Leases" for additional information.

Accounting Standards Issued But Not Yet Adopted

The Company has considered the recent ASUs issued by the Financial Accounting Standards Board summarized below:

Standard Pending Adoption	Description	Effective Date	Anticipated Impact
ASU 2018-15, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40)	The standard aligns the requirements for capitalizing implementation costs in cloud computing software arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software.	January 1, 2020	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20)	The standard eliminates, modifies and adds disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans.	January 1, 2021	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2018-13, Fair Value Measurement (Topic 820)	The standard eliminates, modifies and adds disclosure requirements for fair value measurements.	January 1, 2020	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.
ASU 2016-13, Measurement of Credit Losses on Financial Instruments	The standard changes how entities will measure credit losses for most financial assets, including trade and other receivables and replaces the current incurred loss approach with an expected loss model.	January 1, 2020	The Company is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.

Note 3 - Inventories

The components of inventories, net of reserves as of March 31, 2019 and December 31, 2018 were as follows:

	March 31, 2019	December 31, 2018
Manufacturing supplies	\$52.5	\$46.9
Raw materials	51.8	35.2
Work in process	170.6	155.7
Finished products	132.5	142.8
Gross inventory	407.4	380.6
Allowance for surplus and obsolete inventory	(5.1)	(5.1)
LIFO reserve	(78.0)	(78.7)
Total Inventories, net	\$324.3	\$296.8

Inventories are valued at the lower of cost or market, with approximately 74% valued by the last in, first out (LIFO) method, and the remaining inventories, including manufacturing supplies inventory as well as international (outside the United States) inventories, valued by first-in, first-out, average cost or specific identification methods.

An actual valuation of the inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must be based on management's estimates of expected year-end inventory levels and costs. Because these calculations are subject to many factors beyond management's control, annual results may differ from interim results as they are subject to the final year-end LIFO inventory valuation.

TimkenSteel projects its LIFO reserve will decrease for the year ending December 31, 2019 due primarily to lower anticipated manufacturing costs.

Note 4 - Property, Plant and Equipment

The components of property, plant and equipment, net as of March 31, 2019 and December 31, 2018 were as follows:

	March 31, 2019	December 31, 2018
Land	\$14.1	\$14.1
Buildings and improvements	426.0	424.4
Machinery and equipment	1,414.1	1,404.2
Construction in progress	18.8	28.5
Subtotal	1,873.0	1,871.2
Less allowances for depreciation	(1,211.9)	(1,196.8)
Property, Plant and Equipment, net	\$661.1	\$674.4

Total depreciation expense was \$16.4 million and \$17.0 million for the three months ended March 31, 2019 and 2018 , respectively.

Note 5 - Intangible Assets

The components of intangible assets, net as of March 31, 2019 and December 31, 2018 were as follows:

	March 31, 2019			December 31, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$6.3	\$4.7	\$1.6	\$6.3	\$4.6	\$1.7
Technology use	9.0	6.7	2.3	9.0	6.5	2.5
Capitalized software	62.6	48.8	13.8	61.6	48.0	13.6
Total Intangible Assets	\$77.9	\$60.2	\$17.7	\$76.9	\$59.1	\$17.8

Intangible assets subject to amortization are amortized on a straight-line method over their legal or estimated useful lives. Amortization expense for intangible assets for the three months ended March 31, 2019 and 2018 was \$1.4 million and \$1.5 million , respectively.

Note 6 - Financing Arrangements

For a detailed discussion of the Company's long-term debt and credit arrangements, refer to “ Note 6 - Financing Arrangements ” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Convertible Notes

The components of the Convertible Notes as of March 31, 2019 and December 31, 2018 were as follows:

	March 31, 2019	December 31, 2018
Principal	\$86.3	\$86.3
Less: Debt issuance costs, net of amortization	(1.1)	(1.2)
Less: Debt discount, net of amortization	(10.0)	(11.0)
Convertible notes, net	\$75.2	\$74.1

The initial value of the principal amount recorded as a liability at the date of issuance was \$66.9 million , using an effective interest rate of 12.0% . The remaining \$19.4 million of principal amount was allocated to the conversion feature and recorded as a component of shareholders’ equity at the date of issuance. This amount represents a discount to the debt to be amortized through interest expense using the effective interest method through the maturity of the Convertible Notes.

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Transaction costs were allocated to the liability and equity components based on their relative values. Transaction costs attributable to the liability component of \$2.4 million are amortized to interest expense over the term of the Convertible Notes, and transaction costs attributable to the equity component of \$0.7 million are included in shareholders' equity.

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

	Three Months Ended March 31,	
	2019	2018
Contractual interest expense	\$1.3	\$1.3
Amortization of debt issuance costs	0.1	0.1
Amortization of debt discount	1.0	0.9
Total	\$2.4	\$2.3

Credit Agreement

On January 26, 2018, the Company, as borrower, and certain domestic subsidiaries, as subsidiary guarantors, entered into the Second Amended and Restated Credit Agreement (Credit Agreement), with JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and the other lenders party thereto, which amended and restated the Company's Credit Agreement. The interest rate under the Credit Agreement was 4.5% as of March 31, 2019. The amount available under the Credit Agreement as of March 31, 2019 was \$157.4 million. As of March 31, 2019, the Company was in compliance with all covenants.

Refunding Bonds

In connection with amending the Credit Agreement, on January 23, 2018, the Company redeemed in full \$12.2 million of Ohio Water Development Revenue Refunding Bonds (originally due on November 1, 2025), \$9.5 million of Ohio Air Quality Development Revenue Refunding Bonds (originally due on November 1, 2025) and \$8.5 million of Ohio Pollution Control Revenue Refunding Bonds (originally due on June 1, 2033).

Fair Value Measurement

The fair value of the Convertible Notes was approximately \$102.3 million as of March 31, 2019. The fair value of the Convertible Notes, which falls within Level 1 of the fair value hierarchy as defined by Accounting Standards Codification (ASC) 820, Fair Value Measurements, is based on the last price traded in March 2019.

TimkenSteel's Credit Agreement is variable-rate debt. As such, the 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.

Interest Paid

The total cash interest paid for the three months ended March 31, 2019 and 2018 was \$1.8 million and \$0.9 million, respectively.

Note 7 - Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the three months ended March 31, 2019 and 2018 by component were as follows:

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance as of December 31, 2018	(\$7.3)	(\$1.6)	(\$8.9)
Other comprehensive income before reclassifications, before income tax	0.4	—	0.4
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	0.1	0.1
Income tax	—	—	—
Net current period other comprehensive income, net of income taxes	0.4	0.1	0.5
Balance as of March 31, 2019	(\$6.9)	(\$1.5)	(\$8.4)

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance at December 31, 2017	(\$5.9)	(\$1.7)	(\$7.6)
Other comprehensive income before reclassifications, before income tax	0.8	—	0.8
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	0.1	0.1
Income tax	—	—	—
Net current period other comprehensive income, net of income taxes	0.8	0.1	0.9
Balance as of March 31, 2018	(\$5.1)	(\$1.6)	(\$6.7)

The amount reclassified from accumulated other comprehensive loss for the pension and postretirement liability adjustment was included in other income, net in the Unaudited Consolidated Statements of Operations. These accumulated other comprehensive loss components are components of net periodic benefit cost. See “ Note 8 - Retirement and Postretirement Plans ” for additional information.

Note 8 - Retirement and Postretirement Plans

The components of net periodic benefit cost (income) for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018	
	Pension	Postretirement	Pension	Postretirement
Service cost	\$4.3	\$0.3	\$4.3	\$0.4
Interest cost	12.2	2.0	11.4	1.9
Expected return on plan assets	(16.2)	(0.9)	(18.4)	(1.2)
Amortization of prior service cost	0.1	—	0.1	0.1
Net Periodic Benefit Cost (Income)	\$0.4	\$1.4	(\$2.6)	\$1.2

Note 9 - Leases

The Company has operating leases for office space, warehouses, land, machinery and equipment, vehicles and certain information technology equipment. These leases have remaining lease terms of one year to six years, some of which may include options to extend the leases for one or more years. Certain leases also include options to purchase the leased property. As of March 31, 2019, the Company has no financing leases and no material leases that have not yet commenced. The weighted average remaining lease term for our operating leases as of March 31, 2019 was 3.0 years.

Leases with an initial term of 12 months or less (short-term leases) are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. For lease agreements entered into after the adoption of ASC 842, the Company combines lease and non-lease components. The Company's lease agreements do not contain material residual value guarantees or material restrictive covenants.

The Company recorded lease cost for the three months ended March 31, 2019 as follows:

	Three Months Ended March 31, 2019
Operating lease cost	\$1.8
Short-term lease cost	0.5
Total lease cost	\$2.3

When available, the rate implicit in the lease is used to discount lease payments to present value; however, the Company's leases generally do not provide a readily determinable implicit rate. Therefore, the incremental borrowing rate to discount the lease payments is estimated using market-based information available at lease commencement. The weighted average discount rate used to measure our operating lease liabilities as of March 31, 2019 was 4.7%.

Supplemental cash flow information related to leases was as follows:

	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of operating lease liabilities	\$1.8
Right-of-use assets obtained in exchange for operating lease obligations	\$1.6

Future minimum lease payments under non-cancellable leases as of March 31, 2019 were as follows:

2019 (excluding the three months ended March 31, 2019)	\$5.0
2020	5.8
2021	3.8
2022	1.6
2023	0.8
After 2023	0.1
Total future minimum lease payments	17.1
Less amount of lease payment representing interest	(1.2)
Total present value of lease payments	\$15.9

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Future minimum lease payments under non-cancellable leases as of December 31, 2018 were as follows:

2019	\$6.3
2020	5.2
2021	3.3
2022	1.0
2023	0.6
After 2023	—
Total future minimum lease payments	\$16.4

Note 10 - Revenue Recognition

TimkenSteel recognizes revenue from contracts at a point in time when it has satisfied its performance obligation and the customer obtains control of the goods, at the amount that reflects the consideration the Company expects to receive for those goods. The Company receives and acknowledges purchase orders from its customers which define the quantity, pricing, payment and other applicable terms and conditions. In some cases, the Company receives a blanket purchase order from its customer, which includes pricing, payment and other terms and conditions, with quantities defined at the time the customer issues periodic releases against the blanket purchase order. Certain contracts contain variable consideration, which primarily consists of rebates that are accounted for in net sales and accrued based on the estimated probability of the requirements being met. Amounts billed to customers related to shipping and handling costs are included in net sales and related costs are included in costs of products sold in the Unaudited Consolidated Financial Statements.

The following table provides the major sources of revenue by end-market sector for the three months ended March 31, 2019 and 2018 :

	Three Months Ended March 31,	
	2019	2018
Mobile	\$144.2	\$142.5
Industrial	147.0	147.7
Energy	60.8	49.1
Other ⁽¹⁾	19.0	41.5
Total Net Sales	\$371.0	\$380.8

⁽¹⁾“Other” for sales by end-market sector includes the Company’s scrap and OCTG billet sales.

The following table provides the major sources of revenue by product type for the three months ended March 31, 2019 and 2018 :

	Three Months Ended March 31,	
	2019	2018
Bar	\$239.9	\$234.4
Tube	49.6	63.7
Value-add	73.7	72.7
Other ⁽²⁾	7.8	10.0
Total Net Sales	\$371.0	\$380.8

⁽²⁾“Other” for sales by product type includes the Company’s scrap sales.

Note 11 - Earnings 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 discount) 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.

For the three months ended March 31, 2019 and 2018, 2.3 million and 3.4 million shares issuable for equity-based awards, respectively, were excluded from the computation of diluted loss per share because the effect of their inclusion would have been anti-dilutive. In periods in which a net loss has occurred, as is the case for the three months ended March 31, 2018, the dilutive effect of equity-based awards is not recognized and thus not utilized in the calculation of diluted loss per share, because the effect of their inclusion would have been anti-dilutive. The shares potentially issuable of 6.9 million, related to the Convertible Notes, were also anti-dilutive for the three months ended March 31, 2019 and 2018, respectively.

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, 2019 and 2018 :

	Three Months Ended March 31,	
	2019	2018
Numerator:		
Net income (loss)	\$4.2	(\$1.9)
Denominator:		
Weighted average shares outstanding, basic	44.7	44.5
Dilutive effect of stock-based awards	0.5	—
Weighted average shares outstanding, diluted	45.2	44.5
Basic earnings (loss) per share	\$0.09	(\$0.04)
Diluted earnings (loss) per share	\$0.09	(\$0.04)

Note 12 - 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,	
	2019	2018
Provision for incomes taxes	\$0.1	\$0.1
Effective tax rate	1.1%	(5.6)%

In light of TimkenSteel's recent operating performance in the U.S. and current industry conditions, the Company assessed, based upon all available evidence, and concluded that it was more likely than not that it would not realize its U.S. deferred tax assets. As a result, the Company will maintain 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.

Note 13 - 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. As of March 31, 2019 and December 31, 2018, TimkenSteel had a \$1.3 million and a \$1.5 million contingency reserve, respectively, related to loss exposures incurred in the ordinary course of business.

Note 14 - Other Income, net

The following table provides the components of other income, net for the three months ended March 31, 2019 and 2018 :

	Three Months Ended March 31,	
	2019	2018
Pension and postretirement non-service benefit income	\$2.8	\$6.3
Foreign currency exchange (loss) gain	(0.1)	0.1
Total other income, net	\$2.7	\$6.4

Non-service benefit income is derived from the Company's pension and other postretirement plans. The Company's expected return on assets has exceeded the interest cost component, resulting in income for the three months ended March 31, 2019 and 2018. Foreign currency exchange loss (gain) is due to exchange-rate fluctuations on the Company's various foreign-currency denominated transactions.

Note 15 - Subsequent Event

After reviewing the TimkenSteel retiree group health plan in comparison to health insurance options available in the individual market, TimkenSteel announced on April 9, 2019 that it would be moving Medicare-eligible union retirees to an individual plan on a Medicare healthcare exchange. The plans on the exchange offer more options and flexibility than these retirees currently have, and typically cost them less for comparable or better health and prescription drug coverage. The Company is providing these retirees access to a personal benefits advisor as well as additional informational resources to assist with the transition by July 31, 2019.

The Company will continue to provide financial support for eligible premiums and expenses through the payment of subsidies ranging from \$1,200 to \$1,800 annually into the retirees' Health Reimbursement Accounts (HRAs). The Company concluded this plan change will be accounted for as a plan amendment in the Company's second quarter of 2019. The Company estimates it will recognize a reduction in the accumulated postretirement benefit obligation (APBO) of approximately \$65 to \$70 million. The reduction in the APBO will be recognized in Other Comprehensive Income and subsequently amortized as an offset to postretirement benefit cost over a period of approximately 12 years (average remaining service period). Excluding the impact of the mark-to-market adjustment, which cannot be determined at this time, will reduce the Company's expected 2019 postretirement benefit cost by approximately \$5 million. The Company will perform a remeasurement at April 30, 2019.

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

(dollars in millions, except per share data)

Business Overview

TimkenSteel Corporation (we, us, our, the Company or Timkensteel) manufactures alloy steel, as well as carbon and micro-alloy steel, with an annual melt capacity of approximately 2 million tons and shipment capacity of 1.5 million tons. Our portfolio includes special bar quality (SBQ) bars, seamless mechanical tubing (tubes), value-add 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 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: oil and gas; OCTG; automotive; industrial equipment; mining; construction; rail; aerospace and defense; heavy truck; agriculture; and power generation.

Based on our knowledge of the steel industry, we believe we are the only focused SBQ steel producer in North America and have the largest SBQ steel large bar (6-inch diameter and greater) production capacity among North American steel producers. In addition, we are the only steel manufacturer able to produce rolled SBQ steel large bars up to 16-inches in diameter. 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 all 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. We believe our unique operating model and production assets give us a competitive advantage in our industry.

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 Gambinus facilities. Our value-add solutions production processes take place at three downstream manufacturing facilities: TimkenSteel Material Services (Houston, Texas), 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.

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 and LIFO

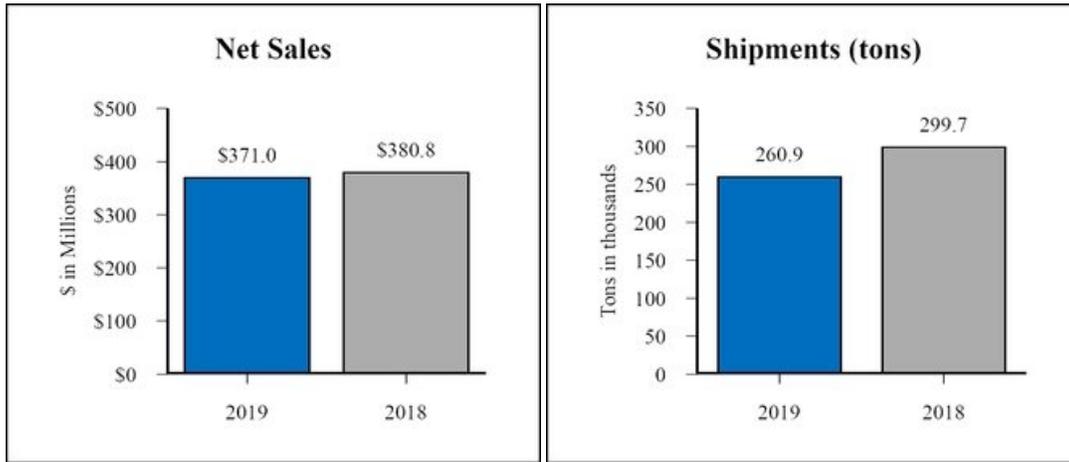
In the ordinary course of business, we are exposed to the volatility of the costs of our raw materials. Whenever possible, we manage our exposure to commodity risks primarily through the use of supplier pricing agreements that enable us to establish the purchase prices for certain inputs that are used 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 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.

We value a majority of our inventory utilizing the LIFO inventory valuation method. Changes in the cost of raw materials and production activities are recognized in cost of products sold in the current period even though these materials and other costs may have been incurred in different periods at significantly different values due to the length of time of our production cycle. In periods of rising inventories and deflating raw material prices, the likely result will be a positive impact to net income. Conversely, in periods of rising inventories and increasing raw materials prices, the likely result will be a negative impact to net income.

Results of Operations

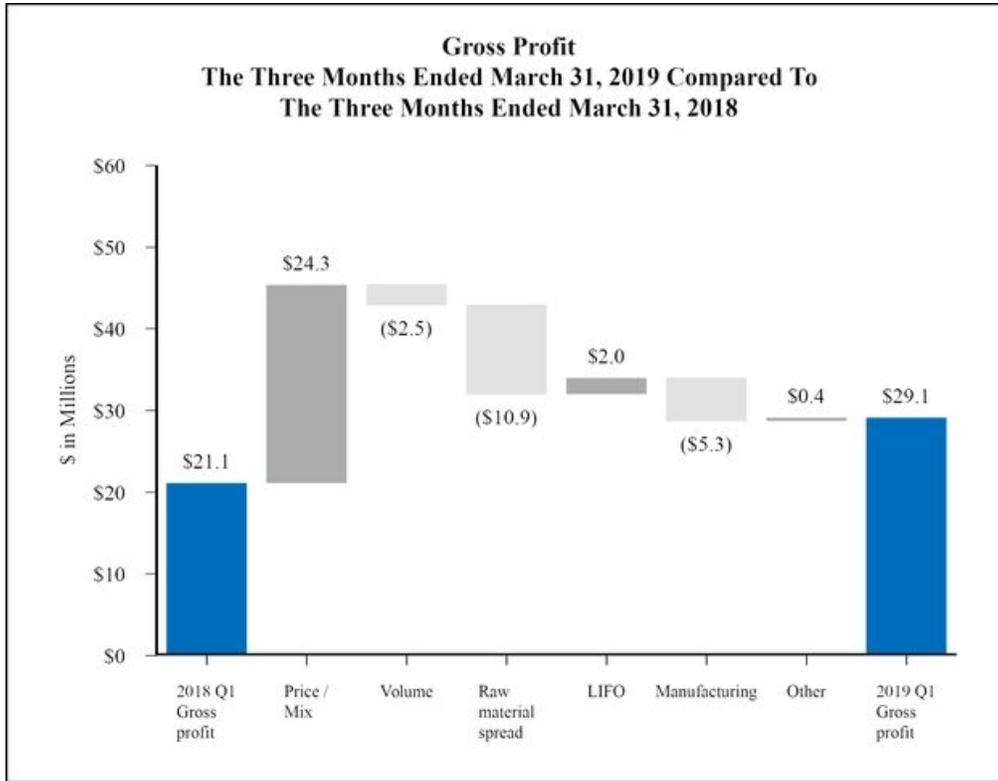
Net Sales

The charts below present net sales and shipments for the three months ended March 31, 2019 and 2018 .



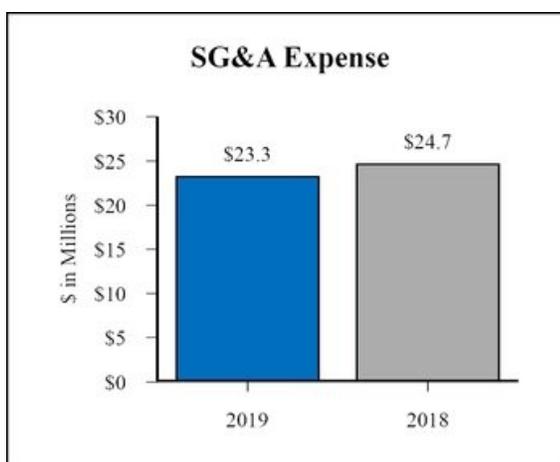
Net sales for the three months ended March 31, 2019 were \$371.0 million , a decrease of \$9.8 million or 2.6% compared to the three months ended March 31, 2018 . The decrease was due to a reduction in volume of 39 thousand ship tons, resulting in a decrease of \$38.4 million of net sales. The primary driver in the decrease in volume was the planned reduction of OCTG billet shipments for the three months ended March 31, 2019 compared to 2018. This was partially offset by favorable price/mix of approximately \$29.5 million , as we realized the benefit of price increases and continue focused efforts to sell our higher margin products. This resulted in net sales per ton increasing 11.9% from 2018. Excluding surcharges, net sales decreased \$8.8 million , or 3.0% . The decrease in surcharges from the prior-year quarter was primarily from lower volumes.

Gross Profit



Gross profit for the three months ended March 31, 2019 increased \$8.0 million , or 37.9% , compared to the three months ended March 31, 2018 . The increase was driven primarily by favorable price/mix due to increased demand for higher margin products and increased pricing. The favorable price/mix was partially offset by increased manufacturing costs. Higher manufacturing costs in 2019 were driven primarily by planned production downtime resulting in lower fixed-cost leverage. Additionally, raw material spread was a headwind due to a decline in the No.1 busheling scrap index during first-quarter 2019.

Selling, General and Administrative Expenses



Selling, general and administrative (SG&A) expense for the three months ended March 31, 2019 decreased by \$1.4 million , or 5.7% , compared to the three months ended March 31, 2018 , due primarily to a decrease in variable compensation.

Interest Expense

	Three Months Ended March 31,		
	2019	2018	\$ Change
Cash interest paid	\$1.8	\$0.9	\$0.9
Accrued interest	1.1	1.9	(0.8)
Amortization of deferred financing fees and debt discount	1.3	1.8	(0.5)
Total interest expense	\$4.2	\$4.6	(\$0.4)

Interest expense for the three months ended March 31, 2019 was \$4.2 million , a decrease of \$0.4 million compared to the three months ended March 31, 2018 . The decrease is due to the write-off of \$0.7 million in deferred financing costs in the first-quarter of 2018, associated with amending the Credit Agreement and redeeming the Refunding Bonds, partially offset by higher average borrowings on the Credit Agreement to support working capital needs during the three months ended March 31, 2019 . Refer to “ Note 6 - Financing Arrangements ” in the Notes to the Unaudited Consolidated Financial Statements for additional information.

Other Income, net

	Three Months Ended March 31,		
	2019	2018	\$ Change
Pension and postretirement non-service benefit income	\$2.8	\$6.3	(\$3.5)
Foreign currency exchange gain (loss)	(0.1)	0.1	(0.2)
Total other income, net	\$2.7	\$6.4	(\$3.7)

Non-service benefit income is derived from the Company’s pension and other postretirement plans. The Company’s expected return on assets has exceeded the interest cost component, resulting in income for the three months ended March 31, 2019 and 2018. Foreign currency exchange loss (gain) is due to exchange-rate fluctuations on the Company’s various foreign-currency denominated transactions.

Provision for Income Taxes

	Three Months Ended March 31,			
	2019	2018	\$ Change	% Change
Provision for income taxes	\$0.1	\$0.1	\$—	—
Effective tax rate	1.1%	(5.6)%	NM	670bps

The effective tax rate for the three months ended March 31, 2019 increased from the same period in 2018 , primarily due to the increase of approximately \$6 million in net income year-over-year. The majority of our taxes are derived from foreign operations. We remain in a full valuation for the U.S. jurisdiction for the three months ended March 31, 2019.

NON-GAAP FINANCIAL MEASURES**Net Sales, Excluding Surcharges**

The table below presents net sales by end market sector, adjusted to exclude raw material 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 raw material surcharges provides additional insight into key drivers of net sales such as base price and product mix.

Net Sales adjusted to exclude surcharges
(dollars in millions, tons in thousands)

	Three Months Ended March 31, 2019				
	Mobile	Industrial	Energy	Other	Total
Tons	112.8	102.5	31.4	14.2	260.9
Net Sales	\$144.2	\$147.0	\$60.8	\$19.0	\$371.0
Less: Surcharges	37.5	35.1	12.5	4.6	89.7
Base Sales	\$106.7	\$111.9	\$48.3	\$14.4	\$281.3
Net Sales / Ton	\$1,278	\$1,434	\$1,936	\$1,338	\$1,422
Base Sales / Ton	\$946	\$1,092	\$1,538	\$1,014	\$1,078
	Three Months Ended March 31, 2018				
	Mobile	Industrial	Energy	Other	Total
Tons	110.4	113.7	29.0	46.6	299.7
Net Sales	\$142.5	\$147.7	\$49.1	\$41.5	\$380.8
Less: Surcharges	31.3	35.2	11.0	13.2	90.7
Base Sales	\$111.2	\$112.5	\$38.1	\$28.3	\$290.1
Net Sales / Ton	\$1,291	\$1,299	\$1,693	\$891	\$1,271
Base Sales / Ton	\$1,007	\$989	\$1,314	\$607	\$968

LIQUIDITY AND CAPITAL RESOURCES**Convertible Notes**

In May 2016, we issued \$75.0 million aggregate principal amount of Convertible Notes, plus an additional \$11.3 million principal amount to cover over-allotments. The Convertible Notes 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 Notes 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.

Credit Agreement

On January 26, 2018, we as borrower, and certain domestic subsidiaries, as subsidiary guarantors, entered into the Second Amended and Restated Credit Agreement (Credit Agreement), with JPMorgan Chase Bank, N.A., as administrative agent, Bank of America, N.A., as syndication agent, and the other lenders party thereto, which amended and restated the Company's existing Credit Agreement. The Credit Agreement matures on January 26, 2023. Prior to the maturity date, amounts outstanding are required to be repaid (without reduction of the commitments thereunder) from mandatory prepayment events from the proceeds of certain asset sales, equity or debt issuances or casualty events.

Refunding Bonds

In connection with amending the Credit Agreement, on January 23, 2018, we redeemed in full \$12.2 million of Ohio Water Development Revenue Refunding Bonds (originally due on November 1, 2025), \$9.5 million of Ohio Air Quality Development Revenue Refunding Bonds (originally due on November 1, 2025) and \$8.5 million of Ohio Pollution Control Revenue Refunding Bonds (originally due on June 1, 2033).

Additional Liquidity Considerations

The following represents a summary of key liquidity measures under the Credit Agreement as of March 31, 2019 and December 31, 2018 :

	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$7.8	\$21.6
Credit Agreement:		
Maximum availability	\$300.0	\$300.0
Amount borrowed	140.0	115.0
Letter of credit obligations	2.6	2.6
Availability not borrowed	157.4	182.4
Total liquidity	\$165.2	\$204.0

Our principal sources of liquidity are cash and cash equivalents, cash flows from operations and available borrowing capacity under our Credit Agreement. We currently expect that our cash and cash equivalents on hand, expected cash flows from operations and borrowings available under the Credit Agreement will be sufficient to meet liquidity needs; however, these plans rely on certain underlying assumptions and estimates that may differ from actual results. Such assumptions include growing market demand, lower operating costs and continued working capital management.

As of March 31, 2019, taking into account the foregoing, as well as our view of industrial, energy, and automotive market demands for our products, our 2019 operating plan and our long-range plan, we believe that our cash balance as of March 31, 2019, projected cash generated from operations, and borrowings available under the 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 and through January 26, 2023, the maturity date of our Credit Agreement.

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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 further reductions of capital expenditures. Regardless, we will continue to evaluate additional financing or may seek to refinance outstanding borrowings under the 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 Credit Agreement, the Credit Agreement and the Convertible Notes, please refer to “ Note 6 - Financing Arrangements ” in the Notes to the Unaudited Consolidated Financial Statements and for our discussion regarding risk factors related to our business and our debt, see Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2018.

Cash Flows

The following table reflects the major categories of cash flows for the three months ended March 31, 2019 and 2018 . For additional details, please refer to the Unaudited Consolidated Statements of Cash Flows included in this quarterly report.

	Three Months Ended March 31,	
	2019	2018
Net cash used by operating activities	(\$33.6)	(\$19.4)
Net cash used by investing activities	(4.4)	(2.2)
Net cash provided by financing activities	24.2	32.5
(Decrease) Increase in Cash and Cash Equivalents	(\$13.8)	\$10.9

Operating activities

Net cash used by operating activities for the three months ended March 31, 2019 was \$33.6 million compared to \$19.4 million for the three months ended March 31, 2018 . The decrease of \$14.2 million was primarily due to timing of payments to suppliers at the end of the first-quarter 2019, partially offset by the reduction of accounts receivable and improved operating income. Refer to the Unaudited Consolidated Statements of Cash Flows for additional information,

Investing activities

Net cash used by investing activities for the three months ended March 31, 2019 and 2018 was \$4.4 million and \$2.2 million , respectively. Cash used for investing activities primarily relates to capital investments in our manufacturing facilities.

Our business requires capital investments to maintain our plants and equipment to remain competitive and ensure we can implement strategic initiatives. Our construction in progress balance of \$18.8 million as of March 31, 2019 includes: (a) \$5.1 million relating to growth initiatives (e.g. new product offerings, additional capacity and new capabilities) and continuous improvement projects; and (b) \$13.7 million relating primarily to routine capital costs to maintain the reliability, integrity and safety of our manufacturing equipment and facilities. In the next one to three years, we expect to spend approximately \$28 million to complete existing ongoing projects (made up of approximately \$21 million relating to additional growth initiatives and approximately \$7 million related to continuous improvement) to complete existing ongoing projects.

Financing activities

Net cash provided by financing activities for the three months ended March 31, 2019 was \$24.2 million compared to \$32.5 million for the three months ended March 31, 2018 . The change was mainly due to net borrowings on the Credit Agreement during the three months ended March 31, 2019 of \$25.0 million as compared to \$34.8 million during the three months ended March 31, 2018 .

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.

On January 1, 2018, TimkenSteel adopted ASU 2014-09 “Revenue from Contracts with Customers.” Refer to Note 2 - Recent Accounting Pronouncements and Note 10 - Revenue Recognition for additional information.

On January 1, 2019, TimkenSteel adopted ASU 2016-02 “Leases” and ASU 2018-11 “Leases - Targeted Improvements”. Refer to Note 2 - Recent Accounting Pronouncements and Note 9 - Leases for additional information.

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-K. 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;
- 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; the ability to integrate acquired companies; the ability of acquired companies to achieve satisfactory operating results, including results being accretive to earnings; 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; 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, 2018.

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, 2019, we have \$215.2 million of aggregate debt outstanding, of which \$140.0 million consists of debt with variable interest rates. Based on the amount of debt with variable-rate interest outstanding, a 1% rise in interest rates would result in an increase in interest expense of \$1.4 million annually.

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 price risk related to natural gas and electricity purchases. 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.

Canton, Ohio U.S. Environmental Protection Agency Notice of Violation.

The U.S. Environmental Protection Agency (EPA) issued two related Notices of Violation (NOV) to TimkenSteel on August 5, 2014 and November 2, 2015. The EPA alleges violations under the Clean Air Act based on alleged violations of permitted emission limits and engineering requirements at TimkenSteel's Faircrest and Harrison Steel Plants in Canton, Ohio. TimkenSteel disputes many of EPA's allegations but is working cooperatively with EPA and the U.S. Department of Justice to resolve the government's claims. Negotiations to resolve the NOVs are ongoing, but it is not anticipated that the ultimate resolution of the NOVs will 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, 2018 filed with the SEC. There have been no material changes to such risk factors.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
10.1*	Form of Nonqualified Stock Options Agreement
10.2*	Form of Time-Based Restricted Stock Unit Agreement
10.3*	Form of Time-Based Ratable Restricted Stock Unit Agreement
10.4*	Form of Performance Shares Agreement
10.5*	Form of Deferred Shares Agreement (Cliff Vesting)
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*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.

* 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 2, 2019

/s/ Kristopher R. Westbrooks

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

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description
10.1	Form of Nonqualified Stock Options Agreement
10.2	Form of Time-Based Restricted Stock Unit Agreement
10.3	Form of Time-Based Ratable Restricted Stock Unit Agreement
10.4	Form of Performance Shares Agreement
10.5	Form of Deferred Shares Agreement (Cliff Vesting)
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	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.

TRANSFERABLE

TIMKENSTEEL CORPORATION

Nonqualified Stock Option Agreement

WHEREAS, _____ (“Optionee”) is an employee of TimkenSteel Corporation (the “Company”); and

WHEREAS, the grant of Option Rights evidenced hereby was authorized by a resolution of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company that was duly adopted on February 13, 2019 (the “Date of Grant”), and the execution of an Option Rights agreement in the form hereof (this “Agreement”) was authorized by a resolution of the Committee duly adopted on that date; and

WHEREAS, the Option Rights evidenced hereby are intended to be nonqualified Option Rights and shall not be treated as Incentive Stock Options.

NOW, THEREFORE, pursuant to the Company’s Amended and Restated 2014 Equity and Incentive Compensation Plan (the “Plan”), the Company hereby grants to Optionee nonqualified Option Rights (the “Option”) to purchase ___ Common Shares at the exercise price of \$ ___ per Common Share (the “Option Price”), which represents the Market Value per Share on the Date of Grant. If applicable, the Company agrees to cause certificates for any Common Shares purchased hereunder to be delivered to Optionee upon payment of the Option Price in full, subject to the terms and conditions of the Plan, in addition to the terms and conditions of this Agreement.

1. Four-Year Vesting of Option.

(a) Normal Vesting: Unless terminated as hereinafter provided, the Option shall be exercisable to the extent of one-fourth (1/4th) of the Common Shares covered by the Option on the first anniversary of the Date of Grant so long as Optionee shall have been in the continuous employ of the Company or a Subsidiary on such date and to the extent of an additional one-fourth (1/4th) of the Common Shares covered by the Option on each of the second, third and fourth anniversaries of the Date of Grant so long as Optionee shall have been in the continuous employ of the Company or a Subsidiary as of and on each such date. For the purposes of this Agreement, the continuous employment of Optionee with the Company or a Subsidiary shall not be deemed to have been interrupted, and Optionee shall not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of the transfer of his or her employment between or among the Company and its Subsidiaries.

(b) Vesting Upon Retirement with Consent: If Optionee retires with the Company’s consent before the fourth anniversary of the Date of Grant, then Optionee’s Option shall become nonforfeitable in accordance with the terms and conditions of Section 1(a) as if Optionee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until

the fourth anniversary of the Date of Grant or the occurrence of an event referenced in Section 2, whichever occurs first.

As used herein, “retire with the Company’s consent” means: (i) the retirement of Optionee prior to age 62 and 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 Optionee at or after age 62 and eligible to retire under a retirement plan of the Company or a Subsidiary.

(c) To the extent the Option has become exercisable in accordance with the terms of this Agreement, it may be exercised in whole or in part from time to time thereafter.

2. Accelerated Vesting of Option. Notwithstanding the provisions of Sections 1(a) and 1(b) hereof, the Option may become exercisable earlier than the time provided in such sections if any of the following circumstances apply:

(a) Death or Disability: The Option shall become immediately exercisable in full if Optionee dies or becomes permanently disabled while in the employ of the Company or any Subsidiary. As used herein, “permanently disabled” means that Optionee 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.

(b) Change in Control:

(i) Upon a Change in Control occurring on or before the fourth anniversary of the Date of Grant while Optionee is an employee of the Company or a Subsidiary, to the extent the Option has not been forfeited, the Option shall become immediately exercisable in full, except to the extent a Replacement Award is provided to Optionee for such Option.

(ii) As used in this Agreement, a “Replacement Award” means an award (A) of stock options, (B) that has a value at least equal to the value of the Option, (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 Optionee is subject to U.S. federal income tax under the Code, are not less favorable to Optionee than the tax consequences relative to the Option, (E) that vests in full upon a termination of Optionee’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 Optionee or without Cause by such employer, or upon the death of Optionee or Optionee becoming permanently disabled, 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 Optionee than the terms and conditions of the Option (including the provisions that would apply in

the event of a subsequent Change in Control). Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Option if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 2(b)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(iii) For purposes of Section 2(b)(ii), “Cause” will be defined not less favorably with respect to Optionee than: any intentional act of fraud, embezzlement or theft in connection with Optionee’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 Optionee’s duty of loyalty to the Successor, and no act, or failure to act, on the part of Optionee shall be deemed “intentional” unless done or omitted to be done by Optionee not in good faith and without reasonable belief that Optionee’s action or omission was in or not opposed to the best interest of the Successor; provided, that for any Optionee 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 2(b)(ii), “Good Reason” means: a material reduction in the nature or scope of the responsibilities, authorities or duties of Optionee attached to Optionee’s position held immediately prior to the Change in Control, a change of more than 60 miles in the location of Optionee’s principal office immediately prior to the Change in Control, or a material reduction in Optionee’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.

(c) Divestiture: The Option is immediately exercisable in full if Optionee’s employment with the Company or a Subsidiary terminates as the result of a divestiture. 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 Optionee performs a majority of Optionee’s services whether such disposition is effected by means of a sale of assets, a sale of Subsidiary stock or otherwise.

(d) Layoff: If (i) Optionee’s employment with the Company or a Subsidiary terminates as the result of a layoff and (ii) Optionee is entitled to receive severance pay pursuant to the terms of any severance pay plan of the Company in effect at the time of Optionee’s termination of employment that provides for severance pay calculated by multiplying Optionee’s base compensation by a specified severance period, then the Option shall be exercisable with respect to the total number of Common Shares that would have been exercisable under the provisions of Section 1(a) hereof if Optionee had remained in the employ of the Company through the end of the severance period.

As used herein, “layoff” means the involuntary termination by the Company or any Subsidiary of Optionee’s employment with the Company or any Subsidiary due to (i) a reduction in force leading to a permanent downsizing of the salaried workforce, (ii) a permanent shutdown

of the plant, department or subdivision in which Optionee works, (iii) an elimination of position; or (iv) any or no reason, except for Cause, at the Company's discretion; provided that a termination under clause (iv) shall constitute a "layoff" for purposes of this Agreement only (A) upon the prior approval of the Compensation Committee in the case of an executive officer, or (B) upon the prior approval of the Executive Vice President Organizational Advancement & Corporate Relations or the Executive Vice President & General Counsel in the case of any other terminated Optionee.

3. Termination of Option. The Option shall terminate automatically and without further notice on the earliest of the following dates:

(a) thirty days after the date upon which Optionee ceases to be an employee of the Company or a Subsidiary, unless (i) the cessation of his or her employment (A) is a result of his or her death, permanent disability, retirement with the Company's consent, or early retirement or (B) follows a Change in Control, a divestiture, or a layoff; or (ii) Optionee continues to serve as a director of the Company following the cessation of his or her employment;

(b) three years after the date upon which Optionee ceases to be an employee of the Company or a Subsidiary following (i) a Change in Control, (ii) a divestiture, or (iii) a layoff;

(c) three years after the date upon which Optionee ceases to be an employee of the Company or Subsidiary as a result of early retirement. As used herein, "early retirement" shall mean the retirement of Optionee prior to age 62 under a retirement plan of the Company or a Subsidiary when such retirement is not a retirement with the Company's consent;

(d) five years after the date upon which Optionee ceases to be an employee of the Company or a Subsidiary (i) as a result of his or her death, or (ii) as a result of his or her permanent disability;

(e) five years after the date upon which Optionee ceases to be a director of the Company if he or she continues to serve as a director of the Company following the cessation of his or her employment other than as a result of his retirement with the Company's consent;

(f) ten years after the Date of Grant. (By way of illustration, if (i) Optionee remains an employee of the Company or a Subsidiary until the ten-year anniversary of the Date of Grant, or (ii) Optionee ceases to be an employee of the Company or a Subsidiary as a result of his or her retirement with the Company's consent, the Option shall terminate automatically and without further notice ten years after the Date of Grant.)

In the event Optionee intentionally commits an act that the Committee determines to be materially adverse to the interests of the Company or a Subsidiary, the Option shall terminate at the time of that determination notwithstanding any other provision of this Agreement.

4. Payment of Option Price. The Option Price shall be payable (a) in cash in the form of currency or check or other cash equivalent acceptable to the Company, (b) by transfer to the Company of nonforfeitable, unrestricted Common Shares that have been owned by Optionee for at least six months prior to the date of exercise, (c) subject to any conditions or limitations established

by the Committee, the Company's withholding Common Shares otherwise issuable upon exercise of the Option pursuant to a "net exercise" arrangement, or (d) by any combination of the methods of payment described in Sections 4(a), 4(b) and 4(c) hereof. Nonforfeitable, unrestricted Common Shares that are transferred by Optionee in payment of all or any part of the Option Price and Common Shares withheld by the Company shall be valued on the basis of their Market Value per Share. Subject to the terms and conditions of Section 7 hereof and Section 12 of the Plan, and subject to any deferral election Optionee may have made pursuant to any plan or program of the Company, the Company shall cause certificates, if applicable, for any shares purchased hereunder to be delivered to Optionee upon payment of the Option Price in full.

5. Compliance with Law. Notwithstanding any other provision of this Agreement, the Option shall not be exercisable if the exercise thereof would result in a violation of any applicable law or regulation. To the extent the Ohio Securities Act shall be applicable to the Option, the Option shall not be exercisable unless the Common Shares or other securities covered by the Option are (a) exempt from registration thereunder, (b) the subject of a transaction that is exempt from compliance therewith, (c) registered by description or qualification thereunder or (d) the subject of a transaction that shall have been registered by description thereunder.

6. Transferability and Exercisability.

(a) Except as provided in Section 6(b) below, the Option, including any interest therein, shall not be transferable by Optionee except by will or the laws of descent and distribution upon the death of Optionee, and the Option shall be exercisable during the lifetime of Optionee only by him or her or, in the event of his or her legal incapacity to do so, by his or her guardian or legal representative acting on behalf of Optionee in a fiduciary capacity under state law and court supervision.

(b) Notwithstanding Section 6(a) above, the Option may be transferable by Optionee, without payment of consideration therefor, to any family member of Optionee (as defined in Form S-8), or to one or more trusts established solely for the benefit of such members of the immediate family or to partnerships in which the only partners are such members of the immediate family of Optionee; provided, however, that such transfer will not be effective until notice of such transfer is delivered to the Company; and provided, further, however, that any such transferee is subject to the same terms and conditions hereunder as Optionee.

7. Adjustments. Subject to Section 13 of the Plan, the Committee shall make any adjustments in the Option Price and the number or kind of shares of stock or other securities covered by the Option, or in any other terms of the Option, that the Committee may determine to be equitably required to prevent any dilution or expansion of Optionee's rights under this Agreement that otherwise would result from any (a) stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization or partial or complete liquidation involving the Company or (c) other transaction or event having an effect similar to any of those referred to in subsection (a) or (b) herein. Furthermore, in the event any transaction or event described or referred to in the immediately preceding sentence shall occur, the Committee shall provide in substitution of any or all of Optionee's

rights under this Agreement such alternative consideration as the Committee may determine in good faith to be equitable under the circumstances.

8. Withholding Taxes. If the Company shall be required to withhold any federal, state, local or foreign tax in connection with any exercise of the Option, Optionee shall pay the tax or make provisions that are satisfactory to the Company for the payment thereof. The Optionee may elect to satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares that are issuable to Optionee upon the exercise of the Option. If such election is made, the shares so surrendered by Optionee shall be credited against any such withholding obligation at their Market Value per Share on the date of such surrender. 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). Unless otherwise determined by the Committee at any time, Optionee may surrender Common Shares owned for more than six months to satisfy any tax obligations resulting from any such transaction.

9. Detrimental Activity and Recapture.

(a) Notwithstanding anything in this Agreement, in the event that, as determined by the Committee, Optionee engages in Detrimental Activity during employment with the Company or a Subsidiary, the Option 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 or a 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. As used herein, "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.

(b) If a Restatement occurs and the Committee determines that Optionee is personally responsible in whole or in part for causing the Restatement as a result of Optionee's personal misconduct or any fraudulent activity on the part of Optionee, 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 Option (and the Common Shares underlying the Option) awarded to Optionee for some or all of the years covered by the Restatement. The amount of the Option (and the Common Shares underlying the Option) recovered by the Company shall be limited to the amount by which such Option (and the Common Shares underlying the Option) exceeded the amount that would have been awarded to Optionee 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 shall determine whether the Company shall effect any recovery under this Section 9(b) by: (i) seeking repayment from Optionee; (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 Optionee 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 Optionee 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.

10. No Right to Future Awards or Continued Employment. This Option is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This Option and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Agreement will give Optionee any right to continue employment with the Company or any Subsidiary, as the case may be, or interfere in any way with the right of the Company or a Subsidiary to terminate the employment of Optionee.

11. Relation to Other Benefits. Any economic or other benefit to Optionee under this Agreement or the Plan shall not be taken into account in determining any benefits to which Optionee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of Optionee with respect to the Option without Optionee's consent.

13. Severability. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision in any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.

14. Processing of Information. Information about Optionee and Optionee's participation in the Plan may be collected, recorded and held, used and disclosed for any purpose related to the administration of the Plan. Optionee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third party administrators whether such persons are located within Optionee's country or elsewhere, including the United States of America. The Optionee consents to the processing of information relating to Optionee and Optionee's participation in the Plan in any one or more of the ways referred to above.

15. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio.

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

[SIGNATURES ON FOLLOWING PAGE]

This Agreement is executed by the Company on this ___ day of _____, 20__.

TIMKENSTEEL CORPORATION

By _____
Frank A. DiPiero
Executive Vice President, General Counsel and Secretary

The undersigned Optionee hereby acknowledges receipt of an executed original of this Agreement and accepts the Option granted hereunder, subject to the terms and conditions of the Plan and the terms and conditions hereinabove set forth.

_____ Optionee
Date: _____

TIMKENSTEEL CORPORATION

Time-Based Restricted Stock Unit Agreement

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

WHEREAS, the grant of service-based Restricted Stock Units evidenced hereby was authorized by a resolution of the Compensation Committee (the “Committee”) of the Board that was duly adopted on February 13, 2019, and the execution of a Restricted Stock Unit Agreement in the form hereof (this “Agreement”) was authorized by a resolution of the Committee duly adopted on the same date.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation Amended and Restated 2014 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 Stock Units (the “RSUs”). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein 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 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 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 herein, a “Replacement Award” means an award (A) of service-based restricted stock units, (B) that has a value at least equal to the value of the RSUs, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control), (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 Company or a Subsidiary or their successors in a 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, 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 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 shall be deemed “intentional” unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee’s action or omission was in or not opposed to the best interest of the Successor; 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, 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) Notwithstanding anything in this Agreement to the contrary, if a Replacement Award is provided, any outstanding RSUs which at the time of a Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control.
- (d) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a divestiture, 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, 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 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. For purposes of this Agreement, a "layoff" shall mean 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, 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 Organizational Advancement & Corporate Relations or the Executive Vice President & General Counsel in the case of any other terminated Optionee.

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 is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 6(a) or 6(b)(ii) as though such Change in Control had not occurred.
 - (ii) Death or Disability. 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, 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 or a 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. As used herein, “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.
- (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 shall also determine whether the Company shall 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.

9. Compliance with Law. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any applicable law or regulation.
10. Adjustments. Subject to Section 13 of the Plan, the Committee shall make any adjustments in the number of RSUs or kind of shares of stock or other securities underlying the RSUs covered by this Agreement, or in any other terms of this award, that the Committee may determine to be equitably required to prevent any dilution or expansion of Grantee's rights under this Agreement that otherwise would result from any (a) stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization or partial or complete liquidation involving the Company or (c) other transaction or event having an effect similar to any of those referred to in Section 10(a) or 10(b) hereof. Furthermore, in the event that any transaction or event described or referred to in the immediately preceding sentence shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration as the Committee may determine in good faith to be equitable under the circumstances.
11. Withholding Taxes. If the Company is required to withhold federal, state, local, employment, or foreign taxes, or, to the extent permitted under Section 409A of the Code, any other applicable taxes, in connection with Grantee's right to receive Common Shares under this Agreement (regardless of whether Grantee is entitled to the delivery of any Common Shares at that time), and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of any Common Shares or any other benefit provided for under this Agreement that Grantee make arrangements satisfactory to the Company for payment of the balance of the taxes. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, Grantee may elect that all or any part of such tax obligation be satisfied by the Company's retention of a portion of the Common Shares provided for under this Agreement or by Grantee's surrender of a portion of the Common Shares that he or she has owned for at least 6 months. 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). If an election is made to satisfy Grantee's tax obligation with the release or surrender of Common Shares, the Common Shares shall be credited in the following manner: (a) at the Market Value per Share on the date of delivery if the tax obligations arise due to the delivery of Common Shares under this Agreement; or (b) at the Market Value per Share on the date the tax obligation arises, if for a reason other than the delivery of Common Shares under this Agreement.

12. Right to Terminate Employment. No provision of this Agreement will limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of Grantee at any time.
13. 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.
14. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable to this Agreement; provided, however, that no amendment will adversely affect the rights of Grantee with respect to the Common Shares or other securities covered by this Agreement without Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of Grantee to certain amendments will not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code.
15. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
16. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio.
17. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
18. 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 _____
 Frank A. DiPiero
 Executive Vice President, General Counsel and Secretary

TIMKENSTEEL CORPORATION**Time-Based Restricted Stock Unit Agreement**

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

WHEREAS, the grant of Restricted Stock Units evidenced hereby was authorized by a resolution of the Compensation Committee (the “Committee”) of the Board that was duly adopted on February 13, 2019, and the execution of a Restricted Stock Unit Agreement in the form hereof (this “Agreement”) was authorized by a resolution of the Committee duly adopted on the same date.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation Amended and Restated 2014 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 Stock Units (the “RSUs”). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein 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 (a) to the extent of one-quarter (1/4) of the RSUs on the first anniversary of the Date of Grant if the Grantee shall have been in the continuous employ of the Company or a Subsidiary on such date and (b) to the extent of an additional one-quarter (1/4) of the RSUs on each of the second, third and fourth anniversaries of the Date of Grant so long as Grantee shall have been in the continuous employ of the Company or a Subsidiary on each such date. 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 times 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, 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 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 fourth anniversary of the Date of Grant 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 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 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 herein, a “Replacement Award” means an award (A) of service-based restricted stock units, (B) that has a value at least equal to the value of the RSUs, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control), (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 Company or a Subsidiary or their successors in a 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, 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 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 shall be deemed “intentional” unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee’s action or omission was in or not opposed to the best interest of the Successor; 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, 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) Notwithstanding anything in this Agreement to the contrary, if a Replacement Award is provided, any outstanding RSUs which at the time of a Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control.
- (d) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a divestiture, 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 fourth anniversary of the Date of Grant or the occurrence of a circumstance referenced in Section 4(a) or Section 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 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 end of the severance period or the occurrence of a circumstance referenced in Section 4(a) or Section 4(c), whichever occurs first. For purposes of this Agreement, a "layoff" shall mean 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, 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 Organizational Advancement & Corporate Relations or the Executive Vice President & General Counsel in the case of any other terminated Optionee.

5. Forfeiture of RSUs. Any RSUs that have not Vested pursuant to Section 3 or Section 4 prior to the fourth 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 fourth 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 applicable Vesting date specified in Section 3 for such Vested RSUs (to the extent payment for such Vested RSUs has not previously been made).
 - (b) Other Payment Events. Notwithstanding Section 6(a), to the extent that the RSUs are Vested on the dates set forth below, payment with respect to the RSUs will be made as follows (to the extent payment for such Vested RSUs has not previously been made):
 - (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 is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 6(a) or 6(b)(ii) as though such Change in Control had not occurred.
 - (ii) Death or Disability. 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, 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 “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 or a 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. As used herein, “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.
- (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 shall also determine whether the Company shall 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 after 2016 due to material noncompliance with any financial reporting requirement under the U.S. securities laws applicable to such fiscal year or years.

9. Compliance with Law. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any applicable law or regulation.
10. Adjustments. Subject to Section 13 of the Plan, the Committee shall make any adjustments in the number of RSUs or kind of shares of stock or other securities underlying the RSUs covered by this Agreement, or in any other terms of this award, that the Committee may determine to be equitably required to prevent any dilution or expansion of Grantee's rights under this Agreement that otherwise would result from any (a) stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization or partial or complete liquidation involving the Company or (c) other transaction or event having an effect similar to any of those referred to in Section 10(a) or 10(b) hereof. Furthermore, in the event that any transaction or event described or referred to in the immediately preceding sentence shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration as the Committee may determine in good faith to be equitable under the circumstances.
11. Withholding Taxes. If the Company is required to withhold federal, state, local, employment, or foreign taxes, or, to the extent permitted under Section 409A of the Code, any other applicable taxes, in connection with Grantee's right to receive Common Shares under this Agreement (regardless of whether Grantee is entitled to the delivery of any Common Shares at that time), and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of any Common Shares or any other benefit provided for under this Agreement that Grantee make arrangements satisfactory to the Company for payment of the balance of the taxes. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, Grantee may elect that all or any part of such tax obligation be satisfied by the Company's retention of a portion of the Common Shares provided for under this Agreement or by Grantee's surrender of a portion of the Common Shares that he or she has owned for at least 6 months. 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). If an election is made to satisfy Grantee's tax obligation with the release or surrender of Common Shares, the Common Shares shall be credited in the following manner: (a) at the Market Value per Share on the date of delivery if the tax obligations arise due to the delivery of Common Shares under this Agreement; or (b) at the Market Value per Share on the date the tax obligation arises, if for a reason other than the delivery of Common Shares under this Agreement.

12. Right to Terminate Employment. No provision of this Agreement will limit in any way whatsoever any right that the Company or a Subsidiary may otherwise have to terminate the employment of Grantee at any time.
13. 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.
14. Amendments. Any amendment to the Plan will be deemed to be an amendment to this Agreement to the extent that the amendment is applicable to this Agreement; provided, however, that no amendment will adversely affect the rights of Grantee with respect to the Common Shares or other securities covered by this Agreement without Grantee's consent. Notwithstanding the foregoing, the limitation requiring the consent of Grantee to certain amendments will not apply to any amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code.
15. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
16. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio.
17. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent. Reference to Section 409A of the Code is to Section 409A of the Internal Revenue Code of 1986, as amended, and will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
18. 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 _____, 20 ____.

TimkenSteel Corporation

By _____
 Frank A. DiPiero
 Executive Vice President, General Counsel and Secretary

TIMKENSTEEL CORPORATION

Performance-Based Restricted Stock Unit Agreement

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

WHEREAS, the grant of performance-based Restricted Stock Units evidenced hereby was authorized by a resolution of the Compensation Committee (the “*Committee*”) of the Board that was duly adopted on February 13, 2019, and the execution of a performance-based Restricted Stock Unit Agreement in the form hereof (this “*Agreement*”) was authorized by a resolution of the Committee duly adopted on February 13, 2019.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation Amended and Restated 2014 Equity and Incentive Performance 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 March 1, 2019 (the “*Date of Grant*”), of _____ performance-based Restricted Stock Units (the “*PRsUs*”). All terms used in this Agreement with initial capital letters that are defined in the Plan and not otherwise defined herein shall have the meanings assigned to them in the Plan. Subject to the attainment of the Management Objectives described in **Section 3** of this Agreement, Grantee may earn between 0% and 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 Vest on the basis of the relative achievement of the Management Objective or Management Objectives approved by the Committee on or before the Date of Grant (the “*Performance Metrics*”) for the period from **January 1, 2019 through December 31, 2021**, inclusive (the “*Performance Period*”), as follows:
 - (i) The applicable percentage of the PRsUs earned by Grantee for the Performance Period shall be determined by reference to the Performance Matrix for the Performance Period approved by the

Committee on or before the Date of Grant (the “ *Performance Matrix* ”);

- (ii) In the event the Company’s achievement with respect to any of the Performance Metrics is between the performance levels specified in the Performance Matrix, the applicable percentage of the PRSUs earned by Grantee for the Performance Period shall be determined by the Committee using straight-line interpolation; and
 - (iii) 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, as described in this **Section 3**, have been satisfied.
- (b) If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, the manner in which it conducts business or other events or circumstances render the Performance Metrics specified in this **Section 3** to be unsuitable, the Committee may modify such Performance Metrics or any related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate.
 - (c) All determinations involving the Performance Metrics set forth in this **Section 3** shall be calculated based on U.S. Generally Accepted Accounting Principles in effect at the time the Performance Metrics are established, without regard to any change in accounting standards that may be required by the Financial Accounting Standards Board after the Performance Metrics are established.
 - (d) Subject to **Section 3(a)**, **Section 3(b)** and **Section 3(c)**, 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 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 among the Company and 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 shall Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of

Section 3 if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the 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(a)** 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 shall Vest in a number of PRSUs equal to the product of (i) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of **Section 3** if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the 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(a)** of this Agreement. As used herein, “retire with the Company’s consent” means: (i) the retirement of Grantee prior to age 62 and 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 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, the PRSUs will Vest (except to the extent that a Replacement Award is provided to Grantee for the PRSUs) as follows: the Performance Period will terminate and the Committee as constituted immediately before the Change in Control will determine and certify the Vested PRSUs based on actual performance through the most recent date prior to the Change in Control for which achievement of the Performance Metrics can reasonably be determined; provided, that the number of PRSUs in which Grantee shall so Vest shall be equal to the product of (A) the number of PRSUs in which Grantee would have Vested based on actual performance in accordance with the terms and conditions of this Section 4(c)(i), multiplied by (B) 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 performance determination and the denominator of which is 36. PRSUs that Vest in accordance with this Section 4(c)(i) will be paid as provided for in Section 6(b) of this Agreement.
- (ii) As used in this Agreement, a “ **Replacement Award** ” means an award (A) of performance-based restricted stock units, (B) that has a value at least equal to the value of the PRSUs, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control (or another entity that is affiliated with the Company or its successor following the Change in Control), (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 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, within a period of two years after the Change in Control, based on actual performance through the date of the Change in Control; provided, that the number of PRSUs in which Grantee shall so vest shall be equal to the product of (X) the number

of PRSUs in which Grantee would have vested based on actual performance in accordance with the terms and conditions of this Section 4(c)(ii)(E), 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 date of such termination, death or permanent disability, and the denominator of which is 36, 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 shall be deemed “intentional” unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee’s action or omission was in or not opposed to the best interest of the Successor; 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(b)** 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 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(a)** 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 shall Vest in a number of PRSUs equal to the product of (x) the number of PRSUs in which Grantee would have Vested in accordance with the terms and conditions of **Section 3** 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(a)** 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) 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 Organizational Advancement & Corporate Relations or the Executive Vice President & General Counsel 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** and **Section 6(b)**, 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) Other Payment Event. 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 is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to **Section 6(a)**.
7. No Dividend Equivalents. No dividend equivalents will accrue, be credited or be paid or payable with respect to the PRSUs.
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. As used herein, “ **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.
- (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 earned or payable to Grantee for some or all of the years covered by the Restatement. The amount of any earned or payable PRSUs recovered by the Company shall be limited to the amount by which such earned or payable PRSUs 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 shall determine whether the Company shall 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 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** shall 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 shall not be obligated to issue any of the Common Shares covered by this Agreement if the issuance thereof would result in violation of any law or regulation to which the Company is subject.
10. Adjustments. Subject to **Section 13** of the Plan, the Committee shall make any adjustments in the number of PRSUs or kind of shares of stock or other securities

underlying the PRSUs covered by this Agreement, or in any other terms of this award, that the Committee determines to be equitably required to prevent any dilution or enlargement of Grantee's rights under this Agreement that otherwise would result from any (a) stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization or partial or complete liquidation involving the Company or (c) other transaction or event having an effect similar to any of those referred to in Section 10(a) or 10(b) hereof. Furthermore, in the event any transaction or event described or referred to in the immediately preceding sentence shall occur, or in the event of a Change in Control, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration (including cash) as the Committee determines in good faith to be equitable under the circumstances.

11. Withholding Taxes. If the Company is required to withhold federal, state, local, employment, or foreign taxes, or, to the extent permitted under Section 409A of the Code, any other applicable taxes, in connection with Grantee's right to receive Common Shares under this Agreement (regardless whether Grantee is entitled to the delivery of any Common Shares at that time), and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of any Common Shares or any other benefit provided for under this Agreement that Grantee make arrangements satisfactory to the Company for payment of the balance of the taxes. Grantee may satisfy such tax obligation by paying the Company cash via personal check. Alternatively, Grantee may elect that all or any part of such tax obligation be satisfied by the Company's retention of a portion of the Common Shares provided for under this Agreement or by Grantee's surrender of a portion of the Common Shares that he or she has owned for at least 6 months. 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). If an election is made to satisfy Grantee's tax obligation with the release or surrender of Common Shares, the Common Shares shall be credited in the following manner: (a) at the Market Value per Share on the date of delivery if the tax obligations arise due to the delivery of Common Shares under this Agreement; or (b) at the Market Value per Share on the date the tax obligation arises, if for a reason other than the delivery of Common Shares under this Agreement.
12. 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.
13. 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.

14. 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 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 shall 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.
15. Severability. In the event one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions of this Agreement, and the remaining provisions of this Agreement will continue to be valid and fully enforceable.
16. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio.
17. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent.

[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 _____
Frank A. DiPiero
Executive Vice President, General Counsel & Secretary

TIMKENSTEEL CORPORATION

Deferred Shares Agreement

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

WHEREAS, the grant of Deferred Shares evidenced hereby was authorized by a resolution of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company that was duly adopted on February 13, 2019 (the “Date of Grant”), and the execution of a Deferred Shares Agreement in the form hereof (this “Agreement”) was authorized by a resolution of the Committee duly adopted on the same date.

NOW, THEREFORE, pursuant to the Company’s Amended and Restated 2014 Equity and Incentive Compensation Plan (the “Plan”) and subject to the terms and conditions thereof, in addition to the terms and conditions of this Agreement, the Company confirms to Grantee the grant of the right to receive (i) _____ Common Shares and (ii) dividend equivalents payable in cash on a deferred basis (the “Deferred Cash Dividends”) with respect to the Common Shares covered by this Agreement. 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. Five-Year Vesting of Awards.

- (a) Normal Vesting: Subject to the terms and conditions of Sections 2 and 3 hereof, Grantee’s right to receive the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto shall become nonforfeitable on the fifth anniversary of the Date of Grant if Grantee has been in the continuous employ of the Company or a Subsidiary from the Date of Grant until the date of said fifth anniversary.

For purposes of this Agreement, Grantee’s continuous employment with the Company or a Subsidiary shall 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 any transfer of employment between or among the Company and its Subsidiaries.

- (b) Vesting Upon Retirement with Consent: In the event Grantee should retire with the Company’s consent prior to the fifth anniversary of the Date of Grant, then, subject to the payment provisions of Section 5 hereof, Grantee’s right to receive the Common Shares covered by this Agreement, along with any Deferred Cash Dividends accumulated with respect thereto, shall become nonforfeitable in accordance with the terms and conditions of Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the date of the fifth anniversary of the Date of Grant or the occurrence of an event referenced in Section 2, whichever occurs first.

As used herein, “retirement with the Company’s consent” means: (i) the retirement of Grantee prior to age 62 and 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 eligible to retire under a retirement plan of the Company or a Subsidiary.

2. Alternative Vesting of Awards .

Notwithstanding the provisions of Section 1 hereof, and subject to the payment provisions of Section 5 hereof, Grantee’s right to receive the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto may become nonforfeitable if any of the following circumstances apply:

- (a) Death or Disability : Grantee’s right to receive the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto shall become nonforfeitable immediately if Grantee dies or becomes permanently disabled while in the employ of the Company or any Subsidiary. If Grantee dies or becomes permanently disabled during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Sections 1(b), 2(c) or 2(d), then the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto will become nonforfeitable immediately, except that, to the extent Section 2(d) applies, the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto will become nonforfeitable immediately only to the extent the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto would have become nonforfeitable during the severance period.

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 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) Change in Control:

- (i) Upon a Change in Control occurring during the five-year period described in Section 1(a) above while Grantee is an employee of the Company or a Subsidiary, to the extent the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto have not been forfeited, the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto shall become nonforfeitable immediately (except to the extent a Replacement Award is provided to Grantee for such Common Shares and Deferred Cash Dividends). If Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Sections 1(b), 2(c) or 2(d), upon a Change in Control prior to the fifth anniversary of the Date of Grant, then the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto will become nonforfeitable immediately, except that, to the extent Section 2(d) applies, the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto will become nonforfeitable immediately only to the extent the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto would have become nonforfeitable during the severance period.
- (ii) As used herein, a “Replacement Award” means an award (A) of service-based deferred shares, (B) that has a value at least equal to the value of the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto, (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 Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto, (E) that vests in full upon a termination of Grantee’s employment with the Company or a Subsidiary or their successors in a 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, within a period of two years after the Change in Control, and (F) the other terms and conditions of which are not less favorable to Grantee than the terms and conditions of the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may

be granted only to the extent it conforms to the requirements of Treasury Regulation 1.409A-3(i)(5)(iv)(B) or otherwise does not result in the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto, or 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 Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto if the requirements of the preceding sentence are satisfied. The determination of whether the conditions of this Section 2(b)(ii) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

- (iii) For purposes of Section 2(b)(ii), “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 shall be deemed “intentional” unless done or omitted to be done by Grantee not in good faith and without reasonable belief that Grantee’s action or omission was in or not opposed to the best interest of the Successor; 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 2(b)(ii), “Good Reason” means a material reduction in the nature or scope of the responsibilities, authorities or duties of Grantee attached to Grantee’s position held immediately prior to the Change in Control, a change of more than 60 miles in the location of Grantee’s principal office immediately prior to the Change in Control, or a material reduction in Grantee’s remuneration upon or after the Change in Control; provided, that no later than 90 days following an event constituting Good Reason Grantee gives notice to the Successor of the occurrence of such event and the Successor fails to cure the event within 30 days following the receipt of such notice.
- (iv) Notwithstanding anything in this Agreement to the contrary, if a Replacement Award is provided, any outstanding Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto which at the time of a Change in Control are not subject to a “substantial risk of forfeiture” (within the meaning of Section 409A of the Code) will be deemed to be nonforfeitable at the time of such Change in Control.

- (c) Divestiture: If Grantee's employment with the Company or a Subsidiary terminates as the result of a divestiture, then the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto shall become nonforfeitable in accordance with the terms and conditions of Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the fifth anniversary of the Date of Grant or the occurrence of a circumstance referenced in Sections 2(a) or 2(b), 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.

- (d) 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's right to receive the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto shall become nonforfeitable in accordance with the terms and conditions of Section 1(a) as if Grantee had remained in the continuous employ of the Company or a Subsidiary from the Date of Grant until the end of the severance period or the occurrence of a circumstance referenced in Sections 2(a) or 2(b), whichever occurs first. Notwithstanding the foregoing, in the event Grantee's employment is terminated as a result of layoff after Grantee becomes eligible for retirement at or after age 62 and eligible to retire under a retirement plan of the Company or a Subsidiary, then Section 1(b) shall govern.

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 (i) a reduction in force leading to a permanent downsizing of the salaried workforce, (ii) a permanent shutdown of the plant, department or subdivision in which Grantee works, (iii) an elimination of position or (iv) any or no reason, except for Cause, at the Company's discretion; provided that a termination under clause (iv) shall constitute a "layoff" for purposes of this Agreement only (A) upon the prior approval of the Compensation Committee in the case of an executive officer, or (B) upon the prior approval of the Executive Vice President Organizational Advancement & Corporate Relations or the Executive Vice President & General Counsel in the case of any other terminated Optionee.

3. Forfeiture of Awards. Grantee's right to receive the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto shall be

forfeited automatically and without further notice on the date Grantee ceases to be an employee of the Company or a Subsidiary prior to the fifth anniversary of the Date of Grant for any reason other than as described in Sections 1 or 2 hereof. In the event Grantee intentionally commits an act that the Committee determines to be materially adverse to the interests of the Company or a Subsidiary, Grantee's right to receive the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto shall be forfeited at the time of that determination notwithstanding any other provision of this Agreement.

4. Crediting of Deferred Cash Dividends. With respect to each of the Common Shares covered by this Agreement, Grantee shall be credited on the records of the Company with Deferred Cash Dividends in an amount equal to the amount per share of any cash dividends declared by the Board on the outstanding Common Shares during the period beginning on the Date of Grant and ending on the date on which Grantee receives payment of the Common Shares covered by this Agreement pursuant to Section 5 hereof, or at the time the Common Shares covered by this Agreement are forfeited in accordance with Section 3 of this Agreement. The Deferred Cash Dividends shall accumulate without interest.
5. Payment of Awards.
 - (a) General: Subject to Section 3 and Section 5(b), payment for the Common Shares covered by this Agreement that are nonforfeitable and any Deferred Cash Dividends accumulated with respect thereto will be made within 10 days following the fifth anniversary of the Date of Grant.
 - (b) Other Payment Events: Notwithstanding Section 5(a), to the extent the Common Shares covered by this Agreement are nonforfeitable on the dates set forth below, payment with respect to the Common Shares covered by this Agreement that have become nonforfeitable and any Deferred Cash Dividends accumulated with respect thereto will be made as follows:
 - (i) Change in Control. Upon a Change in Control, Grantee is entitled to receive payment for the Common Shares covered by this Agreement that are nonforfeitable and any Deferred Cash Dividends accumulated with respect thereto 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 is entitled to receive the corresponding payment on the date that would have otherwise applied pursuant to Sections 5(a) or 5(b) (ii) as though such Change in Control had not occurred.
 - (ii) Death or Disability. On the date of Grantee's death or the date Grantee becomes permanently disabled, Grantee is entitled to receive payment for the Common Shares covered by this Agreement that are nonforfeitable and any Deferred Cash Dividends accumulated with respect thereto on such date.

6. Compliance with Law. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any of the Common Shares covered by this Agreement or pay any Deferred Cash Dividends accumulated with respect thereto if the issuance or payment thereof would result in violation of any applicable law or regulation. To the extent the Ohio Securities Act shall be applicable to this Agreement, the Company shall not be obligated to issue any of the Common Shares or other securities covered by this Agreement or pay any Deferred Cash Dividends accumulated with respect thereto unless such Common Shares and Deferred Cash Dividends are (a) exempt from registration thereunder, (b) the subject of a transaction that is exempt from compliance therewith, (c) registered by description or qualification thereunder or (d) the subject of a transaction that shall have been registered by description thereunder.
7. Transferability. Neither Grantee's right to receive the Common Shares covered by this Agreement nor his or her right to receive any Deferred Cash Dividends is transferable by Grantee except by will or the laws of descent and distribution upon Grantee's death. Any purported transfer in violation of this Section 7 is null and void, and the purported transferee shall obtain no rights with respect to the purported transfer.
8. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Grantee).
9. Adjustments. Subject to Section 13 of the Plan, the Committee shall make any adjustments in the number or kind of shares of stock or other securities covered by this Agreement, or in any other terms of this award, that the Committee may determine to be equitably required to prevent any dilution or expansion of Grantee's rights under this Agreement that otherwise would result from any (a) stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) merger, consolidation, separation, reorganization or partial or complete liquidation involving the Company or (c) other transaction or event having an effect similar to any of those referred to in subsection (a) or (b) herein. Furthermore, in the event any transaction or event described or referred to in the immediately preceding sentence shall occur, the Committee shall provide in substitution of any or all of Grantee's rights under this Agreement such alternative consideration as the Committee may determine in good faith to be equitable under the circumstances.
10. Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any delivery of Common Shares to Grantee, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such delivery that Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. Grantee may elect that all or any part of such withholding requirement be satisfied by retention by the

Company of a portion of the Common Shares delivered to Grantee. If such election is made, the shares so retained shall be credited against such withholding requirement at the Market Value per Share on the date of such delivery.

11. Detrimental Activity and Recapture.

- (a) Notwithstanding anything in this Agreement, in the event that, as determined by the Committee, Grantee engages in Detrimental Activity during employment with the Company or a Subsidiary, the Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto 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 or a 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. As used herein, “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.

(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 Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto earned or payable to Grantee for some or all of the years covered by the Restatement. The amount of any earned or payable Common Shares covered by this Agreement and any Deferred Cash Dividends accumulated with respect thereto recovered by the Company shall be limited to the amount by which such earned or payable Common Shares and Deferred Cash Dividends 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 shall also determine whether the Company shall effect any recovery under this Section 11(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.

12. No Right to Future Awards or Employment. This award is a voluntary, discretionary bonus being made on a one-time basis and it does not constitute a commitment to make any future awards. This award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Agreement gives Grantee any right to continue employment with the Company or any Subsidiary, as the case may be, or limits in any way

whatsoever any right that the Company or a Subsidiary may otherwise have to terminate Grantee's employment at any time.

13. Relation to Other Benefits. Any economic or other benefit to Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.
14. Processing of Information. Information about Grantee and Grantee's award of Common Shares and Deferred Cash Dividends may be collected, recorded and held, used and disclosed for any purpose related to the administration of the award. Grantee understands that such processing of this information may need to be carried out by the Company and its Subsidiaries and by third party administrators whether such persons are located within Grantee's country or elsewhere, including the United States of America. Grantee consents to the processing of information relating to Grantee and Grantee's receipt of the Common Shares and Deferred Cash Dividends in any one or more of the ways referred to above.
15. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that subject to the provisions of Section 8 hereof no amendment shall adversely affect the rights of Grantee with respect to either the Common Shares or other securities covered by this Agreement or the Deferred Cash Dividends without Grantee's consent.
16. Severability. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision in any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid.
17. Governing Law. This Agreement is made under, and shall be construed in accordance with, the internal substantive laws of the State of Ohio.
18. Relation to Plan. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan.

[SIGNATURES ON FOLLOWING PAGE]

This Agreement is executed by the Company on this ___ day of _____, 20__.

TimkenSteel Corporation

By:

Frank A. DiPiero
Executive Vice President, General
Counsel and Secretary

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

Grantee

Date:

CERTIFICATION

I, Ward J. Timken, Jr., 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 officers 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 2, 2019

/s/ Ward J. Timken, Jr.

Ward J. Timken, Jr.
Chairman, 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 officers 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 2, 2019

/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 March 31, 2019, 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 2, 2019

/s/ Ward J. Timken, Jr.

Ward J. Timken, Jr.
Chairman, Chief Executive Officer and President
(Principal Executive Officer)

Date: May 2, 2019

/s/ Kristopher R. Westbrooks

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