TIMKENSTEEL CORP

FORM 10-Q
(Quarterly Report)

Filed 05/11/15 for the Period Ending 03/31/15

Address	1835 DUEBER AVENUE SW CANTON, OH 44706-0928
Telephone	330-471-7000
CIK	0001598428
Symbol	TMST
SIC Code	3312 - Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills
Fiscal Year	12/31

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, 2015

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	**46-4024951**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1835 Dueber Avenue SW, Canton, OH	**44706**
(Address of principal executive offices)	(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	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2015
Common Shares, without par value	44,763,083

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PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

TimkenSteel Corporation
Consolidated Statements of Income (Unaudited)

	Three Months Ended March 31,	
	2015	**2014**
(Dollars in millions, except per share data)		
Net sales	**$388.7**	$389.5
Cost of products sold	**347.1**	316.0
Gross Profit	**41.6**	73.5
Selling, general and administrative expenses	**29.1**	24.3
Impairment charges	**0.4**	—
Operating Income	**12.1**	49.2
Interest expense	**0.1**	—
Other expense (income), net	**0.9**	(1.6)
Income Before Income Taxes	**11.1**	50.8
Provision for income taxes	**4.2**	17.2
Net Income	**$6.9**	$33.6
Per Share Data:		
Basic earnings per share	**$0.15**	$0.73
Diluted earnings per share	**$0.15**	$0.73
Dividends per share	**$0.14**	$—

See accompanying Notes to the Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended March 31,	
	2015	**2014**
(Dollars in millions)		
Net Income	**$6.9**	$33.6
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	**(0.9)**	(0.2)
Pension and postretirement liability adjustment	**6.5**	—
Other comprehensive income (loss), net of tax	**5.6**	(0.2)
Comprehensive Income, net of tax	**$12.5**	$33.4

See accompanying Notes to the Unaudited Consolidated Financial Statements.

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TimkenSteel Corporation
Consolidated Balance Sheets (Unaudited)

(Dollars in millions)	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash and cash equivalents	**$31.0**	$34.5
Accounts receivable, net of allowances	**166.7**	167.1
2015 - $0.5 million; 2014 - $0.2 million		
Inventories, net	**277.2**	293.8
Deferred income taxes	**20.3**	20.3
Prepaid expenses	**8.2**	28.0
Other current assets	**9.1**	7.6
Total Current Assets	**512.5**	551.3
Property, Plant and Equipment, Net	**765.4**	771.9
Other Assets		
Pension assets	**8.8**	8.0
Intangible assets, net	**33.0**	30.3
Other non-current assets	**2.5**	2.6
Total Other Assets	**44.3**	40.9
Total Assets	**$1,322.2**	$1,364.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, trade	**$96.8**	$120.2
Salaries, wages and benefits	**27.6**	49.1
Accrued pension and postretirement cost	**17.8**	17.8
Income taxes payable	**—**	0.3
Other current liabilities	**26.8**	38.1
Total Current Liabilities	**169.0**	225.5
Non-Current Liabilities		
Long-term debt	**195.2**	185.2
Accrued pension and postretirement cost	**113.9**	119.1
Deferred income taxes	**82.3**	75.1
Other non-current liabilities	**9.6**	11.1
Total Non-Current Liabilities	**401.0**	390.5
Commitments and contingencies	**—**	—
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 2015 - 45.7 million shares; 2014 - 45.7 million shares; outstanding 2015 - 44.8 million shares; 2014 - 44.8 million shares	**—**	—
Additional paid-in capital	**1,049.4**	1,050.7
Retained earnings	**30.0**	29.4
Treasury shares	**(35.5)**	(34.7)
Accumulated other comprehensive loss	**(291.7)**	(297.3)

Total Shareholders' Equity	**752.2**	748.1
Total Liabilities and Shareholders' Equity	**$1,322.2**	$1,364.1

See accompanying Notes to the Unaudited Consolidated Financial Statements.

TimkenSteel Corporation
Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended March 31,	
	2015	**2014**
(Dollars in millions)		
CASH PROVIDED (USED)		
Operating Activities		
Net income	**$6.9**	$33.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**17.6**	13.6
Impairment charges	**0.4**	—
Loss (gain) on sale or disposal of assets	**0.2**	(0.2)
Deferred income taxes	**3.6**	—
Stock-based compensation expense	**2.0**	0.9
Pension and postretirement expense	**8.6**	—
Pension and postretirement contributions and payments	**(5.2)**	—
Changes in operating assets and liabilities:		
Accounts receivable, including due from related party	**0.4**	(29.0)
Inventories, net	**16.6**	(2.5)
Accounts payable, including due to related party	**(23.4)**	27.1
Other accrued expenses	**(31.3)**	0.1
Prepaid expenses	**19.8**	—
Other, net	**(1.6)**	1.8
Net Cash Provided by Operating Activities	**14.6**	45.4
Investing Activities		
Capital expenditures	**(17.9)**	(33.0)
Proceeds from sale of assets	**0.2**	—
Net Cash Used by Investing Activities	**(17.7)**	(33.0)
Financing Activities		
Cash dividends paid to shareholders	**(6.3)**	—
Purchase of treasury shares	**(4.7)**	—
Proceeds from exercise of stock options	**1.1**	—
Payment on long-term debt	**(20.0)**	—
Proceeds from issuance of debt	**30.0**	—
Net transfers to Parent and subsidiaries	**(0.5)**	(12.4)
Net Cash Used by Financing Activities	**(0.4)**	(12.4)
Effect of exchange rate changes on cash	**—**	—
Decrease In Cash and Cash Equivalents	**(3.5)**	—
Cash and cash equivalents at beginning of period	**34.5**	—
Cash and Cash Equivalents at End of Period	**$31.0**	$—

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

TimkenSteel Corporation (TimkenSteel) became an independent company as a result of the distribution on June 30, 2014 by The Timken Company (Timken) of 100 percent of the outstanding common shares of TimkenSteel to Timken shareholders. Each Timken shareholder of record as of the close of business on June 23, 2014 received one TimkenSteel common share for every two Timken common shares held as of the record date for the distribution. TimkenSteel common shares trade on the New York Stock Exchange under the ticker symbol “TMST.”

Prior to the spinoff on June 30, 2014, TimkenSteel operated as a reportable segment of Timken. The accompanying Unaudited Consolidated Financial Statements for periods prior to the separation have been prepared from Timken’s historical accounting records and are presented on a stand-alone basis as if the operations had been conducted independently from Timken. The Unaudited Consolidated Financial Statements for periods prior to the separation include the historical results of operations, assets and liabilities of the legal entities that are considered to comprise TimkenSteel. The historical results of operations and cash flows of TimkenSteel presented in the Unaudited Consolidated Financial Statements for periods prior to the separation may not be indicative of what they would have been had TimkenSteel actually been a separate stand-alone entity during such periods, nor are they necessarily indicative of TimkenSteel’s future results of operations and cash flows.

The accompanying unaudited Consolidated Financial Statements have been prepared 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, 2014 .

Certain items previously reported in specific financial statement captions in the prior year have been reclassified to conform to the fiscal 2015 presentation.

Note 2 - Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-05, “Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement.” This ASU clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. It is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. TimkenSteel is currently evaluating the impact of the adoption of this ASU on its results of operations and financial condition.

In April 2015, the FASB issued ASU 2015-03, “Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.” This ASU amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, with early adoption permitted. TimkenSteel is currently evaluating the impact of the adoption of this accounting standard update on its results of operations and financial condition.

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” This ASU is intended to define management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for reporting periods beginning after December 15, 2016, with early adoption permitted. The adoption of ASU 2014-15 did not affect the results of operations and financial condition of TimkenSteel.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606),” which provides guidance for revenue recognition. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. This ASU will supersede the revenue recognition requirements in Topic 605, “Revenue Recognition,” and most industry-specific guidance. This ASU also supersedes some cost guidance included in Subtopic 605-35, “Revenue Recognition-Construction-Type and Production-Type Contracts.” The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under today’s guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The standard will be effective for TimkenSteel in the first quarter of fiscal year 2017. Early adoption is not permitted. On April 1, 2015, the FASB voted to propose a one-year deferral of the effective date of ASU 2014-09, but to permit entities to adopt the standard on the original effective date if they choose. TimkenSteel 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 as of March 31, 2015 and December 31, 2014 were as follows:

	March 31, 2015	December 31, 2014
Inventories, net:		
Manufacturing supplies	**$40.6**	$38.5
Raw materials	**51.3**	56.8
Work in process	**93.4**	110.3
Finished products	**94.8**	91.1
Subtotal	**280.1**	296.7
Allowance for surplus and obsolete inventory	**(2.9)**	(2.9)
Total Inventories, net	**$277.2**	$293.8

Inventories are valued at the lower of cost or market, with approximately 65% 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 the first-in, first-out (FIFO), 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.

The LIFO reserve as of March 31, 2015 and December 31, 2014 was $80.7 million and $86.7 million , respectively. TimkenSteel projects that its LIFO reserve will decrease for the year ending December 31, 2015 based on lower anticipated costs, particularly scrap steel costs and anticipated lower inventory quantities, slightly offset by higher manufacturing costs.

Note 4 - Property, Plant and Equipment

The components of property, plant and equipment, net as of March 31, 2015 and December 31, 2014 were as follows:

	March 31, 2015	December 31, 2014
Property, Plant and Equipment, net:		
Land and buildings	**$359.3**	$292.4
Machinery and equipment	**1,336.4**	1,183.0
Construction-in-progress	**72.1**	288.3
Subtotal	**1,767.8**	1,763.7
Less allowances for depreciation	**(1,002.4)**	(991.8)
Property, Plant and Equipment, net	**$765.4**	$771.9

Total depreciation expense was $15.9 million and $12.7 million for the three months ended March 31, 2015 and 2014 , respectively. TimkenSteel recorded capitalized interest of $1.0 million for the three months ended March 31, 2015 . Prior to the spinoff, TimkenSteel capitalized interest allocated from Timken related to construction projects of $2.6 million for the three months ended March 31, 2014 . TimkenSteel recorded impairment charges of $0.4 million related to the discontinued use of certain assets during the three months ended March 31, 2015 .

Note 5 - Intangible Assets

The components of intangible assets, net as of March 31, 2015 and December 31, 2014 were as follows:

	March 31, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible Assets Subject to Amortization:						
Customer relationships	**$6.8**	**$2.5**	**$4.3**	$6.8	$2.4	$4.4
Technology use	**9.0**	**4.2**	**4.8**	9.0	4.1	4.9
Capitalized software	**55.0**	**31.1**	**23.9**	50.6	29.6	21.0
Total Intangible Assets	**$70.8**	**$37.8**	**$33.0**	$66.4	$36.1	$30.3

Intangible assets subject to amortization are amortized on a straight-line method over their legal or estimated useful lives, with useful lives ranging from three to 15 years . Amortization expense for intangible assets for the three months ended March 31, 2015 and 2014 was $1.7 million and $0.9 million , respectively.

Note 6 - Financing Arrangements

The components of long-term debt as of March 31, 2015 and December 31, 2014 were as follows:

	March 31, 2015	December 31, 2014
Variable-rate State of Ohio Water Development Revenue Refunding Bonds, maturing on November 1, 2025 (0.02% as of March 31, 2015)	**$12.2**	$12.2
Variable-rate State of Ohio Air Quality Development Revenue Refunding Bonds, maturing on November 1, 2025 (0.02% as of March 31, 2015)	**9.5**	9.5
Variable-rate State of Ohio Pollution Control Revenue Refunding Bonds, maturing on June 1, 2033 (0.02% as of March 31, 2015)	**8.5**	8.5
Revolving credit facility, due 2019 (LIBOR plus applicable spread)	**165.0**	155.0
Total Long-Term Debt	**$195.2**	$185.2

Credit Facility

On June 30, 2014, TimkenSteel entered into a credit facility with JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, National Association, as syndication agent, Bank of America, N.A. and HSBC Bank USA, National Association, as co-documentation agents, and the other lenders and arrangers party thereto. The credit facility has a term of five years through June 30, 2019 and provides for a committed revolving credit line of up to $300.0 million . The credit facility includes an expansion option allowing TimkenSteel to request additional commitments of up to $150.0 million in term loans or revolving credit commitments, subject to certain conditions and approvals as set forth in the credit agreement. The credit facility provides a $50.0 million sublimit for multicurrency loans, a $50.0 million sublimit for letters of credit and a $30.0 million sublimit for swing line loans.

The credit facility may be used for working capital and asset renewal and acquisition and is secured by a first priority lien on substantially all of the assets of TimkenSteel and its subsidiaries.

TimkenSteel is required to maintain a certain capitalization ratio and interest coverage ratio as well as minimum liquidity balances as set forth in the credit agreement. As of March 31, 2015 , TimkenSteel was in compliance with these ratios and liquidity requirements, as well as the additional covenants contained in the credit agreement. The credit agreement also provides the lenders with the ability to reduce the credit line amount even if TimkenSteel is in compliance with all conditions of the credit agreement upon a material adverse change to the business, properties, assets, financial condition or results of operations of TimkenSteel. Subject to certain limited exceptions, the credit agreement contains a number of restrictions that limit TimkenSteel's ability to incur additional indebtedness, pledge its assets as security, guarantee obligations of third parties, make investments, undergo a merger or consolidation, dispose of assets, or materially change its line of business, among other things. In addition, the credit agreement includes a cross-default provision whereby an event of default under other debt obligations, as defined in the credit agreement, will be considered an event of default under the credit agreement.

Borrowings under the credit facility bear interest based on the daily balance outstanding at LIBOR (with no rate floor), plus an applicable margin (varying from 1.25% to 2.25%) or, in certain cases, an alternate base rate (based on certain lending institutions' Prime Rate or as otherwise specified in the credit agreement, with no rate floor), plus an applicable margin (varying from 0.25% to 1.25%). The credit facility also carries a commitment fee equal to the unused borrowings multiplied by an applicable margin (varying from 0.20% to 0.40%). The applicable margins are calculated quarterly and vary based on TimkenSteel's consolidated capitalization ratio as set forth in the credit agreement. The interest rate under the revolving credit facility was 1.69% as of March 31, 2015 . The amount available under the credit facility as of March 31, 2015 was $134.0 million .

Revenue Refunding Bonds

On June 1, 2014, Timken purchased, in lieu of redemption, the State of Ohio Water Development Revenue Refunding Bonds (Water Bonds), State of Ohio Air Quality Development Revenue Refunding Bonds (Air Quality Bonds) and State of Ohio Pollution Control Revenue Refunding Bonds (Pollution Control Bonds) (collectively, Bonds). Pursuant to an Assignment and Assumption Agreement dated June 24, 2014 (Assignment) between Timken and TimkenSteel, Timken assigned all of its right, title and interest in and to the loan agreements and the notes associated with the Bonds to, and these obligations were assumed by, TimkenSteel. Additionally, replacement letters of credit were issued for the Water Bonds and the Pollution Control Bonds. The Bonds were remarketed on June 24, 2014 (Remarketing Date) in connection with the conversion of the interest rate mode for the Bonds to the weekly rate and the delivery of the replacement letters of credit, as applicable. TimkenSteel is responsible for payment of the interest and principal associated with the Bonds subsequent to the Remarketing Date.

All of TimkenSteel's long-term debt is variable-rate debt and, as a result, the carrying value of this debt is a reasonable estimate of fair value as interest rates on these borrowings approximate current market rates, which is considered a Level 2 input.

Note 7 - Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the three months ended March 31, 2015 and 2014 by component are as follows:

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance at December 31, 2014	($4.8)	($292.5)	($297.3)
Other comprehensive (loss) income before reclassifications, before income tax	(0.9)	0.8	(0.1)
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	9.1	9.1
Income tax benefit	—	(3.4)	(3.4)
Net current period other comprehensive (loss) income, net of income tax	(0.9)	6.5	5.6
Balance at March 31, 2015	**($5.7)**	**($286.0)**	**($291.7)**

	Foreign Currency Translation Adjustments	Pension and Postretirement Liability Adjustments	Total
Balance at December 31, 2013	($0.4)	$—	($0.4)
Other comprehensive loss before reclassifications, before income tax	(0.2)	—	(0.2)
Amounts reclassified from accumulated other comprehensive loss, before income tax	—	—	—
Income tax benefit	—	—	—
Net current period other comprehensive loss, net of income tax	(0.2)	—	(0.2)
Balance at March 31, 2014	($0.6)	$—	($0.6)

The reclassification of the pension and postretirement liability adjustment was included in costs of products sold and selling, general and administrative expenses in the Unaudited Consolidated Statements of Income. These components are included in the computation of net periodic benefit cost.

Note 8 - Changes in Shareholders' Equity

Changes in the components of shareholders' equity for the three months ended March 31, 2015 were as follows:

	Total	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss
Balance as of December 31, 2014	$748.1	$1,050.7	$29.4	($34.7)	($297.3)
Net income	6.9	—	6.9	—	—
Pension and postretirement adjustment, net of tax	6.5	—	—	—	6.5
Foreign currency translation adjustments	(0.9)	—	—	—	(0.9)
Stock-based compensation expense	2.0	2.0	—	—	—
Dividends – $0.14 per share	(6.3)	—	(6.3)	—	—
Net transfer to Parent and subsidiaries	(0.5)	(0.5)	—	—	—
Stock option exercise activity	1.1	1.1	—	—	—
Purchase of treasury shares	(2.9)	—	—	(2.9)	—
Issuance of treasury shares	—	(3.9)	—	3.9	—
Shares surrendered for taxes	(1.8)	—	—	(1.8)	—
Balance as of March 31, 2015	**$752.2**	**$1,049.4**	**$30.0**	**($35.5)**	**($291.7)**

Note 9 - Retirement and Postretirement Plans

The components of net periodic benefit cost for the three months ended March 31, 2015 and 2014 were as follows:

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
Components of net periodic benefit cost:	**Pension**	**Postretirement**	**Pension**	**Postretirement**
Service cost	**$4.2**	**$0.4**	$—	$—
Interest cost	**13.0**	**2.4**	—	—
Expected return on plan assets	**(18.8)**	**(1.7)**	—	—
Amortization of prior service cost	**0.1**	**0.3**	—	—
Amortization of net actuarial loss	**8.6**	**0.1**	—	—
Allocated benefit cost from Timken	**—**	**—**	4.4	1.7
Net Periodic Benefit Cost	**$7.1**	**$1.5**	$4.4	$1.7

Prior to the spinoff, employees of TimkenSteel participated in various retirement and postretirement benefit plans sponsored by Timken. Because Timken provided these benefits to eligible employees and retirees of TimkenSteel, the costs to participating employees of TimkenSteel in these plans were reflected in the Unaudited Consolidated Financial Statements, while the related assets and liabilities were retained by Timken. Expense allocations for these benefits were determined based on a review of personnel by business unit and based on allocations of corporate and other shared functional personnel. All cost allocations related to the various retirement benefit plans have been deemed paid by TimkenSteel to Timken in the period in which the cost was recorded in the Unaudited Consolidated Statements of Income as a component of cost of products sold and selling, general and administrative expenses. Allocated benefit costs from Timken were funded through intercompany transactions.

Note 10 - Earnings Per Share

On June 30, 2014, 45.4 million TimkenSteel common shares were distributed to Timken shareholders in conjunction with the spinoff. For comparative purposes, and to provide a more meaningful calculation for weighted average shares, this amount was assumed to be outstanding as of the beginning of each period presented prior to the spinoff in the calculation of basic weighted average shares. In addition, for the dilutive weighted average share calculations, the dilutive securities outstanding at June 30, 2014 were assumed to also be outstanding at each of the periods presented prior to the spinoff. For the three months ended March 31, 2015 and 2014 , 1.3 million and 0.2 million of equity-based awards, respectively, were excluded from the computation of diluted earnings per share because their effect would have been anti-dilutive.

The following table sets forth the reconciliation of the numerator and the denominator of basic earnings per share and diluted earnings per share for the three months ended March 31, 2015 and 2014 :

	Three Months Ended March 31,	
	2015	**2014**
Numerator:		
Net income for basic and diluted earnings per share	**$6.9**	$33.6
Denominator:		
Weighted average shares outstanding, basic	**44,769,679**	45,729,624
Dilutive effect of stock-based awards	**250,344**	519,883
Weighted average shares outstanding, diluted	**45,020,023**	46,249,507
Basic earnings per share	**$0.15**	$0.73
Diluted earnings per share	**$0.15**	$0.73

Note 11 - Segment Information

TimkenSteel operates and reports financial results for two segments: Industrial & Mobile and Energy & Distribution. These segments represent the level at which the chief operating decision maker (CODM) reviews the financial performance of TimkenSteel and makes operating decisions. Segment earnings before interest and taxes (EBIT) is the measure of profit and loss that the CODM uses to evaluate the financial performance of TimkenSteel and is the basis for resource allocation, performance reviews and compensation. For these reasons, TimkenSteel believes that Segment EBIT represents the most relevant measure of segment profit and loss. The CODM may exclude certain charges or gains from EBIT, such as corporate charges and other special charges, to arrive at a Segment EBIT that is a more meaningful measure of profit and loss upon which to base operating decisions. TimkenSteel defines Segment EBIT margin as Segment EBIT as a percentage of net sales.

TimkenSteel changed the method by which certain costs and expenses are allocated to its reportable segments beginning with the third quarter of 2014. The change reflects a refinement of its internal reporting to align with the way management now makes operating decisions and manages the growth and profitability of its business as an independent company subsequent to the spinoff from Timken. This change corresponds with management’s current approach to allocating costs and resources and assessing the performance of its segments. TimkenSteel reports segment information in accordance with the provisions of FASB Accounting Standards Codification 280, “Segment Reporting.” There has been no change in the total consolidated financial condition or results of operations previously reported as a result of the change in its segment cost structure. All periods presented have been adjusted to reflect this change.

Industrial & Mobile

The Industrial & Mobile segment is a leading provider of high-quality air-melted alloy steel bars, tubes, precision components and value-added services. For the industrial market sector, TimkenSteel sells to original equipment manufacturers including agriculture, construction, machinery, military, mining, power generation and rail. For the mobile market sector, TimkenSteel sells to automotive customers including light-vehicle, medium-truck and heavy-truck applications. Products in this segment are in applications including engine, transmission and driveline components, large hydraulic system components, military ordnance, mining and construction drilling applications and other types of equipment.

Energy & Distribution

The Energy & Distribution segment is a leading provider of high-quality air-melted alloy steel bars, seamless tubes and value-added services such as thermal treatment and machining. The Energy & Distribution segment offers unique steel chemistries in various product configurations to improve customers' performance in demanding drilling, completion and production activities. Application of TimkenSteel's engineered material solutions can be found in both offshore and land-based drilling rig activities. Vertical and horizontal drilling and completion applications include high strength drill string components and specialized completion tools that enable hydraulic fracturing for shale gas and oil. Distribution channel activity also is conducted through this segment. Distribution channel activity constitutes direct sales of steel bars and seamless mechanical tubes to distributors. TimkenSteel authorized service centers enable TimkenSteel to collaborate with various independent service centers to deliver differentiated solutions for end users.

	Three Months Ended March 31,	
	2015	**2014**
Net Sales:		
Industrial & Mobile	**$233.5**	$231.8
Energy & Distribution	**155.2**	157.7
	$388.7	$389.5
Segment EBIT:		
Industrial & Mobile	**$4.5**	$27.3
Energy & Distribution	**4.6**	28.2
Total Segment EBIT	**$9.1**	$55.5
Unallocated [(1)]	**2.1**	(4.7)
Interest expense	**0.1**	—
Income Before Income Taxes	**$11.1**	$50.8

[(1)] Unallocated are costs associated with strategy, corporate development, tax, treasury, legal, internal audit, LIFO and general administration expenses.

Energy & Distribution intersegment sales to the Industrial & Mobile segment were approximately $0.2 million in each of the three months ended March 31, 2015 and 2014 .

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 period(s) in which they occur.

	Three Months Ended March 31,	
	2015	**2014**
Provision for income taxes	**$4.2**	$17.2
Effective tax rate	**37.8%**	33.9%

The effective tax rate for the three months ended March 31, 2015 was higher than the U.S. federal statutory rate of 35% due primarily to U.S. state and local taxes and the effect of other permanent differences. This was partially offset by the tax benefit associated with non-U.S. earnings taxed at a rate less than the U.S. statutory rate.

The effective tax rate for the three months ended March 31, 2014 was lower than the U.S. federal statutory rate of 35% due primarily to the U.S. manufacturing deduction. This factor was partially offset by U.S. state and local taxes.

Note 13 - Contingencies

TimkenSteel has a number of loss exposures that are incurred in the ordinary course of business such as environmental claims, product liability claims, product warranty claims, litigation and accounts receivable reserves. 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.

Environmental Matters

From time to time, TimkenSteel may be a party to lawsuits, claims or other proceedings related to environmental matters and/or may receive notices of potential violations of environmental laws and regulations from the U.S. Environmental Protection Agency and similar state or local authorities. TimkenSteel recorded reserves for such environmental matters as other current liabilities on the Unaudited Consolidated Balance Sheets. Accruals related to such environmental matters represent management's best estimate of the fees and costs associated with these matters. Although it is not possible to predict with certainty the outcome of such matters, management believes that their ultimate dispositions should not have a material adverse effect on TimkenSteel's financial position, cash flows, or results of operations.

Balance at December 31, 2014	**$1.3**
Expenses	**—**
Payments	**(0.1)**
Balance at March 31, 2015	**$1.2**

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

(dollars in millions, except per share data)

Business Overview

TimkenSteel traces its roots back to The Timken Roller Bearing Company, which was founded in 1899 by carriage-maker/inventor Henry Timken and his two sons. By 1913, the company launched its first formal research facility, centered on improving the quality of the raw materials used to make its bearings. Early research demonstrated the superiority of bearing steel made in electric-arc furnaces (rather than existing Bessemer and open hearth processes), and that finding, coupled with a desire to ensure a dependable supply of premium steel in the years leading into World War I, led to the decision to competitively produce steel in-house. When The Timken Roller Bearing Company's Canton, Ohio steel plant became operational in 1917, it included one of the largest electric arc-furnace facilities in the country.

We manufacture alloy steel, as well as carbon and micro-alloy steel, with an annual melt capacity of approximately two million tons. Our portfolio includes special bar quality (SBQ) bars, seamless mechanical tubing and precision steel components. In addition, we supply machining and thermal treatment services, as well as manage raw material recycling programs, which are used as a feeder system for our operations. We focus on research and development to devise solutions to our customers' toughest engineering challenges and then leverage those answers into new product offerings. Based on our internal estimates, we have historically supplied, on average, approximately 30% of the seamless mechanical tube demand in the United States.

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 the North American steel producers. In addition, we are the only steel manufacturer with capabilities of developing 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 100% recycled steel, using our expertise in raw materials to create custom steel products with a competitive cost structure similar to that of a high-volume producer.

We operate in and report financial results for two segments: 1) Industrial & Mobile and 2) Energy & Distribution. Our customers include companies in the following market sectors: oil and gas; automotive; industrial equipment; mining; construction; rail; aerospace and defense; heavy truck; agriculture; and power generation. A significant portion of our production facilities services all of our end markets across both reportable segments.

Capital Investments

Our recent investments are expected to significantly strengthen our position as a leader in providing differentiated solutions for the energy, industrial and automotive market sectors, while enhancing our operational performance and customer service capabilities.

On July 17, 2014, we announced plans to invest in additional advanced quench-and-temper heat-treat capacity. The $40 million facility, which we expect will be fully operational within two years, will perform quench-and-temper heat-treat operations and, we believe, will have capacity for up to 50,000 process-tons annually of 4-inch to 13-inch bars and tubes. On October 8, 2014, we announced that this facility will be located in Perry Township, Ohio on the site of our Gambrinus Steel Plant near three existing thermal treatment facilities. This facility will be larger than each of our three existing thermal treatment facilities in Canton, Ohio.

In October 2014, we cast our first heat on the world's largest jumbo bloom vertical caster, which cost approximately $200 million, excluding capitalized interest. We expect, once fully ramped, the new caster will improve yield by approximately 15%, increase annual finished ton capacity by up to 125,000 tons and expand our product range servicing the energy and industrial market sectors by providing large bar capabilities unique in the United States. As of March 31, 2015, approximately $198 million of costs had been incurred related to the new caster.

Results of Operations

	Three Months Ended March 31,			
	2015	**2014**	**$ Change**	**% Change**
Net sales	**$388.7**	$389.5	($0.8)	(0.2)%
Net sales, excluding surcharges	**313.6**	300.0	13.6	4.5%
Gross profit	**41.6**	73.5	(31.9)	(43.4)%
Gross margin	**10.7%**	18.9%	NM	(820) bps
Selling, general and administrative expenses	**29.1**	24.3	4.8	19.8%
Net income	**6.9**	33.6	(26.7)	(79.5)%
Scrap index per ton	**335**	440	(105)	(23.9)%
Shipments (in tons)	**271,102**	249,873	21,229	8.5%
Average selling price per ton, including surcharges	**$1,434**	$1,559	($125)	(8.0)%
Capacity utilization	**66.2%**	65.0%	NM	120 bps

Net Sales

Net sales for the first quarter of 2015 were $388.7 million , a decrease of $0.8 million compared to the first quarter of 2014 . Excluding surcharges, net sales increased $13.6 million , or 4.5% . The increase was driven by higher shipments of approximately 7% in the Industrial & Mobile segment and approximately 11% in the Energy & Distribution segment. Our customer demand drove higher volume in both segments.

Gross Profit

Gross profit for the first quarter of 2015 was $41.6 million , a decrease of $31.9 million , or 43.4% , compared to the first quarter of 2014 . The decrease in gross profit was driven primarily by raw material spread of approximately $22 million, higher manufacturing costs of approximately $16 million and price/mix of approximately $7 million, partially offset by higher volume of approximately $8 million and LIFO income of $6 million. The unfavorable raw material spread was driven by timing associated with our customer surcharge mechanism. Our surcharge mechanism is designed to mitigate the impact of increases or decreases in raw material costs, although generally with a lag. As a result, we end up with a timing difference between how much we pay for scrap and the surcharge recovery. While surcharge generally protects gross profit, it had the effect of diluting gross margin as a percentage of sales in the first quarter of 2015. Manufacturing costs were higher due primarily to increased maintenance and consumable costs of $10 million, depreciation expense associated with the caster and higher pension and postretirement costs due to a change in the actuarial mortality table and pension and postretirement discount rates.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses for the first quarter of 2015 increased $4.8 million , or 19.8% , compared to the first quarter of 2014 . The increase was due primarily to corporate costs to operate as a stand-alone independent organization.

Provision for Income Taxes

	Three Months Ended March 31,			
	2015	**2014**	**$ Change**	**% Change**
Provision for income taxes	**$4.2**	$17.2	($13.0)	(75.6)%
Effective tax rate	**37.8%**	33.9%	NM	390 bps

The increase in the effective tax rate in the first quarter of 2015 compared to the first quarter of 2014 was due primarily to the loss of a tax benefit associated with the U.S. manufacturing deduction, which is not expected to be available in 2015.

Business Segments

Industrial & Mobile	Three Months Ended March 31,			
	2015	2014	$ Change	% Change
Net sales	**$233.5**	$231.8	$1.7	0.7%
Net sales, excluding surcharges	**189.0**	179.3	9.7	5.4%
EBIT	**4.5**	27.3	(22.8)	(83.5)%
EBIT margin	**1.9%**	11.8%	NM	(990) bps
Shipments (in tons)	**164,167**	153,787	10,380	6.7%
Average selling price per ton, including surcharges	**$1,422**	$1,507	($85)	(5.6)%

Industrial & Mobile segment net sales increased $1.7 million , or 0.7% , in first quarter of 2015 compared to the first quarter of 2014 . Excluding surcharges, net sales increased 5.4% . The increase was driven by higher volume in the industrial and automotive market sector. Industrial sales increased as demand grew from the general industrial, machinery and rail market sectors. Mobile sales increased in line with expanding North American automotive demand.

EBIT decreased $22.8 million , or 83.5% , in first quarter of 2015 due to raw material spread of approximately $13 million, higher allocated manufacturing costs of approximately $11 million and incremental SG&A expenses to operate as a stand-alone independent organization of approximately $4 million, partially offset by higher volume of approximately $5 million. Refer to the “Gross Profit” section above for a discussion of the raw material spread and manufacturing costs.

Energy & Distribution	Three Months Ended March 31,			
	2015	2014	$ Change	% Change
Net sales	**$155.2**	$157.7	($2.5)	(1.6)%
Net sales, excluding surcharges	**124.6**	120.7	3.9	3.2%
EBIT	**4.6**	28.2	(23.6)	(83.7)%
EBIT margin	**3.0%**	17.9%	NM	(1490) bps
Shipments (in tons)	**106,935**	96,086	10,849	11.3%
Average selling price per ton, including surcharges	**$1,451**	$1,641	($190)	(11.6)%

Energy & Distribution segment net sales decreased $2.5 million , or 1.6% , during the first quarter of 2015 compared to the first quarter of 2014 . Excluding surcharges, net sales increased 3.2% . The increase was primarily driven by higher volume across both the energy and distribution market sectors.

EBIT decreased $23.6 million , or 83.7% , during the first quarter of 2015 compared to the first quarter of 2014. The decrease was driven by the raw material spread of approximately $9 million, price/mix of approximately $8 million, higher allocated manufacturing costs of approximately $6 million and incremental SG&A expenses to operate as a stand-alone independent organization of approximately $2 million, partially offset by higher volume of approximately $3 million. Refer to the “Gross Profit” section above for a discussion of the raw material spread and manufacturing costs.

Unallocated	Three Months Ended March 31,			
	2015	2014	$ Change	% Change
LIFO	**$6.0**	$0.4	$5.6	1,400.0%
Corporate expenses	**(3.9)**	(5.1)	1.2	(23.5)%
Unallocated	**2.1**	(4.7)	6.8	(144.7)%
Unallocated % to net sales	**0.5%**	(1.2)%	NM	170 bps

Unallocated are costs associated with strategy, corporate development, tax, treasury, legal, internal audit, LIFO and general administration expenses. Unallocated costs decreased $6.8 million for the first quarter of 2015 compared to the first quarter of 2014 due primarily to higher LIFO income of $6 million .

Net Sales, Excluding Surcharges

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes discussions of net sales adjusted to exclude raw material surcharges, which represents a financial measure that has not been determined in accordance with U.S. GAAP. Generally, as we experience fluctuations in our costs, we reflect them as increases or decreases through our customer surcharge mechanism with the goal of being essentially cost neutral. We believe presenting net sales to exclude surcharges provides a more consistent basis for comparing our core operating results.

TimkenSteel	**Three Months Ended March 31,**	
	2015	**2014**
Net sales	**$388.7**	$389.5
Less: surcharge revenue	**75.1**	89.5
Net sales, excluding surcharges	**$313.6**	$300.0

Industrial & Mobile	**Three Months Ended March 31,**	
	2015	**2014**
Net sales	**$233.5**	$231.8
Less: surcharge revenue	**44.5**	52.5
Net sales, excluding surcharges	**$189.0**	$179.3

Energy & Distribution	**Three Months Ended March 31,**	
	2015	**2014**
Net sales	**$155.2**	$157.7
Less: surcharge revenue	**30.6**	37.0
Net sales, excluding surcharges	**$124.6**	$120.7

The Balance Sheet

The following discussion is a comparison of the Unaudited Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014 :

Current Assets	**March 31, 2015**	**December 31, 2014**
Cash and cash equivalents	**$31.0**	$34.5
Accounts receivable, net	**166.7**	167.1
Inventories, net	**277.2**	293.8
Deferred income taxes	**20.3**	20.3
Prepaid expenses	**8.2**	28.0
Other current assets	**9.1**	7.6
Total Current Assets	**$512.5**	$551.3

Refer to the "Liquidity and Capital Resources" section in this Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the decrease in cash and cash equivalents. Inventories decreased by approximately $17 million due to efforts to reduce inventory to align with anticipated sales volumes as well as lower scrap cost compared to the first quarter of 2014. Prepaid expenses decreased by approximately $20 million due primarily to the refund of a tax receivable that existed as of December 31, 2014 .

Property, Plant and Equipment	March 31, 2015	December 31, 2014
Property, plant and equipment, net	**$765.4**	$771.9

Property, plant and equipment, net decreased $6.5 million from the balance as of December 31, 2014 . The decrease in property, plant and equipment, net was due to depreciation expense of approximately $16 million partially offset by capital expenditures, excluding accruals, of approximately $10 million during the first quarter of 2015.

Other Assets	March 31, 2015	December 31, 2014
Pension assets	**$8.8**	$8.0
Intangible assets, net	**33.0**	30.3
Other non-current assets	**2.5**	2.6
Total Other Assets	**$44.3**	$40.9

Intangible assets, net increased $2.7 million from the balance as of December 31, 2014 . The increase in intangible assets, net was driven by approximately $5 million of expenditures for capitalized software partially offset by approximately $2 million of amortization in the first quarter of 2015.

Liabilities and Shareholders' Equity	March 31, 2015	December 31, 2014
Current liabilities	**$169.0**	$225.5
Long-term debt	**195.2**	185.2
Accrued pension and postretirement cost	**113.9**	119.1
Deferred income taxes	**82.3**	75.1
Other non-current liabilities	**9.6**	11.1
Total shareholders' equity	**752.2**	748.1
Total Liabilities and Shareholders' Equity	**$1,322.2**	$1,364.1

Current liabilities decreased to $169.0 million as of March 31, 2015 as compared to $225.5 million as of December 31, 2014 . The decrease was due primarily to a decrease in accounts payable of approximately $23 million resulting from lower inventory purchases as discussed above, as well as a decrease of approximately $22 million in accrued salaries, wages and benefits driven by the variable compensation payout made to employees in the first quarter of 2015 related to 2014 year-end performance. Long-term debt increased for the period due to additional borrowings under our revolving credit facility. Accrued pension and postretirement cost decreased related to payments on the postretirement plans partially offset by the recognition of quarterly expense. The increase in our non-current deferred income taxes related primarily to the utilization of non-current deferred tax assets as well as recognition of the non-current deferred tax liability related to pension and postretirement expense during the first quarter of 2015. Refer to Note 8 - " Changes in Shareholders' Equity " in the Notes to our Unaudited Consolidated Financial Statements for details of the increase in shareholders' equity.

Liquidity and Capital Resources

Based on historical performance and current expectations, we believe our cash and cash equivalents, the cash generated from our operations, availability under our credit facility and our ability to access capital markets will satisfy our working capital needs, capital expenditures, quarterly dividends, share repurchases and other liquidity requirements associated with our operations for at least the next twelve months.

Cash Flows

The following table reflects the major categories of cash flows for the three months ended March 31, 2015 and 2014 . For additional details, please see the Unaudited Consolidated Statements of Cash Flows contained elsewhere in this quarterly report.

Cash Flows	Three Months Ended March 31,	
	2015	**2014**
Net cash provided by operating activities	**$14.6**	$45.4
Net cash used by investing activities	**(17.7)**	(33.0)
Net cash used by financing activities	**(0.4)**	(12.4)
Decrease in Cash and Cash Equivalents	**($3.5)**	$—

Operating activities

Net cash provided by operating activities for the three months ended March 31, 2015 and 2014 was $14.6 million and $45.4 million , respectively. The $30.8 million decrease was primarily the result of an approximately $27 million decrease in net income as well as an increased use of cash related to changes in our accounts payable and other accrued expense balances partially offset by cash provided by the changes in our accounts receivable, inventories, net and prepaid expense balances.

Investing activities

Net cash used by investing activities for the three months ended March 31, 2015 and 2014 was $17.7 million and $33.0 million , respectively. Cash used for investing activities primarily relates to capital investments in our production processes. The approximately $15 million decrease in capital spending was due to lower spending related to the jumbo bloom vertical caster as the project nears completion compared to the first quarter of 2014.

Our business sometimes requires capital investments to remain competitive and to ensure we can implement strategic initiatives. Our $72.1 million construction-in-progress balance as of March 31, 2015 includes: (a) $26 million relating to growth initiatives (i.e., new product offerings, additional capacity and new capabilities) and continuous improvement projects; and (b) $46 million relating primarily to routine capital costs to maintain the reliability, integrity and safety of our manufacturing equipment and facilities. We expect to incur approximately $11 million of additional costs including approximately $4 million relating to additional growth initiatives and continuous improvement and approximately $7 million of additional costs to complete other remaining projects. These additional costs are expected to be incurred during the next one to three years.

Financing activities

Net cash used by financing activities for the three months ended March 31, 2015 was $0.4 million due primarily to cash dividends of $6 million paid to shareholders, the repurchase of outstanding shares at a cost of approximately $3 million and share-based compensation activity of approximately $2 million , which were almost entirely offset by $10 million of borrowings, net of repayments, under the credit facility.

Financing activities were a use of cash for the three months ended March 31, 2014 due to cash transfers of $12.4 million to The Timken Company.

Credit Facility

On June 30, 2014, we entered into a credit facility with JPMorgan Chase Bank, N.A., as administrative agent, PNC Bank, National Association, as syndication agent, Bank of America, N.A. and HSBC Bank USA, National Association, as co-documentation agents, and the other lenders and arrangers party thereto. The credit facility has a term of five years through June 30, 2019 and provides for a committed revolving credit line of up to $300.0 million . The credit facility includes an expansion option allowing us to request additional commitments of up to $150.0 million in term loans or revolving credit commitments, subject to certain conditions and approvals as set forth in the credit agreement. The credit facility provides a $50.0 million sublimit for multicurrency loans, a $50.0 million sublimit for letters of credit and a $30.0 million sublimit for swing line loans.

We are required to maintain a certain capitalization ratio and interest coverage ratio as well as minimum liquidity balances as set forth in our credit agreement. As of March 31, 2015 , we were in compliance with these ratios and liquidity requirements, as well as the additional covenants contained in the credit agreement. The maximum consolidated capitalization ratio permitted under the credit facility is 0.50. As of March 31, 2015 , our consolidated capitalization ratio was 0.21. The minimum consolidated interest coverage ratio permitted under the credit facility is 3.0. As of March 31, 2015 , our consolidated interest coverage ratio was 182.9. The minimum liquidity required under the credit facility is $50 million. As of March 31, 2015 , our liquidity was $165.0 million.

We expect to remain in compliance with our debt covenants. However, we may need to limit our borrowings on the revolving commitment in order to remain in compliance. As of March 31, 2015, we are currently able to borrow the full amount available under our credit facility and still remain in compliance with our debt covenants. The amount available under the credit facility as of March 31, 2015 was $134.0 million .

Dividends and Share Repurchases

On May 6, 2015, our Board of Directors declared a quarterly cash dividend of $0.14 cents per share. The dividend will be paid on June 4, 2015 to shareholders of record as of May 21, 2015.

On August 6, 2014, our Board of Directors approved a share repurchase plan pursuant to which we may repurchase up to three million of our outstanding common shares in the aggregate. This share repurchase plan expires on December 31, 2016. We may repurchase such shares from time to time in open market purchases or privately negotiated transactions. We are not obligated to acquire any particular amount of common shares and may commence, suspend or discontinue purchases at any time or from time to time without prior notice. We may make all or part of these purchases pursuant to accelerated share repurchases or Rule 10b5-1 plans. From inception through March 31, 2015 , $33.5 million was used to repurchase 929,185 shares under the share repurchase plan. Common shares repurchased are held as treasury shares.

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.

There have been no material changes to these policies during the three months ended March 31, 2015 . For a summary of the critical accounting policies and estimates that we used in the preparation of our Unaudited Consolidated Financial Statements, see our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on March 2, 2015.

New Accounting Guidance

See Note 2 to our Unaudited Consolidated Financial Statements entitled “ Recent Accounting Pronouncements ” for a discussion of recently issued accounting pronouncements.

Forward-Looking Statements

Certain statements set forth in this 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," "would," or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Form 10-Q. We caution readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of us due to a variety of factors, such as:

- our ability to realize the expected benefits of the spinoff from The Timken Company;
- the costs associated with being an independent public company, which may be higher than anticipated;
- 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 continue 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 (including the jumbo bloom vertical caster and advanced quench-and-temper facility); 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, environmental issues and taxes, among other matters;
- changes in worldwide financial markets, including 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 and the amount and timing of any repurchases of our common shares; and
- those items identified under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC.

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 consist entirely of variable-rate debt, principally borrowings under our revolving credit facility. 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, 2015 , we have $195.2 million of aggregate debt outstanding, all of which 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 approximately $2.0 million annually, with a corresponding decrease in income from operations before income taxes of the same amount.

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 derivative 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 is lower, however, the surcharge impacts sales prices to a lesser extent.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)). Based upon that evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

(b) Changes in Internal Control Over Financial Reporting

During the Company’s most recent fiscal quarter, there have been no changes in the Company’s internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under “Risk Factors” in our Annual Report on Form 10-K 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

The following table provides information about purchases by the Company of its common shares during the quarter ended March 31, 2015 .

Period	Total number of shares purchased [1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs [2]
1/01/15 – 1/31/15	78,687	$30.67	75,263	2,091,815
2/01/15 – 2/28/15	82,696	$29.74	21,000	2,070,815
3/01/15 – 3/31/15	171	$29.98	—	2,070,815
Total	161,554	$30.19	96,263	2,070,815

(1) Consists of 3,424, 61,696 and 171 shares surrendered or deemed surrendered to the Company in connection with the Company's share-based compensation plans in January, February and March, respectively.

(2) On August 6, 2014, the Company announced that its Board of Directors approved a share purchase plan pursuant to which the Company may purchase up to 3 million of its common shares in the aggregate. This share purchase plan expires on December 31, 2016. The Company may purchase such shares from time to time in open market purchases or privately negotiated transactions. The Company may make all or part of these purchases pursuant to accelerated share repurchases or Rule 10b5-1 plans.

Item 6. Exhibits

Exhibit Number	Exhibit Description
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.
10.1‡*	Amended and Restated TimkenSteel Corporation 2014 Deferred Compensation Plan
10.2‡*	Amended and Restated TimkenSteel Corporation Director Deferred Compensation Plan
10.3‡*	Form of Nonqualified Stock Option Agreement
10.4‡*	Form of Time-Based Restricted Stock Unit Agreement (Cliff Vesting)
10.5‡*	Form of Time-Based Restricted Stock Unit Agreement (Ratable Vesting)
10.6‡*	Form of Performance-Based Restricted Stock Unit Agreement
10.7‡*	Form of Deferred Shares Agreement
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.

‡ Indicates management contract or compensatory plan, contract or arrangement in which one or more directors or executive officers of the Registrant may be participants

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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 11, 2015

/s/ Christopher J. Holding

Christopher J. Holding
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

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101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

TIMKENSTEEL CORPORATION
2014 DEFERRED COMPENSATION PLAN

(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2015)

TimkenSteel Corporation (the "Company") adopted the 2014 Deferred Compensation Plan (the "Plan"), effective June 30, 2014. The Plan provides key executives with the opportunity to defer base salary, incentive compensation payments payable in cash or Common Shares, and certain Company contributions, in accordance with the provisions set forth below. The Plan was formed as a result of a spin-off (the "Spin-Off"), effective June 30, 2014 (the "Spin-Off Date") of certain assets and liabilities from The Timken Company 1996 Deferred Compensation Plan (As Amended and Restated Effective December 31, 2010) (the "Timken Plan") relating to the benefits accrued for the Transferred Participants. The Plan is a continuation of and successor to the Timken Plan solely with respect to the Transferred Participants. Any election, waiver, consent, or designation made by a Participant or a Beneficiary under the Timken Plan prior to the Spin-Off Date that was recognized as valid by the Timken Plan immediately prior to the Spin-Off Date will be recognized by this Plan as a valid election, waiver, consent, or designation, as applicable. Effective as of the Spin-Off Date, the Transferred Participants will cease to be participants in the Timken Plan and shall become participants in this plan.

The Company desires to amend the Plan to make certain changes to the Plan deemed desirable in the administration of the Plan, and to restate the Plan as so amended effective January 1, 2015.

ARTICLE I

DEFINITIONS

For the purposes of the Plan, the following words and phrases shall have the meanings indicated in this Article I. Certain other words and phrases are defined throughout the Plan and shall have the meaning so ascribed to them.

1. "Account" shall mean a bookkeeping account maintained on behalf of each Participant pursuant to Section 4 of Article II that is comprised of (i) the Base Salary Subaccount that is credited with Base Salary deferred by a Participant, (ii) the Incentive Compensation Subaccount that is credited with cash Incentive Compensation deferred by a Participant, (iii) a Vested Excess Core Contribution Subaccount that is credited with Vested Excess Core Contributions deferred by a Participant, and (iv) an Unvested Excess Core Contributions Subaccount that is credited with Unvested Excess Core Contributions deferred (or deemed deferred) by a Participant. A separate subaccount shall be maintained for Incentive Compensation payable in the form of Common Shares. Certain Participants may also have a separate Timken Shares Subaccount maintained for Incentive Compensation that is payable in the form of Timken Shares, as provided in Section 4(v) of Article II. A Participant's Account(s) shall be further divided into the following subaccounts: (a) a "Pre-2005 Subaccount" for amounts deferred by a Participant as of December 31, 2004 (and earnings and losses thereon) as determined under Treasury Regulation Section 1.409A-6(a) or any successor provision, and (b) a "Post-2004 Subaccount" for amounts deferred for purposes of Section 409A of the Code by a Participant after December 31, 2004 (and earnings and losses thereon). Amounts in the Pre-2005 Subaccounts are intended to qualify for "grandfathered" status pursuant to Treasury Regulation Section 1.409A-6(a) and therefore they shall be subject to the terms and conditions specified in the Timken Plan as in effect prior to January 1, 2005 which shall be considered part of this Plan to the extent applicable to a Transferred Participant's Pre-2005 Subaccount. A Participant's Account(s) shall be credited with earnings as described in Section 4 of Article II of the Plan.

2. “Base Salary” shall mean the annual fixed or base compensation, payable monthly or otherwise to a Participant.

3. “Beneficiary” or “Beneficiaries” shall mean the person or persons designated by a Participant in accordance with the Plan to receive payment of the remaining balance of the Participant’s Account(s) in the event of the death of the Participant prior to receipt of the entire amount credited to the Participant’s Account(s).

4. “Board” shall mean the Board of Directors of the Company.

5. “Code” shall mean the Internal Revenue Code of 1986, as

amended.

6. “Change in Control” shall mean the occurrence of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either: (1) the then-outstanding Common Shares; or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (“Voting Shares”); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company; (B) any acquisition by the Company; (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries; or (D) any acquisition by any Person pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (iii); or

(ii) Individuals who, as of the Spin-Off Date, constitute the Board (the “Incumbent Board”) cease for any reason (other than death or disability) to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Spin-Off Date whose election, or nomination for election by the Company’s shareholders, was approved by a vote or the approval of at least a majority of the directors then comprising the Incumbent Board (either by a specific vote or written action or by approval of the proxy statement of the Corporation in which such person is named as a nominee for director, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Common Shares and Voting Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 66-2/3% of, respectively, the then-outstanding common shares and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Common

Shares and Voting Shares of the Company, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding common shares of the entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

7. "Committee" shall mean the Compensation Committee of the Board or such other Committee as may be authorized by the Board to administer the Plan.

8. "Common Shares" shall mean shares of common stock without par value of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 8 of Article II of the Plan.

9. "Company" shall mean TimkenSteel Corporation and its successors, including, without limitation, the surviving corporation resulting from any merger or consolidation of TimkenSteel Corporation with any other corporation or corporations.

10. "Deferral Election" shall mean the Election Agreement (or portion thereof) completed by a Participant and filed with the Company that indicates the percentage or dollar amount of his or her Base Salary, Incentive Compensation and/or Excess Core Contributions that is or will be deferred under the Plan for the Deferral Period.

11. "Deferral Period" shall mean the Year that commences after each Election Filing Date, provided that a Deferral Period with respect to Performance Units and Restricted Stock Units granted under the Long-Term Incentive Plans may be a period of more than one Year.

12. "Election Agreement" shall mean an agreement in the form that the Company may designate from time to time that is consistent with the terms of the Plan.

13. "Election Filing Date" shall mean December 31 of the Year immediately prior to the first day of the Year (or other Deferral Period described in Section 11 of this Article) for which Base Salary, Incentive Compensation and/or Excess Core Contributions would otherwise be earned.

14. "Eligible Employee" shall mean an employee of the Company (or a Subsidiary that has adopted the Plan) who meets the requirements of the following clauses (i) and (ii):

(i) the employee is a participant in the Annual Performance Award Plan or the Senior Executive Management Performance Plan of the Company, and

(ii) the employee is a "highly compensated employee" within the meaning of Section 414(q) of the Code (determined in the same manner determined under the tax-qualified defined contribution plan in which the employee is a participant, if applicable to such plan).

15. "Employee Matters Agreement" shall mean the Employee Matters Agreement which The Timken Company and the Company entered into in connection with the Spin-Off.

16. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

17. “Excess Company Contributions” shall mean the amount of Company contributions that would be made for a Participant’s benefit to the Savings and Investment Pension Plan with respect to his Excess Deferrals, based on his elections under the Savings and Investment Pension Plan, or on the basis of his compensation in excess of the limitation under Section 401(a)(17) of the Code.

18. “Excess Core Contributions” shall mean Excess Company Contributions, other than the Company contributions that are made with respect to a Participant’s Excess Deferrals.

19. “Excess Deferrals” shall mean the amount of a Participant’s salary reduction contributions under the Savings and Investment Pension Plan that are in excess of the limits imposed by Sections 402(g) and 401(a)(17) of the Code.

20. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

21. “Forfeitable Right” shall mean the right to payment of Base Salary, Incentive Compensation and/or Excess Core Contributions in a subsequent year that is subject to a forfeiture condition requiring the Eligible Employee to remain an employee with the Company or a Subsidiary through at least the 12-month anniversary of the date on which the Eligible Employee obtains the legally binding right to the Forfeitable Right. For purposes of this Section 1.20 and Section 2(ii)(3), a Forfeitable Right will be considered to be subject to a forfeiture condition even if such right to payment could become nonforfeitable upon death, disability (as defined in Treasury Regulation Section 1.409A-3(i)(4)), or a change in control event (as defined in Treasury Regulation Section 1.409A-3(i)(5)).

22. “Forfeitable Rights Filing Date” shall mean the date that is 30 days after the date an Eligible Employee first obtains a legally binding right to a Forfeitable Right.

23. “Incentive Compensation” shall mean (i) cash incentive compensation earned as an employee pursuant to an incentive compensation plan now in effect or hereafter established by the Company, including, without limitation, the Senior Executive Management Performance Plan , the Annual Performance Award Plan, the Long-Term Incentive Plans, and Excess Deferrals and Excess Company Contributions (other than Excess Core Contributions) and (ii) incentive compensation payable in the form of Common Shares pursuant to the Long-Term Incentive Plans (other than restricted shares or options) or any similar plan approved by the Committee for purposes of the Plan.

24. “Incentive Filing Date” shall mean the date six months prior to the end of a performance period with respect to which certain Incentive Compensation is earned.

25. “Long-Term Incentive Plans” shall mean The TimkenSteel Corporation 2014 Equity and Incentive Compensation Plan or other similar long-term incentive plans, as amended from time to time.

26. “Participant” shall mean any Eligible Employee who has at any time elected to defer the receipt of Base Salary, Incentive Compensation, or Excess Core Contributions in accordance with the Plan, or any Transferred Participant.

27. “Payment Election” shall mean the Election Agreement (or portion thereof) completed by a Participant and filed with the Company that indicates the time of the commencement of a payment and the form of a payment of that portion of the Participant’s Base Salary, Incentive Compensation and/or Excess Core Contributions that is deferred pursuant to a Deferral Election under the Plan. A Payment Election shall include such an election made by a Transferred Participant under the Timken Plan.

28. “Plan” shall mean this deferred compensation plan, which shall be known as the TimkenSteel Corporation 2014 Deferred Compensation Plan. The Plan is a continuation of and successor to the Timken Plan.

29. “Savings and Investment Pension Plan” shall mean The TimkenSteel Corporation Savings and Investment Pension Plan.

30. “Specified Employee” shall mean a “specified employee” with respect to the Company (or a controlled group member) determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code and Treasury Regulation Section 1.409A-1(i) or any successor provision.

31. “Subsidiary” shall mean any corporation, joint venture, partnership, unincorporated association or other entity in which the Company has a direct or indirect ownership or other equity interest and directly or indirectly owns or controls more than 50 percent of the total combined voting or other decision-making power.

32. “Termination of Employment” means a separation from service within the meaning of Treasury Regulation Section 1.409A-1(h)(1).

33. “Timken Shares” shall mean shares of common stock without par value of The Timken Company that are payable to certain Participants, as provided in Section 4(v) of Article II.

34. “Transferred Participant” shall mean (i) an individual who, as of the close of business on the Spin-Off Date, is employed by the Company or a Subsidiary of the Company and who immediately prior to the Spin-Off Date was a participant in the Timken Plan, and (ii) any former employee of The Timken Company or its affiliates who immediately prior to the Spin-Off Date was a participant in the Timken Plan and who is designated by The Timken Company and the Company as a former employee whose employment was associated with the business of the Company at the time of the individual's termination of employment with The Timken Company or its affiliates.

35. “Unforeseeable Emergency” means an event that results in severe financial hardship to a Participant resulting from (a) an illness or accident of the Participant or his or her spouse, dependent (as defined in Section 152(a) of the Code), or Beneficiary, (b) loss of the Participant’s property due to casualty, or (c) other similar extraordinary and unforeseeable circumstances arising as of result of events beyond the control of the Participant.

36. “Unvested Excess Core Contribution” shall mean an Excess Core Contribution made with respect to an Eligible Employee who has less than three Years of Service as of the date such contribution is made.

37. “Vested Excess Core Contribution” shall mean an Excess Core Contribution made with respect to an Eligible Employee who has at least three Years of Service as of the date such contribution is made.

38. "Year" shall mean a calendar year.

39. "Years of Service" shall mean "Years of Service" as defined in and determined under the Savings and Investment Pension Plan.

ARTICLE II

ELECTION TO DEFER

1. Eligibility . An Eligible Employee may make an annual Deferral Election to defer receipt of all or a specified part of his or her Base Salary, Incentive Compensation, or Vested or Unvested Excess Core Contributions for any Deferral Period in accordance with Section 2 of this Article. Subject to Section 3(iv) of this Article, an Eligible Employee who makes a Deferral Election must also make a Payment Election with respect to the amount deferred in accordance with Section 3 of this Article. An Eligible Employee's entitlement to defer shall cease on the last day of the Deferral Period in which he or she ceases to be an Eligible Employee.

2. Deferral Elections . All Deferral Elections, once effective, shall be irrevocable, shall be made on an Election Agreement filed with the Vice President – Total Rewards of the Company (or other Company administrative representative as may be designated by the Vice President – Total Rewards), and shall comply with the following requirements:

(i) The Deferral Election on the Election Agreement shall specify the percentage of a Participant's Base Salary (no more than 85%), Incentive Compensation (no more than 85%) and/or Excess Core Contributions (no more than 100%) that is to be deferred.

(ii) The Deferral Election shall be made by, and shall be effective as of, the applicable Election Filing Date, except as provided in the following clauses (1), (2), or (3):

(1) To the extent permitted by Section 409A of the Code, the Company may permit Eligible Employees to make a Deferral Election with respect to Incentive Compensation that constitutes "performance-based compensation" (within the meaning of Section 409A(a)(4)(B)(iii) of the Code) at a time later than the Election Filing Date but no later than the Incentive Filing Date, and in such event, the Deferral Election shall be effective as of such Incentive Filing Date. If Incentive Compensation with respect to which an Eligible Employee has made a Deferral Election under this Section 2 (ii)(1) is paid without satisfaction of the applicable performance criteria upon death, disability (as defined in Treasury Regulation Section 1.409A-1(e)(1)), or a change in control event (as defined in Treasury Regulation Section 1.409A-3 (i)(5)(i)), such Deferral Election will only be given effect if the Deferral Election could have been made pursuant to a provision of the Plan other than this Section 2(ii)(1).

(2) An employee who first becomes an Eligible Employee during the course of a Year, rather than as of the applicable Election Filing Date, may make a Deferral Election with respect to Base Salary, Incentive Compensation and/or Excess Core Contributions within thirty days following the date the employee first becomes eligible to participate in the Plan. Such Deferral Election shall be effective on the date made and, unless Section 2(ii)(1) or 2(ii)(3) applies, shall be effective with regard to Base Salary, Incentive Compensation and/or Excess Core Contributions (whichever is elected for deferral by the Participant) earned during such Year following the filing of the Election Agreement with the Company, as determined pursuant to the pro-ration method permitted under Section 409A of the Code. For purposes of the preceding sentence, where an individual has ceased being eligible to participate in the Plan (other than the accrual of earnings), regardless of whether all amounts deferred under the Plan have been paid, and subsequently becomes eligible to participate in the Plan again, the individual shall

be treated as being initially eligible to participate in the Plan if the individual had not been eligible to participate in the Plan (other than the accrual of earnings) at any time during the twenty-four month period ending on the date the individual again becomes eligible to participate in the Plan.

(3) To the extent permitted by Section 409A of the Code, the Company may permit an Eligible Employee to make a Deferral Election with respect to a Forfeitable Right no later than the Forfeitable Rights Filing Date so long as such Forfeitable Right remains subject to a forfeiture condition through the 12-month anniversary of the date on which the Eligible Employee makes such Deferral Election. In such event, the Deferral Election shall be effective as of such Forfeitable Rights Filing Date. If a Forfeitable Right with respect to which an Eligible Employee has made a Deferral Election under this Section 2(ii)(3) becomes nonforfeitable upon death, disability (as defined in Treasury Regulation Section 1.409A-3(i)(4)), or a change in control event (as defined in Treasury Regulation Section 1.409A-3(i)(5)) prior to the 12-month anniversary of the date on which the Eligible Employee made such Deferral Election, such Deferral Election will only be given effect if the Deferral Election could have been made pursuant to a provision of the Plan other than this Section 2(ii)(3).

(iii) Notwithstanding the foregoing provisions of Section 2 of this Article, an Eligible Employee with less than three Years of Service as of the date of an Excess Core Contribution shall elect (or, in the absence of a properly filed Election Agreement, shall be deemed to have elected) to defer all of his or her Unvested Excess Core Contribution for a Year (and any Election Agreement to the contrary shall be disregarded and treated as not properly filed hereunder).

(iv) Subject to Section 3(iv) of this Article, in order to revoke or modify a Deferral Election with respect to Base Salary, Incentive Compensation and/or Excess Core Contributions for any particular Year, a revocation or modification must be delivered to the Vice President – Total Rewards of the Company (or other Company administrative representative as was previously designated by the Vice President – Total Rewards) prior to the Election Filing Date, Forfeitable Rights Filing Date or the Incentive Filing Date (as applicable).

3. Payment Elections . Subject to Sections 3(iv), 5, 6, and 7 of this Article, all Payment Elections are irrevocable, shall be made on an Election Agreement filed with the Vice President – Total Rewards of the Company (or other Company administrative representative as may be designated by the Vice President – Total Rewards), and shall comply with the following requirements:

(i) Each Participant shall make a separate Payment Election with respect to his or her Base Salary, Incentive Compensation, and Excess Core Contributions that the Participant defers for the Deferral Period pursuant to the applicable Deferral Election.

(ii) Each Payment Election shall contain the Participant's elections regarding the time at which the payment of amounts deferred pursuant to the specific Deferral Election shall commence.

(1) A Participant may elect to commence payment upon either (A) the date the Participant incurs a Termination of Employment for any reason (other than by reason of death), including, without limitation, by reason of retirement or (B) the date otherwise specified by the Participant in the Election Agreement, including a date determined by reference to the date the Participant incurs a Termination of Employment for any reason (other than by reason of death), including, without limitation, by reason of retirement; provided , however , that with respect to the deferral of any Unvested Excess Core Contributions, payment shall not commence any sooner than the date on which the Eligible Employee has achieved three Years of Service.

(2) Subject to Section 3(vi) of this Article, payments made in accordance with the Participant's election under Section 3(ii)(1)(A) of this Article shall be paid or commence to be paid within 90 days following the Termination of Employment and payments made in accordance with the Participant's election under Section 3(ii)(1)(B) of this Article shall be paid or commence to be paid within 90 days following the date specified in the Election Agreement, provided that , in either case, the Participant shall not have the right to designate the year of payment.

(iii) Each Payment Election shall contain the Participant's elections regarding the form of payment of the amount of his or her Base Salary, Incentive Compensation, and Excess Core Contributions that the Participant deferred for the Deferral Period pursuant to his or her Deferral Election.

(1) A Participant may elect to receive payment in one of the following forms: (A) a single, lump sum payment; (B) in a number of approximately equal quarterly installments, not to exceed 40, as designated by the Participant in his or her Election Agreement; or (C) subject to the approval of the Vice President – Total Rewards of the Company (or other Company administrative representative as may be designated by the Committee) at the time the Participant makes his or her Payment Election, pursuant to an alternate payment schedule designated by the Participant in his or her Election Agreement.

(2) In the event that a Participant's deferral of Base Salary, Incentive Compensation, and Excess Core Contributions pursuant to his or her Payment Election is payable in quarterly installments, all of the quarterly installments during the installment period shall be approximately equal in amount. The amount of the unpaid installment payments remaining in the Participant's Account(s) that is (a) attributable to the deferral of cash compensation shall continue to bear interest as provided in Section 4(i) of this Article, (b) attributable to the deferral of Incentive Compensation payable in the form of Common Shares shall continue to be credited with dividends, distributions and interest thereon as provided in Section 4(iv) of this Article and (c) attributable to the deferral of Incentive Compensation payable in the form of Timken Shares shall continue to be credited with dividends, distributions and interest thereon as provided in Section 4(v) of this Article.

(iv) If in the case of a Vested Excess Core Contribution an Eligible Employee fails to timely file an Election Agreement, the Company, within 2 ½ months after the close of the Year during which the Vested Excess Core Contribution was earned, shall pay to the Eligible Employee in a lump sum an amount equal to the Vested Excess Core Contribution without interest. If in the case of an Unvested Core Contribution an Eligible Employee fails to file properly an Election Agreement, the Eligible Employee nevertheless shall be deemed as if the Eligible Employee had timely filed an Election Agreement electing a lump sum payment to be made within 2 ½ months after the close of the Year during which the Eligible Employee achieved three Years of Service, or if earlier, the close of the Year during which the Eligible Employee incurs a Termination of Employment due to death, Disability (as defined in the Savings and Investment Pension Plan) or Retirement (as defined in the Savings and Investment Pension Plan).

(v) Subject to Section 3(iv) of this Article, effective with respect to Deferral Elections made with respect to Base Salary, Incentive Compensation or Vested or Unvested Excess Core Contributions earned prior to January 1, 2015, if the Payment Elections are not made by the applicable Election Filing Date, Forfeitable Rights Filing Date, or Incentive Filing Date, as the case may be, or are insufficient to be deemed effective as of such date, then a Participant's Deferral Election shall be null and void. Effective with respect to Deferral Elections made with respect to Base Salary, Incentive Compensation or Vested or Unvested Excess Core Contributions earned on or after January 1, 2015, if

the Payment Elections are not made by the applicable Election Filing Date, Forfeitable Rights Filing Date, or Incentive Filing Date, as the case may be, or are insufficient to be deemed effective as of such date, the Participant shall be deemed to have elected to commence payment upon Termination of Employment in the form of a single, lump sum payment.

(vi) Notwithstanding the foregoing provisions of Section 3 of this Article, if the Participant is a Specified Employee, then any payment on account of Termination of Employment that was scheduled to commence during the six-month period immediately following the Participant's Termination of Employment shall commence on the first day of the seventh month after such Termination of Employment (or, if earlier, the date of death). Any payments on account of Termination of Employment that are scheduled to be paid more than six months after such Participant's Termination of Employment shall not be delayed and shall be paid in accordance with provisions of Section 3(iii) of this Article.

4. Accounts .

(i) Cash compensation that a Participant elects to defer shall be treated as if it were set aside in an Account on the date the Base Salary or Incentive Compensation would otherwise have been paid to the Participant. The Base Salary and Incentive Compensation Subaccounts will be credited with interest computed quarterly (based on calendar quarters) based on the balance in such Subaccounts on the last day of each calendar quarter at such rate and in such manner as determined from time to time by the Committee. Unless otherwise determined by the Committee, interest to be credited hereunder shall be credited at the prime rate in effect according to the Wall Street Journal on the last day of each calendar quarter plus one percent. Interest for a calendar quarter shall be credited to the Base Salary and Incentive Compensation Subaccounts as of the first day of the following quarter.

(ii) An Excess Core Contribution that a Participant defers under the Plan shall be treated as if it was credited to the Participant's Account on the date the Excess Core Contribution is made. An Excess Core Contributions Subaccount shall be credited with interest computed quarterly (based on calendar quarters) based on the balance in the Excess Core Contributions Subaccount on the last day of each calendar quarter at such rate and in such manner as determined from time to time by the Committee. Unless otherwise determined by the Committee, interest to be credited hereunder shall be credited at the prime rate in effect according to the Wall Street Journal on the last day of each calendar quarter plus one percent. Interest for a calendar quarter shall be credited to the Excess Core Contributions Subaccount as of the first day of the following quarter.

(iii) If as of the date of a Participant's Termination of Employment the Participant has not achieved three Years of Service, the Participant shall forfeit his or her Unvested Excess Core Contributions Subaccount, including any interest credited to such Subaccount. Notwithstanding the preceding sentence, a Participant shall not forfeit his or her Unvested Excess Core Contributions Subaccount if the Participant's Termination of Employment is due to death, Disability (as defined in the Savings and Investment Pension Plan) or Retirement (as defined in the Savings and Investment Pension Plan).

(iv) Incentive Compensation payable in the form of Common Shares that a Participant elects to defer and Common Shares to which a Transferred Participant becomes entitled as a result of the Spin-Off under the Employee Matters Agreement shall be reflected in a separate Account, which shall be credited with the number of Common Shares that would otherwise have been issued or transferred and delivered to the Participant. Such Account, following any applicable vesting period, shall be credited from time to time with amounts equal to dividends or other distributions paid on the number of Common

Shares reflected in such Account, and such Account shall be credited with interest on cash amounts credited to such Account from time to time in the manner provided in Subsection (i) above. Effective January 1, 2015, all dividends or other distributions paid on Common Shares credited to such Account after that date and all amounts otherwise credited to such Account prior to that date pursuant to this Section 4(iv) of Article II shall be deemed to be reinvested in Common Shares based on the fair market value per share of such Common Shares on the date of such deemed reinvestment.

(v) Notwithstanding anything in the Plan to the contrary, any election made by a Transferred Participant prior to the Spin-Off Date to defer Incentive Compensation payable in the form of Timken Shares shall, as of the Spin-Off Date, be adjusted in the manner provided in Article X of the Employee Matters Agreement, such that the Participant will become entitled to payment in the form of a combination of Common Shares and Timken Shares. Incentive Compensation payable in the form of Timken Shares shall be reflected in a separate Timken Shares Subaccount, which shall be credited with the number of Timken Shares that would otherwise have been issued or transferred and delivered to the Participant; provided , however , that payment of any Timken Shares to the Participant, including any dividends, distributions and interest thereon, shall be made by The Timken Company.

(vi) Except as described in Section 4(iii) of this Article, a Participant's Account shall be nonforfeitable.

5. Death of a Participant . In the event of the death of a Participant, the amount of the Participant's Account (s) shall be paid to the Beneficiary or Beneficiaries designated in a writing on a form that the Company may designate from time to time (the "Beneficiary Designation"), in a lump sum within 90 days of the day of death; provided that the Beneficiary or Beneficiaries shall not have the right to designate the year of payment. A Participant's Beneficiary Designation may be changed at any time prior to his or her death by the execution and delivery of a new Beneficiary Designation. The Beneficiary Designation on file with the Company that bears the latest date at the time of the Participant's death shall govern. In the absence of a Beneficiary Designation or the failure of any Beneficiary to survive the Participant, the amount of the Participant's Account(s) shall be paid to the Participant's estate in a lump sum within 90 days of the day of death; provided that the representative of the estate shall not have the right to designate the year of payment. In the event of the death of the Beneficiary or Beneficiaries after the death of a Participant, the remaining amount of the Account(s) shall be paid in a lump sum to the estate of the last Beneficiary to receive payments within 90 days of the day of death; provided that the representative of the estate shall not have the right to designate the year of payment.

6. Small Payments . Notwithstanding the foregoing provisions of this Article II, if upon the applicable distribution date the Participant's total balance in his or her Account(s), in addition to the balances and accounts under and any other agreements, methods, programs, plans or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan with the account balances under the Plan under Treasury Regulation Section 1.409A-1(c)(2) (the "Aggregate Account Balance"), is less than $5,000, then the amount of the Participant's Aggregate Account Balance may, at the discretion of the Company, be paid in a lump sum.

7. Accelerations . Notwithstanding the foregoing provisions of this Article II:

(i) If a Change in Control occurs, the amount of each Participant's Post-2004 Base Salary Subaccount, Post-2004 Incentive Compensation Subaccount, and Post-2004 Vested Excess Core Contribution Subaccount that was deferred pursuant to an election made after the Spin-Off Date, in each

case including earnings and losses thereon and Common Shares received with respect to Timken Shares included therein, shall immediately be paid to the Participant in the form of a single, lump sum payment. With respect to amounts in a Participant's Post-2004 Subaccounts that were deferred pursuant to an election made prior to the Spin-Off Date (including earnings and losses thereon and Common Shares received with respect to Timken Shares included therein) (the "Pre-Spin Deferrals"), if a Timken Change in Control (as defined in Appendix A) occurs, such amounts shall immediately be paid to the Participant in the form of a single, lump sum payment. Notwithstanding any provision of this Plan to the contrary, if a Change in Control or a Timken Change in Control does not constitute a "change in the ownership or effective control" or a "change in the ownership of a substantial portion of the assets" of a relevant corporation within the meaning of Section 409A(a)(2)(A)(v) of the Code and Treasury Regulation Section 1.409A-3(i)(5), or any successor provision, then payment shall be made, to the extent necessary to comply with the provisions of Section 409A of the Code, to the Participant on the date (or dates) the Participant would otherwise be entitled to a distribution (or distributions) in accordance with the provisions of the Plan.

(ii) Upon the earlier to occur of (1) a Change in Control that involves a transaction that was not approved by the Board, and was not recommended to the Company's shareholders by the Board, (2) a declaration by the Board that the trust (the "Trust") established by and between the Company and a trustee (the "Trustee"), should be funded in connection with a Change in Control that involves a transaction that was approved by the Board, or was recommended to shareholders by the Board, or (3) a declaration by the Board that a Change in Control is imminent, the Company shall promptly to the extent it has not previously done so, and in any event within five (5) business days:

(A) transfer to the Trustee to be added to the principal of the Trust a sum equal to the Pre-Spin Deferrals for all Participants under this Plan (together with an additional amount to cover all estimated administration expenses associated with the payment of such Pre-Spin Deferrals). The payment of the Pre-Spin Deferrals or other payment by the Trustee pursuant to the Trust shall, to the extent thereof, discharge the Company's obligation to pay the Pre-Spin Deferrals or other payment hereunder, it being the intent of the Company that assets in such Trust be held as security for the Company's obligation to pay the Pre-Spin Deferrals and other payments under this Agreement; and

(B) transfer to the Trustee to be added to the principal of the Trust the sum authorized by the members of the Committee from time to time.

Notwithstanding any provision of this Plan to the contrary, no amounts shall be transferred to the Trustee with respect to the Trust for payments of any amount under this Plan if, pursuant to Section 409A(b)(3)(A) of the Code, such amount would, for purposes of Section 83 of the Code, be treated as property transferred in connection with the performance of services.

(iii) In the event of an Unforeseeable Emergency and at the request of a Participant or Beneficiary, the Committee may in its sole discretion accelerate the payment to the Participant or Beneficiary of all or a part of his or her Account(s). Payments of amounts as a result of an Unforeseeable Emergency may not exceed the amount necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution(s), after taking into account the extent to which the hardship is or may be relieved through reimbursement or compensation by insurance or otherwise by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

8. Adjustments . The Committee may make or provide for such adjustments in the numbers of Common Shares or Timken Shares credited to Participants' Account, and in the kind of

shares so credited, as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (i) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company or The Timken Company, or (ii) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all Common Shares or Timken Shares deliverable under the Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances.

9. Fractional Shares . The Company shall not be required to issue any fractional Common Shares pursuant to the Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

ARTICLE III

ADMINISTRATION

1. Administration . The Company, through the Committee, shall be responsible for the general administration of the Plan and for carrying out the provisions hereof. The Committee shall have all such powers as may be necessary to carry out the provisions of the Plan, including the power to (i) determine all questions relating to eligibility for participation in the Plan and the amount in the Account or Accounts of any Participant and all questions pertaining to claims for benefits and procedures for claim review, (ii) resolve all other questions arising under the Plan, including any questions or construction, and (iii) take such further action as the Company shall deem advisable in the administration of the Plan. The actions taken and the decisions made by the Committee hereunder shall be final and binding upon all interested parties. It is intended that all Participant elections hereunder shall comply with Section 409A of the Code. The Committee is authorized to adopt rules or regulations deemed necessary or appropriate in connection therewith to anticipate and/or comply with the requirements thereof (including any transition rules thereunder).

2. Claims Procedures . Whenever there is denied, whether in whole or in part, a claim for benefits under the Plan filed by any person (herein referred to as the "Claimant"), the Committee shall transmit a written notice of such decision to the Claimant within 90 days of receiving the claim from the Claimant, which notice shall be written in a manner calculated to be understood by the Claimant and shall contain a statement of the specific reasons for the denial of the claim, a reference to the relevant Plan provisions, a description and explanation of additional information needed, and a statement advising the Claimant that, within 60 days of the date on which he or she receives such notice, he or she may obtain review of such decision in accordance with the procedures hereinafter set forth. Within such 60-day period, the Claimant or the Claimant's authorized representative may request that the claim denial be reviewed by filing with the Committee a written request therefor, which request shall contain the following information:

(vii) the date on which the Claimant's request was filed with the Committee; provided , however , that the date on which the Claimant's request for review was in fact filed with the Committee shall control in the event that the date of the actual filing is later than the date stated by the Claimant pursuant to this paragraph;

(viii) the specific portions of the denial of the claim which the Claimant requests the Committee to review;

(ix) a statement by the Claimant setting forth the basis upon which the Claimant believes the Committee should reverse the previous denial of the Claimant's claim for benefits and accept the claim as made; and

(x) any written material (offered as exhibits) which the Claimant desires the Committee to examine in its consideration of the Claimant's position as stated pursuant to clause (iii) above.

Within 60 days of the date determined pursuant to clause (i) above, the Committee shall conduct a full and fair review of the decision denying the Claimant's claim for benefits. Within 60 days of the date of such hearing, the Committee shall render its written decision on review, written in a manner calculated to be understood by the Claimant and including the reasons and Plan provisions upon which its decision was based, a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents and other information relevant to the claim, and a statement describing the Claimant's right to bring an action under Section 502 (a) of ERISA.

ARTICLE IV

AMENDMENT AND TERMINATION

The Company reserves the right to amend or terminate the Plan at any time by action of the Board or its delegate; provided , however , that no such action shall adversely affect any Participant or Beneficiary who has an Account, or result in the acceleration of payment of the amount of any Account (except as otherwise permitted under the Plan), without the consent of the Participant or Beneficiary; (provided , however , that the consent requirement of Participants or Beneficiaries to certain actions shall not apply to any amendment or termination made by the Company pursuant to Section 8(iii) of Article V). Notwithstanding the preceding sentence, the Committee, in its sole discretion, may terminate the Plan to the extent and in circumstances described in Treasury Regulation Section 1.409A-3(j)(4)(ix), or any successor provision.

ARTICLE V

MISCELLANEOUS

1. Non-alienation of Deferred Compensation . Except as permitted by the Plan and subject to Section 8(ii) of this Article V, no right or interest under the Plan of any Participant or Beneficiary shall, without the written consent of the Company, be (i) assignable or transferable in any manner, (ii) subject to alienation, anticipation, sale, pledge, encumbrance, attachment, garnishment or other legal process or (iii) in any manner liable for or subject to the debts or liabilities of the Participant or Beneficiary.

2. Participation by Employees of Subsidiaries . An Eligible Employee who is employed by a Subsidiary and elects to participate in the Plan shall participate on the same basis as an employee of the Company. The Account or Accounts of a Participant employed by a Subsidiary shall be paid in accordance with the Plan solely by such Subsidiary to the extent attributable to Base Salary or Incentive Compensation that would have been paid by such Subsidiary in the absence of deferral pursuant to the Plan.

3. Interest of Employee . Except as otherwise provided in Section 7(ii) of Article II, the obligation of the Company under the Plan to make payment of amounts reflected in an Account merely constitutes the unsecured promise of the Company to make payments from its general assets or in the form of its Common Shares, or to cause The Timken Company to make payments in the form of Timken Shares, as the case may be, as provided herein, and no Participant or Beneficiary shall have any interest in, or a lien or prior claim upon, any property of the Company. The obligation of The Timken Company under the Plan to make payment of amounts reflected in a Timken Shares Subaccount merely constitutes the unsecured promise of The Timken Company to make payments in the form of its Timken Shares, as provided herein, and no Participant or Beneficiary shall have any interest in, or a lien or prior claim upon, any property of The Timken Company. Further, no Participant or Beneficiary shall have any claim whatsoever against any Subsidiary for amounts reflected in an Account. Nothing in the Plan shall be construed as guaranteeing future employment to Eligible Employees and nothing in the Plan shall be considered in any manner a contract of employment. It is the intention of the Company that the Plan be unfunded for tax purposes of Title I of ERISA. The Company may create a trust to hold funds, Common Shares or other securities to be used in payment of its obligations under the Plan, and may fund such trust; provided , however , that any funds contained therein shall remain liable for the claims of the Company's general creditors and provided , further , that no amount shall be transferred to trust if, pursuant to Section 409A of the Code, such amount would, for purposes of Section 83 of the Code, be treated as property transferred in connection with the performance of services.

4. Claims of Other Persons . The provisions of the Plan shall in no event be construed as giving any other person, firm or corporation any legal or equitable right as against the Company or any Subsidiary or the officers, employees or directors of the Company or any Subsidiary, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.

5. Severability . The invalidity and unenforceability of any particular provision of the Plan shall not affect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

6. Governing Law . Except to the extent preempted by federal law, the provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

7. Relationship to Other Plans .

(i) The Plan is intended to serve the purposes of and to be consistent with the Long-Term Incentive Plans and any similar plan approved by the Committee for purposes of the Plan. The issuance or transfer of Common Shares pursuant to the Plan shall be subject in all respects to the terms and conditions of the Long-Term Incentive Plans and any other such plan. Without limiting the generality of the foregoing, Common Shares credited to the Account(s) of Participants pursuant to the Plan as Incentive Compensation shall be taken into account for purposes of Section 3 of the Long-Term Incentive Plans (Shares Available Under the Plans) and for purposes of the corresponding provisions of any other such plan.

(ii) The issuance or transfer of Timken Shares pursuant to the Plan shall be made by The Timken Company and shall be subject in all respects to the terms and conditions of The Timken Company Long-Term Incentive Plan(s) and any other such plan. Without limiting the generality of the foregoing, Timken Shares credited to the Timken Shares Subaccount of Participants pursuant to the Plan as Incentive Compensation shall be taken into account for purposes of Section 3 of The Timken

Company Long-Term Incentive Plans (Shares Available Under the Plans) and for purposes of the corresponding provisions of any other such plan.

8. Compliance with Section 409A of the Code .

(i) To the extent applicable, it is intended that the Plan (including all amendments thereto) 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 the Participant or a Beneficiary. The Plan shall be administered in a manner consistent with this intent. In furtherance of, but without limiting the generality of the foregoing, amounts in the Pre-2005 Subaccounts, which are intended to qualify for "grandfathered" status pursuant to Treasury Regulation Section 1.409A-6(a), shall not be subject to the provisions of Section 409A of the Code and shall be governed by the terms and conditions specified in the Timken Plan as in effect prior to January 1, 2005.

(ii) Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment, provided that to the extent permitted by Section 409A of the Code, payment of part or all of a Participant's interest under the Plan may be made to an individual other than the Participant to the extent necessary to fulfill a domestic relations order as defined in Section 414(p)(1)(B) of the Code. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under the Plan may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its affiliates.

(iii) Notwithstanding any provision of the Plan to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to the Plan as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's Account in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

9. Headings; Interpretation .

(i) Headings in the Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

(ii) Any reference in the Plan to Section 409A of the Code will also include any applicable proposed, temporary, or final regulations or any other applicable formal guidance promulgated with respect to such Section 409A of the Code by the U.S. Department of Treasury or the Internal Revenue Service. Further, any specific reference to a Code section or a Treasury Regulation section shall include any successor provision of the Code or the Treasury Regulation, as applicable.

(iii) For purposes of the Plan, the phrase "permitted by Section 409A of the Code," or words or phrases of similar import, shall mean that the event or circumstance that may occur or exist only if permitted by Section 409A of the Code would not cause an amount deferred or payable under the

Plan to be includible in the gross income of a Participant or Beneficiary under Section 409A(a)(1) of the Code.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by a duly authorized officer at Canton, Ohio, this ____ day of _____, 2014.

TIMKENSTEEL CORPORATION

_____

Name: Donald L. Walker
Title: Executive Vice President –
Human Resources and
Organizational Advancement

Appendix A

For purposes of this Appendix A, "Timken Change in Control" shall mean that:

(i) All or substantially all of the assets of The Timken Company ("Timken") are sold or transferred to another corporation or entity, or Timken is merged, consolidated or reorganized into or with another corporation or entity, with the result that upon conclusion of the transaction less than 51 percent of the outstanding securities entitled to vote generally in the election of directors or other capital interests of the acquiring corporation or entity is owned, directly or indirectly, by the shareholders of Timken generally prior to the transaction; or

(ii) There is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report thereto), as promulgated pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation thereto under the Exchange Act) of securities representing 30 percent or more of the combined voting power of the then-outstanding voting securities of Timken; or

(iii) Timken shall file a report or proxy statement with the Securities and Exchange Commission (the "SEC") pursuant to the Exchange Act disclosing in response to Item 1 of Form 8-K thereunder or Item 5(f) of Schedule 14A thereunder (or any successor schedule, form, report or item thereto) that a change in control of Timken has

or may have occurred, or will or may occur in the future, pursuant to any then-existing contract or transaction; or

(iv) The individuals who constituted the Board of Directors of Timken (the "Timken Board") at the beginning of any period of two consecutive calendar years cease for any reason to constitute at least a majority thereof unless the nomination for election by Timken's shareholders of each new member of the Timken Board was approved by a vote of at least two-thirds of the members of the Timken Board still in office who were members of the Timken Board at the beginning of any such period.

TIMKENSTEEL CORPORATION
DIRECTOR DEFERRED COMPENSATION PLAN

(AMENDED AND RESTATED EFFECTIVE JANUARY 1, 2015)

TimkenSteel Corporation (the "Company") adopted the Director Deferred Compensation Plan (the "Plan") effective June 30, 2014. The Plan provides Directors with the opportunity to defer Compensation payable in cash or Common Shares in accordance with the provisions set forth below. The Company desires to amend the Plan to make certain changes to the Plan deemed desirable in the administration of the Plan, and to restate the Plan as so amended effective January 1, 2015.

ARTICLE I

DEFINITIONS

For the purposes of the Plan, the following words and phrases shall have the meanings indicated in this Article I. Certain other words and phrases are defined throughout the Plan and shall have the meaning so ascribed to them.

1. "Account" shall mean a bookkeeping account maintained on behalf of each Participant pursuant to Section 4 of Article II in which Compensation that is deferred by a Participant shall be recorded and to which dividends, distributions and interest may be credited in accordance with the Plan. A separate subaccount shall be maintained for Compensation payable in the form of Common Shares.

2. "Beneficiary" or "Beneficiaries" shall mean the person or persons designated by a Participant in accordance with the Plan to receive payment of the remaining balance of the Participant's Account in the event of the death of the Participant prior to receipt of the entire amount credited to the Participant's Account.

3. "Board" shall mean the Board of Directors of the Company.

4. "Code" shall mean the Internal Revenue Code of 1986, as amended.

5. "Change in Control" shall mean the occurrence of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either: (1) the then-outstanding Common Shares; or (2) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of members of the Board ("Voting Shares"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (a) any acquisition directly from the Company; (b) any acquisition by the Company; (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; or (d) any acquisition by any Person pursuant to a transaction which complies with clauses (1), (2) and (3) of subsection (iii); or

(ii) Individuals who, as of the original effective date hereof, constitute the Board (the "Incumbent Board") cease for any reason (other than death or disability) to constitute at least a majority of the Board; provided, however, that any individual becoming a member of the Board subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote or the approval of at least a majority of the members of the Board then comprising the Incumbent Board (either by a specific vote or written action or by approval of the proxy statement of the Company in which such person is named as a nominee for Board membership, without objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Board members or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Common Shares and Voting Shares immediately prior to such Business Combination beneficially own, directly or indirectly, more than 66-2/3% of, respectively, the then-outstanding common shares and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Common Shares and Voting Shares of the Company, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of, respectively, the then-outstanding common shares of the entity resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such entity except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

6. "Committee" shall mean the Compensation Committee of the Board or such other Committee as may be authorized by the Board to administer the Plan.

7. “Common Shares” shall mean shares of common stock without par value of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 8 of Article II of the Plan.

8. “Company” shall mean TimkenSteel Corporation and its successors, including, without limitation, the surviving corporation resulting from any merger or consolidation of TimkenSteel Corporation with any other corporation or corporations.

9. “Compensation” shall mean (i) cash compensation earned as a Director, including retainer and committee fees and (ii) incentive compensation payable in the form of Common Shares pursuant to the Long-Term Incentive Plan (other than restricted shares or options) or any similar plan approved by the Committee for this purpose.

10. “Deferral Election” shall mean the Election Agreement (or portion thereof) completed by a Participant and filed with the Company that indicates the percentage or dollar amount of his or her Compensation that is or will be deferred under the Plan for the Deferral Period.

11. “Deferral Period” shall mean the Year that commences after each Election Filing Date.

12. “Director” shall mean any member of the Board who is not an employee of the Company or its affiliates.

13. “Election Agreement” shall mean an agreement in the form that the Company may designate from time to time that is consistent with the terms of the Plan.

14. “Election Filing Date” shall mean December 31 of the Year immediately prior to the first day of the Year for which Compensation would otherwise be earned.

15. “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

16. “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

17. “Long-Term Incentive Plan” shall mean the TimkenSteel Corporation 2014 Equity and Incentive Compensation Plan, as amended from time to time, or any similar long-term incentive plan.

18. “Participant” shall mean any Director who has at any time elected to defer the receipt of Compensation in accordance with the Plan.

19. “Payment Election” shall mean the Election Agreement (or portion thereof) completed by a Participant and filed with the Company that indicates the time of the commencement of a payment and the form of a payment of that portion of the Participant’s Compensation that is deferred pursuant to a Deferral Election under the Plan.

20. "Plan" shall mean this deferred compensation plan, which shall be known as the TimkenSteel Corporation Director Deferred Compensation Plan.

21. "Specified Employee" shall mean a "specified employee" with respect to the Company (or a controlled group member) determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code and Treasury Regulation Section 1.409A-1(i) or any successor provision.

22. "Termination of Service" means a separation from service within the meaning of Treasury Regulation Section 1.409A-1(h)(2)(i).

23. "Unforeseeable Emergency" means an event that results in severe financial hardship to a Participant resulting from (a) an illness or accident of the Participant or his or her spouse, dependent (as defined in Section 152(a) of the Code), or Beneficiary, (b) loss of the Participant's property due to casualty, or (c) other similar extraordinary and unforeseeable circumstances arising as of result of events beyond the control of the Participant.

24. "Year" shall mean a calendar year. The Plan's initial Year is a short Year from June 30, 2014 to December 31, 2014.

ARTICLE II

ELECTION TO DEFER

1. Eligibility . A Director may make a Deferral Election to defer receipt of all or a specified part of his or her Compensation for any Deferral Period in accordance with Section 2 of this Article. A Director who makes a Deferral Election must also make a Payment Election with respect to the amount deferred in accordance with Section 3 of this Article. A Director's entitlement to defer shall cease on the last day of the Deferral Period in which he or she ceases to be a Director. Notwithstanding any provision to the contrary, if any Director, who is a Director immediately after the effective date hereof, has a Deferral Election in effect under The Timken Company Director Deferred Compensation Plan immediately prior to the effective date, such Deferral Election and corresponding Payment Election will be recognized as an effective and valid Deferral Election and Payment Election under this Plan.

2. Deferral Elections . Subject to Section 2(iii) of this Article, all Deferral Elections, once effective, shall be irrevocable, shall be made on an Election Agreement filed with the Vice President — Total Rewards of the Company (or other Company administrative representative as may be designated by the Committee), and shall comply with the following requirements:

(i) The Deferral Election on the Election Agreement shall specify the percentage of a Participant's Compensation that is to be deferred.

(ii) The Deferral Election shall be made by, and shall be effective as of, the applicable Election Filing Date. Notwithstanding the foregoing, an individual who first becomes eligible to participate in the Plan during the course of a Year, rather than as of the applicable Election Filing Date, shall make such Deferral Election with respect to Compensation within thirty days following the date the Director first becomes a Director.

Such Deferral Election shall be effective on the date made with regard to Compensation earned during such Year following the filing of the Election Agreement with the Company, determined pursuant to the proration method permitted under Section 409A of the Code. For purposes of the preceding sentence, where an individual has ceased being eligible to participate in the Plan (other than the accrual of earnings), regardless of whether all amounts deferred under the Plan have been paid, and subsequently becomes eligible to participate in the Plan again, the individual shall be treated as being initially eligible to participate in the Plan if the individual had not been eligible to participate in the Plan (other than the accrual of earnings) at any time during the twenty-four month period ending on the date the individual again becomes eligible to participate in the Plan.

(iii) In order to revoke or modify a Deferral Election with respect to Compensation for any particular Year, a revocation or modification must be delivered to the Vice President — Total Rewards of the Company (or other Company administrative representative as was previously designated by the Vice President – Total Rewards) prior to the deadline for making a Deferral Election under Section 2(ii) of this Article (the Election Filing Date or the end of the thirty-day period).

3. Payment Elections . Subject to Sections 5, 6, and 7 of this Article, all Payment Elections are irrevocable, shall be made on an Election Agreement filed with the Vice President — Total Rewards of the Company (or other Company administrative representative as may be designated by the Vice President – Total Rewards), and shall comply with the following requirements:

(i) Each Participant shall make a separate Payment Election for Compensation that is payable in cash and Compensation that is payable in Common Shares.

(ii) Each Payment Election shall contain the Participant's elections regarding the time at which the payment of amounts deferred pursuant to the specific Deferral Election shall commence.

(1) A Participant may elect to commence payment upon either (A) the date the Participant incurs a Termination of Service for any reason (other than by reason of death) or (B) the date otherwise specified by the Participant in the Election Agreement, including a date determined by reference to the date the Participant incurs a Termination of Service for any reason (other than by reason of death).

(2) Subject to Section 3(v) of this Article, payments made in accordance with the Participant's election under Section 3(ii)(1)(A) of this Article shall be paid or commence to be paid within 90 days following the Termination of Service and payments made in accordance with the Participant's election under Section 3 (ii)(1)(B) of this Article shall be paid or commence to be paid within 90 days following the date specified in the Election Agreement, provided that, in either case, the Participant shall not have the right to designate the year of payment

(iii) Each Payment Election shall contain the Participant's elections regarding the form of payment of the amount of his or her Compensation that the Participant deferred for the Deferral Period pursuant to his or her Deferral Election.

(1) A Participant may elect to receive payment in one of the following forms: (A) a single, lump sum payment; or (B) in a number of approximately equal quarterly installments, not to exceed 40, as designated by the Participant in his or her Election Agreement.

(2) In the event that a Participant's deferral of Compensation pursuant to his or her Payment Election is payable in quarterly installments, all of the quarterly installments during the installment period shall be approximately equal in amount. The amount of the unpaid installment payments remaining in the Participant's Account that is (A) attributable to the deferral of cash Compensation shall continue to bear interest as provided in Section 4(i) of this Article and (B) attributable to the deferral of Compensation payable in the form of Common Shares shall continue to be credited with dividends, distributions and earnings thereon as provided in Section 4(ii) of this Article.

(iv) Effective with respect to Deferral Elections made with respect to Compensation earned prior to January 1, 2015, if the Payment Elections are not made by the applicable Election Filing Date or the date provided for under Section 2(ii) of Article II, if applicable, or are insufficient to be deemed effective as of such date, then a Participant's Deferral Election shall be null and void. Effective with respect to Deferral Elections made with respect to Compensation earned on or after January 1, 2015, if the Payment Elections are not made by the applicable Election Filing Date or the date provided for under Section 2(ii) of Article II, if applicable, or are insufficient to be deemed effective as of such date, then the Participant shall be deemed to have elected to commence payment upon Termination of Service in the form of a single, lump sum payment.

(v) Notwithstanding the foregoing provisions of Section 3 of this Article, if the Participant is a Specified Employee at the time of his or her Termination of Service, then any payment on account of Termination of Service that was scheduled to commence during the six-month period immediately following the Participant's Termination of Service shall commence on the first day of the seventh month after such Termination of Service (or, if earlier, the date of death). Any payments on account of Termination of Service that are scheduled to be paid more than six months after such Participant's Termination of Service shall not be delayed and shall be paid in accordance with provisions of Section 3(iii) of this Article.

4. Accounts .

(v) Cash Compensation that a Participant elects to defer shall be treated as if it were set aside in an Account on the date the Compensation would otherwise have been paid to the Participant. A Participant's Account shall be credited with gains, losses and earnings based on hypothetical investment directions made by the Participant, in accordance with investment deferral crediting options and procedures adopted by the Committee from time

to time. A Participant may change such hypothetical investment directions pursuant to such procedures adopted by the Committee from time to time. The investment deferral crediting options shall include (A) a hypothetical Common Shares fund and (B) a hypothetical cash fund. Any amounts credited to a Participant's Account with respect to which a Participant does not provide investment direction shall be credited with earnings in an amount determined by the Committee in its sole discretion or, if an amount is not so determined, such amounts shall be credited to the hypothetical cash fund until further ordered by the Committee or the Board.

(1) To the extent a Participant chooses the hypothetical Common Share fund, the deferred cash Compensation shall be deemed to be invested in that number of whole and fractional Common Shares determined by dividing the amount of cash Compensation to be deferred by the fair market value per share of such Common Shares on the date such cash Compensation would otherwise be paid. A Participant's Account shall be credited from time to time with additional cash amounts equal to dividends or other distributions paid on the number of Common Shares reflected in the Account. Any additional cash amounts shall be credited with gains, losses and earnings based on hypothetical investment directions made by the Participant, including deemed investment in the hypothetical Common Shares fund. Effective January 1, 2015, all dividends or other distributions paid on Common Shares reflected in a Participant's Account after that date and all amounts otherwise credited to such Account prior to that date pursuant to this Section 4(i)(1) of Article II shall be deemed to be reinvested in Common Shares based on the fair market value per share of such Common Shares on the date of such deemed reinvestment.

(2) To the extent a Participant chooses the hypothetical cash fund, such amounts shall be credited with interest computed quarterly based on the balance in the Account on the last day of each calendar quarter at the prime rate in effect according to the Wall Street Journal in effect on the last day of such quarter plus 1%.

(3) The Company specifically retains the right in its sole discretion to change the investment deferral crediting options and procedures from time to time. By electing to defer any amount pursuant to the Plan, each Participant shall thereby acknowledge and agree that the Company is not and shall not be required to make any investment in connection with the Plan, nor is it required to follow the Participant's hypothetical investment directions in any actual investment it may make or acquire in connection with the Plan or in determining the amount of any actual or contingent liability or obligation of the Company thereunder or relating thereto. A Participant's Account shall be adjusted as of each business day, except that interest, if any, for a calendar quarter shall be credited on the first day of the following quarter.

(vi) Compensation payable in the form of Common Shares that a Participant elects to defer shall be reflected in a separate Account, which shall be credited with the number of Common Shares that would otherwise have been issued or transferred and delivered to the Participant. Such Account shall be credited from time to time with amounts equal to dividends or other distributions paid on the number of Common Shares reflected

in such Account, and such Account shall be credited with gains, losses and earnings on cash amounts credited to such Account from time to time in the manner provided in Subsection (i) above with respect to cash Compensation. Effective January 1, 2015, all dividends or other distributions paid on Common Shares credited to such Account after that date and all amounts otherwise credited to such Account prior to that date pursuant to this Section 4(ii) of Article II shall be deemed to be reinvested in Common Shares based on the fair market value per share of such Common Shares on the date of such deemed reinvestment.

5. Death of a Participant . In the event of the death of a Participant, the amount of the Participant's Account (s) shall be paid to the Beneficiary or Beneficiaries designated in a writing on a form that the Company may designate from time to time (the "Beneficiary Designation") in a lump sum within 90 days of the day of death; provided , that the Beneficiary or Beneficiaries shall not have the right to designate the year of payment. A Participant's Beneficiary Designation may be changed at any time prior to his or her death by the execution and delivery of a new Beneficiary Designation. The Beneficiary Designation on file with the Company that bears the latest date at the time of the Participant's death shall govern. In the absence of a Beneficiary Designation or the failure of any Beneficiary to survive the Participant, the amount of the Participant's Account(s) shall be paid to the Participant's estate in a lump sum within 90 days of the day of death; provided that the representative of the estate shall not have the right to designate the year of payment. In the event of the death of the Beneficiary or Beneficiaries after the death of a Participant, the remaining amount of the Account(s) shall be paid in a lump sum to the estate of the last Beneficiary to receive payments within 90 days of the day of death; provided that the representative of the estate shall not have the right to designate the year of payment.

6. Small Payments . Notwithstanding the foregoing provisions of this Article II, if upon the applicable distribution date the Participant's total balance in his or her Account(s), in addition to the balances and accounts under any other agreements, methods, programs, plans or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan with the account balances under the Plan under Treasury Regulation Section 1.409A-1(c)(2) (the "Aggregate Account Balance"), is less than $5,000, then the amount of the Participant's Aggregate Account Balance may, at the discretion of the Company, be paid in a lump sum.

7. Acceleration . Notwithstanding the foregoing provisions of this Article II:

(i) If a Change in Control occurs, the total amount of each Participant's Account(s) shall immediately be paid to the Participant in the form of a single, lump sum payment, provided that if such Change in Control does not constitute a "change in the ownership or effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A(a)(2)(A)(v) of the Code and Treasury Regulation Section 1.409A-3(i)(5), or any successor provision, then payment shall be made, to the extent necessary to comply with the provisions of Section 409A of the Code, to the Participant on the date (or dates) the Participant would otherwise be entitled to a distribution (or distributions) in accordance with the provisions of the Plan. Notwithstanding the foregoing, the term "Change in Control" in this Section 7(i) shall have the meaning that "Change in Control" has under The Timken Company Director Deferred Compensation Plan

for any amounts deferred in a Participant's Account pursuant to an election first made under The Timken Company Director Deferred Compensation Plan.

(ii) In the event of an Unforeseeable Emergency and at the request of a Participant or Beneficiary, the Committee may in its sole discretion accelerate the payment to the Participant or Beneficiary of all or a part of his or her Account(s). Payments of amounts as a result of an Unforeseeable Emergency may not exceed the amount necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution(s), after taking into account the extent to which the hardship is or may be relieved through reimbursement or compensation by insurance or otherwise by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

8. Adjustments . The Committee may make or provide for such adjustments in the numbers of Common Shares credited to Participants' Accounts, and in the kind of shares so credited, as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (i) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, or (ii) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all Common Shares deliverable under the Plan such alternative consideration as it, in good faith, may determine to be equitable in the circumstances.

9. Fractional Shares . The Company shall not be required to issue any fractional Common Shares pursuant to the Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

ARTICLE III

ADMINISTRATION

The Company, through the Committee, shall be responsible for the general administration of the Plan and for carrying out the provisions hereof. The Committee shall have all such powers as may be necessary to carry out the provisions of the Plan, including the power to (i) determine all questions relating to eligibility for participation in the Plan and the amount in the Account or Accounts of any Participant and all questions pertaining to claims for benefits and procedures for claim review, (ii) resolve all other questions arising under the Plan, including any questions of construction, and (iii) take such further action as the Company shall deem advisable in the administration of the Plan. The actions taken and the decisions made by the Committee hereunder shall be final and binding upon all interested parties.

ARTICLE IV

AMENDMENT AND TERMINATION

The Company reserves the right to amend or terminate the Plan at any time by action of the Board; provided , however , that no such action shall adversely affect any Participant or Beneficiary who has an Account, or result in the acceleration of payment of the amount of any Account (except as otherwise permitted under the Plan), without the consent of the Participant or Beneficiary; (provided , further , that the consent requirement of Participants or Beneficiaries to certain actions shall not apply to any amendment or termination made by the Company pursuant to Section 7(iii) of Article V). Notwithstanding the preceding sentence, the Committee, in its sole discretion, may terminate the Plan to the extent and in circumstances described in Treasury Regulation Section 1.409A-3(j)(4)(ix), or any successor provision.

ARTICLE V

MISCELLANEOUS

1. Non-alienation of Deferred Compensation . Except as permitted by the Plan and subject to Section 7(ii) of this Article V, no right or interest under the Plan of any Participant or Beneficiary shall, without the written consent of the Company, be (i) assignable or transferable in any manner, (ii) subject to alienation, anticipation, sale, pledge, encumbrance, attachment, garnishment or other legal process or (iii) in any manner liable for or subject to the debts or liabilities of the Participant or Beneficiary.

2. Interest of Director . The obligation of the Company under the Plan to make payment of amounts reflected in an Account merely constitutes the unsecured promise of the Company to make payments from its general assets, as provided herein, and no Participant or Beneficiary shall have any interest in, or a lien or prior claim upon, any property of the Company. It is the intention of the Company that the Plan be unfunded for tax purposes and for purposes of Title I of ERISA. The Company may create a trust to hold funds to be used in payment of its obligations under the Plan, and may fund such trust; provided , however , that any funds contained therein shall remain liable for the claims of the Company's general creditors and provided , further , that no amount shall be transferred to trust if, pursuant to Section 409A of the Code, such amount would, for purposes of Section 83 of the Code, be treated as property transferred in connection with the performance of services.

3. Claims of Other Persons . The provisions of the Plan shall in no event be construed as giving any other person, firm or corporation any legal or equitable right as against the Company or any subsidiary or the officers, employees or Directors of the Company, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.

4. Severability . The invalidity and unenforceability of any particular provision of the Plan shall not affect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

5. Governing Law . Except to the extent preempted by federal law, the provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

6. Relationship to Other Plans . The Plan is intended to serve the purposes of and to be consistent with the Long-Term Incentive Plan and any similar plan approved by the Committee for purposes of the Plan. The issuance or transfer of Common Shares pursuant to the Plan shall be subject in all respects to the terms and conditions of the Long-Term Incentive Plan and any other such plan. Without limiting the generality of the foregoing, Common Shares credited to the Accounts of Participants pursuant to the Plan as a result of the deferral of Compensation payable in Common Shares shall be taken into account for purposes of Section 3 of the Long-Term Incentive Plan (Maximum Shares Available Under the Plan) and for purposes of corresponding provisions of any other such plan.

7. Compliance with Section 409A of the Code .

(i) To the extent applicable, it is intended that the Plan (including all amendments thereto) 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 the Participant or a Beneficiary. The Plan shall be administered in a manner consistent with this intent.

(ii) Neither a Participant nor any of a Participant's creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment, provided that to the extent permitted by Section 409A of the Code, payment of part or all of a Participant's interest under the Plan may be made to an individual other than the Participant to the extent necessary to fulfill a domestic relations order as defined in Section 414(p)(1)(B) of the Code. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under the Plan may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its affiliates.

(iii) Notwithstanding any provision of the Plan to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to the Plan as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's Account in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

8. Headings: Interpretation .

(i) Headings in the Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

(ii) Any reference in the Plan to Section 409A of the Code will also include any applicable proposed, temporary, or final regulations or any other applicable formal guidance promulgated with respect to such Section 409A of the Code by the U.S. Department of

Treasury or the Internal Revenue Service. Further, any specific reference to a Code section or a Treasury Regulation section shall include any successor provision of the Code or the Treasury Regulation, as applicable.

(iii) For purposes of the Plan, the phrase "permitted by Section 409A of the Code," or words or phrases of similar import, shall mean that the event or circumstance that may occur or exist only if permitted by Section 409A of the Code would not cause an amount deferred or payable under the Plan to be includible in the gross income of a Participant or Beneficiary under Section 409A(a)(1) of the Code.

TRANSFERABLE

TIMKENSTEEL CORPORATION

Nonqualified Stock Option Agreement

WHEREAS, _____ (the "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 January 29, 2015 (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 January 29, 2015; 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 2014 Equity and Incentive Compensation Plan (the "Plan"), the Company hereby grants to the Optionee (i) 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 the 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 the 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 the Optionee shall have been in the continuous employ of the Company or a Subsidiary on each such date. For the purposes of this Agreement, the continuous employment of the Optionee with the Company or a Subsidiary shall not be deemed to have been interrupted, and the 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 employment among the Company and its Subsidiaries.

(b) Vesting Upon Retirement with Consent : If the Optionee should retire with the Company's consent before the fourth anniversary of the Date of Grant, then the Optionee's Option shall become nonforfeitable in accordance with the terms and conditions of Section 1(a) as if the 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.

For purposes of this Agreement, retirement "with the Company's consent" shall mean: (i) the retirement of the Optionee prior to age 62 under a retirement plan of the Company or a Subsidiary, if the Board or the Committee determines that his retirement is for the convenience of the Company or a Subsidiary, or (ii) the retirement of the Optionee at or after age 62 under a retirement plan of the Company or a Subsidiary.

(c) To the extent that the Option shall have 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 the Optionee should die or become permanently disabled while in the employ of the Company or any Subsidiary. For purposes of this Agreement, "permanently disabled" shall mean that the 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.

(b) Change in Control :

(i) Upon a Change in Control occurring on or before the fourth anniversary of the Date of Grant while the 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 that a Replacement Award is provided to the Optionee for such Option.

(ii) For purposes of this Agreement, a "Replacement Award" means an award (A) of stock options, (B) that have 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 the Optionee is subject to U.S. federal income tax under the Code, are not less favorable to the Optionee than the tax consequences of the Option, (E) that vests in full upon a termination of the 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 the Optionee or without Cause by such employer 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 the 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 the 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. For purposes of Section 2(b)(ii), "Good Reason" will be defined to mean: 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 shall become immediately exercisable in full if the Optionee's employment with the Company or a Subsidiary terminates as the result of a divestiture. For the purposes of this Agreement, the term "divestiture" shall mean a permanent disposition to a Person other than the Company or any Subsidiary of a plant or other facility or property at which the 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) the Optionee's employment with the Company or a Subsidiary terminates as the result of a layoff and (ii) the 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 the 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 the Optionee had remained in the employ of the Company through the end of the severance period.

For purposes of this Agreement, a "layoff" shall mean 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, or (iii) an elimination of position.

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 the Optionee ceases to be an employee of the Company or a Subsidiary, unless (i) the cessation of his employment (A) is a result of his 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) the Optionee continues to serve as a director of the Company following the cessation of his employment;

(b) three years after the date upon which the 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 the Optionee ceases to be an employee of the Company or Subsidiary as a result of early retirement. For purposes of this Agreement, "early retirement" shall mean the retirement of the 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 the Optionee ceases to be an employee of the Company or a Subsidiary (i) as a result of his death, or (ii) as a result of his permanent disability;

(e) five years after the date upon which the Optionee ceases to be a director of the Company if he continues to serve as a director of the Company following the cessation of his 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) the Optionee remains an employee of the Company or a Subsidiary until the ten-year anniversary of the Date of Grant, or (ii) the Optionee ceases to be an employee of the Company or a Subsidiary as a result of his 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 that the Optionee shall intentionally commit 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 to the contrary.

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 the 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 the 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 the 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 the Optionee upon payment of the Option Price in full.

5. Compliance with Law . The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided , however , notwithstanding any other provision of this Agreement, the Option shall not be exercisable if the exercise thereof would result in a violation of any such law. To the extent that 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 the Optionee except by will or the laws of descent and distribution, and the Option shall be exercisable during the lifetime of the Optionee only by him or, in the event of his legal incapacity to do so, by his guardian or legal representative acting on behalf of the Optionee in a fiduciary capacity under state law and court supervision.

(b) Notwithstanding Section 6(a) above, the Option, may be transferable by the Optionee, without payment of consideration therefor, to any family member of the 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 the 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 the 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 that the Committee may determine to be equitably required to prevent any dilution or expansion of the 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 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 the 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, the 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 the Optionee upon the exercise of the Option. If such election is made, the shares so surrendered by the 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 otherwise determined by the Committee at any time, the 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) In the event that, as determined by the Committee, the Optionee shall engage 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 notwithstanding any other provision of this Agreement. For purposes of this Agreement, "Detrimental Activity" shall mean:

(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. For the purposes of this subsection, "Termination for Cause" shall mean 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 the Optionee is personally responsible for causing the Restatement as a result of the Optionee's personal misconduct or any fraudulent activity on the part of the 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 the 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 the 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 shall also determine whether the Company shall effect any recovery under this Section 9(b) by: (i) seeking repayment from the 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 the 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 the Optionee in accordance with the Company's compensation practices; or (iv) by any combination of these alternatives. For purposes of this Agreement, "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 2014 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 the 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 the Optionee.

11. Relation to Other Benefits . Any economic or other benefit to the Optionee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the 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 the Optionee with respect to the Option without the 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 the Optionee and the 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. The 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 the Optionee's country or elsewhere, including the United States of America. The Optionee consents to the processing of information relating to the Optionee and the 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 ____, ____.

TIMKENSTEEL CORPORATION

By: _____
Frank DiPiero
Executive Vice President and General Counsel

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

Performance-Based Restricted Stock Unit Agreement

WHEREAS, _____ ("Grantee") is an employee of TimkenSteel Corporation (the "Company") or a Subsidiary; 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 January 29, 2015, 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 January 29, 2015.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation 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 _____ __, ____ (the "Date of Grant"), of _____ performance-based Restricted Stock Units (the "PRSUs"). Subject to the attainment of the Management Objectives described in Section 3 of this Agreement, Grantee may earn between 0% and ___% of 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.

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 will be transferable prior to payment other than by will or the laws of descent and distribution.

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, 2015 through December 31, 2017 (the "Performance Period") as follows:

      (i) The applicable percentage of the PRSUs that shall be 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 that the Company's achievement with respect to one of the Performance Metrics is between the performance levels specified in the Performance Matrix, the applicable percentage of the PRSUs that shall be 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 shall be 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; provided , however , that no such action may result in the loss of the otherwise available exemption of the PRSUs under Section 162(m) of the Code.

(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, Grantee shall Vest in some or all of the PRSUs 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 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 January 1, 2015 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. 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.

(b) Retirement : If Grantee should retire 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 January 1, 2015 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. For purposes of this Agreement, "retire with the Company's consent" means: (i) the retirement of Grantee prior to age 62 under a retirement plan of the Company or a Subsidiary, if the Board or the Committee determines that his retirement is for the convenience of the Company or a Subsidiary; or (ii) the retirement of Grantee at or after age 62 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. 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) For purposes of 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 of 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 within a period of two years after the Change in Control based on actual performance through the date of such termination, 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. For purposes of Section 4(c)(ii), "Good Reason" will be defined to mean: 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) 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 January 1, 2015 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. For the purposes of this Agreement, the term "divestiture" shall mean 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 January 1, 2015 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. 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.

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) between January 1, 2018 and March 15, 2018.

(b) Other Payment Event . Notwithstanding Section 6(a), to the extent that the 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 the regulations thereunder, 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 shall engage 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 notwithstanding any other provision of this Agreement. For purposes of this Agreement, "Detrimental Activity" shall mean:

(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. For the purposes of this subsection, "Termination for Cause" shall mean 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 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 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. For purposes of this Agreement, "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 2014 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 . The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, 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 such law.

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 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. 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 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. 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.

[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 ____, ____.

TimkenSteel Corporation

By _____
Frank DiPiero
Executive Vice President and General Counsel

CLI-202342580v3

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 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 January 29, 2015, 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 January 29, 2015.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation 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 shall 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 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 should die or become 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.

(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. For purposes of this Agreement, "retire with the Company's consent" means: (i) the retirement of Grantee prior to age 62 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 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 that Section 4(e) applies, the RSUs will Vest only to the extent that the RSUs would have become Vested pursuant to Section 4(e).

(ii) For purposes of this Agreement, 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 of the RSUs, (E) that vests in full upon a termination of Grantee's employment with Company or a Subsidiary or their successors in the Change in Control (or another entity that is affiliated with the Company or a Subsidiary or their successors following the Change in Control) (as applicable, the "Successor") for Good Reason by Grantee or without Cause by such Successor 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. For purposes of Section 4(c)(ii), "Good Reason" will be defined to mean 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) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding RSUs which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control.

(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. For the purposes of this Agreement, the term "divestiture" shall mean 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.

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 that, 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 that 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 the regulations thereunder, 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) In the event that, as determined by the Committee, Grantee shall engage 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 notwithstanding any other provision of this Agreement. For purposes of this Agreement, "Detrimental Activity" shall mean:

(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. For the purposes of this subsection, "Termination for Cause" shall mean 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 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. For purposes of this Agreement, "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 2014 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 . The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided , however , 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 such law.

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 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. 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 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. 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.

[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 DiPiero
Executive Vice President and General Counsel

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 January 29, 2015, 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 January 29, 2015.

NOW, THEREFORE, pursuant to the TimkenSteel Corporation 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 shall 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 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 should die or become 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.

(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 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. For purposes of this Agreement, "retire with the Company's consent" means: (i) the retirement of Grantee prior to age 62 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 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 that Section 4(e) applies, the RSUs will Vest only to the extent that the RSUs would have become Vested pursuant to Section 4(e).

(ii) For purposes of this Agreement, 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 of the RSUs, (E) that vests in full upon a termination of Grantee's employment with Company or a Subsidiary or their successors in the Change in Control (or another entity that is affiliated with the Company or a Subsidiary or their successors following the Change in Control) (as applicable, the "Successor") for Good Reason by Grantee or without Cause by such Successor 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. For purposes of Section 4(c)(ii), "Good Reason" will

be defined to mean 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) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding RSUs which at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control.

(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. For the purposes of this Agreement, the term "divestiture" shall mean 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.

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 that, 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 the regulations thereunder, 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) In the event that, as determined by the Committee, Grantee shall engage 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 notwithstanding any other provision of this Agreement. For purposes of this Agreement, "Detrimental Activity" shall mean:

(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. For the purposes of this subsection, "Termination for Cause" shall mean 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 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. For purposes of this Agreement, "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 2014 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 . The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided , however , 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 such law.

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 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. 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 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. 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.

[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 DiPiero
Executive Vice President and General Counsel

CLI-202342697v4

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 January 29, 2015 (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 January 29, 2015.

NOW, THEREFORE, pursuant to the Company's 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 shall 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 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.

For purposes of this Agreement, retirement "with the Company's consent" shall mean: (i) the retirement of Grantee prior to age 62 under a retirement plan of the Company or a Subsidiary, if the Board or the Committee determines that his retirement is for the convenience of the Company or a Subsidiary, or (ii) the retirement of Grantee at or after age 62 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 immediately become nonforfeitable if Grantee should die or become permanently disabled while in the employ of the Company or any Subsidiary. If Grantee should die or become permanently disabled during the period that Grantee is deemed to be in the continuous employ of the Company or a Subsidiary pursuant to Section 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 immediately become nonforfeitable, except that to the extent that Section 2(d) applies, the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto will immediately become nonforfeitable only to the extent that 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.

For purposes of this Agreement, "permanently disabled" shall mean that Grantee has qualified for long-term disability benefits under a disability plan or program of the Company or a Subsidiary that defines disability in accordance with Section 409A of the Code and its corresponding regulations, or, in the absence of a disability plan or program of the Company or a Subsidiary, under a government-sponsored disability program that defines disability in accordance with Section 409A of the Code and its corresponding regulations.

(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

immediately become nonforfeitable (except to the extent that 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 Section 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 immediately become nonforfeitable, except that to the extent that Section 2 (d) applies, the Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto will immediately become nonforfeitable only to the extent that 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) For purposes of this Agreement, 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 of 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 the Change in Control (or another entity that is affiliated with the Company or a Subsidiary or their successors following the Change in Control) (as applicable, the "Successor") for Good Reason by Grantee or without Cause by such Successor 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. For purposes of Section 2(b)(ii), "Good Reason" will be defined to mean 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) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Common Shares covered by this Agreement and any Deferred Cash Dividends then accumulated with respect thereto 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 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 Section 2(a) or 2(b), whichever occurs first.

For the purposes of this Agreement, the term “divestiture” shall mean 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 Section 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 under a retirement plan of the Company or a Subsidiary, then Section 1(b) shall govern.

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 (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, or (iii) an elimination of position.

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 that 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 that Grantee shall intentionally commit 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 to the contrary.

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 when 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 that 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 the regulations thereunder, 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 . The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided , however , 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 such law. To the extent that 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 right to receive any Deferred Cash Dividends shall be transferable by Grantee except by will or the laws of descent and distribution. Any purported transfer in violation of this Section 7 shall be null and void, and the purported transferee shall obtain no rights with respect to such Shares.

8. 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. 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 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 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.

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) In the event that, as determined by the Committee, Grantee shall engage 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 notwithstanding any other provision of this Agreement. For purposes of this Agreement, "Detrimental Activity" shall mean:

(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. For the purposes of this subsection, "Termination for Cause" shall mean 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 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. For purposes of this Agreement, "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 2014 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. No provision of this Agreement shall limit 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.

[SIGNATURES ON FOLLOWING PAGE]

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

TimkenSteel Corporation

By:_____
Frank DiPiero
Executive Vice President and General Counsel

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: _____

Exhibit 31.1

CERTIFICATION

I, Ward J. Timken, Jr., certify that:

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

2. 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;

3. 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;

4. 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

5. 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 11, 2015

/s/ Ward J. Timken, Jr.

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

Exhibit 31.2

CERTIFICATION

I, Christopher J. Holding, certify that:

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

2. 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;

3. 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;

4. 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

5. 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 11, 2015

/s/ Christopher J. Holding

Christopher J. Holding
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of TimkenSteel Corporation (the "Company") on Form 10-Q for the period ended March 31, 2015 , 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 11, 2015

/s/ Ward J. Timken, Jr.

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

Date: May 11, 2015

/s/ Christopher J. Holding

Christopher J. Holding
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)