

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

**SCHEDULE 14A**

(RULE 14a-101)

**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

TIMKENSTEEL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

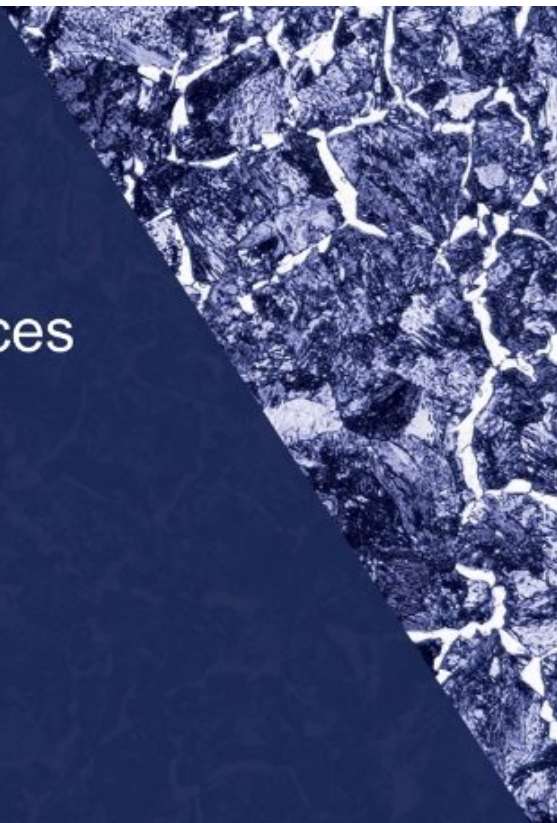
(3) Filing Party:

(4) Date Filed:

# Executive compensation practices and performance

*April 2018*

TIMKEN STEEL 



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## TimkenSteel's board of directors recommendation

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### Approval, on an advisory basis, of named executive officer compensation

The following pages

offer information on that topic supplemental to the company's

Notice of 2018 Annual Meeting of Shareholders and Proxy Statement

*The proxy statement also offers information on the board's recommendations regarding election of directors and ratification of the appointment of our independent auditor.*



## TimkenSteel executive compensation objectives

- ▶ Align the interests of our executives and shareholders
- ▶ Reward executives for strong business and financial results
- ▶ Attract, retain and motivate the best talent

Award	Objective	Metrics	Employees	Time Period
<b>Annual Incentive</b>	<ul style="list-style-type: none"> <li>• Execution of annual operational priorities</li> <li>• Variable cash compensation based on performance</li> </ul>	<ul style="list-style-type: none"> <li>• EBIT/BIC<sup>(1)</sup></li> <li>• Cash flow</li> <li>• Key process path sales</li> </ul>	<ul style="list-style-type: none"> <li>• All salaried, including officers and CEO</li> </ul>	<ul style="list-style-type: none"> <li>• 1 year</li> </ul>
<b>Performance-based Restricted Stock Units</b>	<ul style="list-style-type: none"> <li>• Long-term shareholder value creation</li> <li>• Alignment with strategic business priorities</li> <li>• Reward for accomplishment of mid-term financial performance</li> </ul>	<ul style="list-style-type: none"> <li>• Average return on invested capital</li> <li>• Cumulative sales</li> <li>• Cumulative cash flow</li> <li>• Share price (metrics in current cycles)</li> </ul>	<ul style="list-style-type: none"> <li>• Directors and above, including Officers and CEO<sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 2 to 3 years</li> </ul>
<b>Cliff Vested Restricted Stock Units</b>	<ul style="list-style-type: none"> <li>• Retention of top talent</li> <li>• Build ownership</li> <li>• Alignment with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Share price</li> </ul>	<ul style="list-style-type: none"> <li>• Directors and above, including Officers (excludes CEO)</li> </ul>	<ul style="list-style-type: none"> <li>• 3 years</li> </ul>
<b>Non-Qualified Stock Options</b>	<ul style="list-style-type: none"> <li>• Long-term shareholder value creation</li> <li>• Alignment with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Share price</li> </ul>	<ul style="list-style-type: none"> <li>• Directors and above, including Officers and CEO<sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 4 years ratable vested</li> <li>• 10 year exercise period</li> </ul>

<sup>(1)</sup>EBIT/BIC is defined as earnings before interest and taxes divided by beginning invested capital

<sup>(2)</sup>CEO's long-term incentive portfolio is comprised of performance-based restricted stock units and non-qualified stock options



# TimkenSteel CEO compensation

*With a pay-for-performance philosophy, realized total compensation has been **well below targeted and competitive levels***

Since TimkenSteel has been a public company, a prolonged economic down cycle has presented considerable challenges in forecasting and establishing achievable goals while also generating expected shareholder returns. Company performance is improving, but actual compensation to date has been below target as a function of a **well-designed compensation structure that includes:**

1. Highly performance-based incentives with challenging performance criteria	2. Well-structured compensation program and best practice governance processes
<ul style="list-style-type: none"><li>• Annual incentives based on earnings and cash flow with targets set such that expected payouts would be below target</li><li>• Performance-based restricted stock units based on ROIC, sales and cash flow over multi-year period reflecting industry uncertainty and volatility (has not paid since TimkenSteel became an independent company)</li><li>• Non-qualified stock options to align long-term compensation with shareholders</li></ul>	<ul style="list-style-type: none"><li>• Targets median compensation against size-appropriate general industry survey data reflecting TimkenSteel revenue for setting target pay</li><li>• Pay mix heavily weighted with performance-based compensation and performance-based equity to align with shareholders</li><li>• Updated ownership guidelines and other good-governance, shareholder-friendly policies</li></ul>



# Potential target vs. actual realized: TimkenSteel CEO three-year compensation (2015-2017)

CEO's realized pay over three years is **39% of target compensation**

