

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

**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

May 5, 2021



**TIMKENSTEEL CORPORATION**

(Exact name of registrant as specified in its charter)

**Ohio**

(State or Other Jurisdiction of Incorporation)

**1-36313**

(Commission File Number)

**46-4024951**

(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)

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, without par value	TMST	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On May 6, 2021, TimkenSteel Corporation (the “Company”) issued a press release announcing results for the first quarter of 2021. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On May 5, 2021, the Company’s Board (the “Board”) of Directors approved the separation from employment for William P. Bryan, Executive Vice President, Manufacturing and Supply Chain, effective May 7, 2021. In connection with his separation from the Company, Mr. Bryan generally will be entitled to receive the compensation and benefits for a “termination without cause” under the terms of a severance agreement he had previously entered into with the Company.

Also on May 5, 2021, the Board approved the separation from employment for Thomas D. Moline, Executive Vice President, Commercial Operations, effective May 7, 2021. In connection with his separation from the Company, Mr. Moline generally will be entitled to receive the compensation and benefits for a “termination without cause” under the terms of a severance agreement he had previously entered into with the Company.

The form of severance agreement that Messrs. Bryan and Moline each entered into with the Company is filed as Exhibit 10.8 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

Finally, as further described below, at the Company’s 2021 Annual Meeting of Shareholders held on May 5, 2021 (the “Annual Meeting”), the shareholders approved the TimkenSteel Corporation Amended and Restated 2020 Equity and Incentive Compensation Plan (the “Amended 2020 Plan”). The following description of the changes made by the Amended 2020 Plan is qualified in its entirety by reference to the Amended 2020 Plan, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

The Amended 2020 Plan amended and restated the TimkenSteel Corporation 2020 Equity and Incentive Compensation Plan (the “2020 Plan”). In general, the Amended 2020 Plan modified the 2020 Plan to (1) increase the number of common shares, without par value, of the Company available for awards by 2,000,000 shares, (2) correspondingly increase the limit on shares that may be issued or transferred upon the exercise of incentive stock options by 2,000,000 shares, (3) remove the 2020 Plan’s full value award limit of 1.8 million shares and (4) extend the plan term until May 5, 2031. In addition, the Amended 2020 Plan made certain other conforming, clarifying or non-substantive changes to the terms of the 2020 Plan to implement the Amended 2020 Plan but did not make other material changes to the 2020 Plan.

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**Item 5.07 Submission of Matters to a Vote of Security Holders**

At the Annual Meeting, shareholders elected to three-year terms each of the three directors nominated by the Board. The shareholders also ratified the selection of Ernst & Young LLP as the Company's independent auditor for the year ending December 31, 2021; approved, on an advisory basis, the compensation of the Company's named executive officer; and recommended, on an advisory basis, that shareholder advisory votes on named executive officer compensation occur annually. Finally, the shareholders approved the Amended 2020 Plan. The final voting results from the Annual Meeting are as follows:

## Proposal 1 - Election of Directors

Nominee	For	Withheld	Broker Non-Votes
Terry L. Dunlap	32,151,980	849,507	6,500,421
Ronald A. Rice	25,410,780	7,590,707	6,500,421
Michael S. Williams	32,389,416	612,071	6,500,421

## Proposal 2 - Ratification of the Selection of Ernst &amp; Young LLP as the Company's Independent Auditor for 2021

For	Against	Abstain
39,220,585	239,391	41,932

## Proposal 3 - Approval, on an Advisory Basis, of Named Executive Officer Compensation

For	Against	Abstain	Broker Non-Votes
31,340,206	1,576,587	84,689	6,500,426

## Proposal 4 – Frequency of Shareholder Advisory Votes on Named Executive Officer Compensation

1 Year	2 Years	3 Years	Abstain	Broker Non-Votes
30,033,796	30,332	2,796,477	140,877	6,500,426

## Proposal 5 – Approval of the TimkenSteel Corporation Amended and Restated 2020 Equity and Incentive Compensation Plan

For	Against	Abstain	Broker Non-Votes
18,127,532	14,669,152	204,797	6,500,427

As noted above, a majority of the votes cast on the frequency of shareholder advisory votes on named executive officer compensation (the "Frequency Proposal") were cast in favor of conducting shareholder advisory votes on the approval of named executive compensation annually, in line with the recommendation of the Board of Directors. After taking into consideration the results of the shareholder vote on the Frequency Proposal, the Board has determined that the Company will conduct shareholder advisory votes on the approval of named executive officer compensation on an annual basis, at least until the next shareholder vote on the frequency of such votes is held, which will be no later than the Company's 2027 Annual Meeting of Shareholders.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
10.1**	<a href="#">TimkenSteel Corporation Amended and Restated 2020 Equity and Incentive Compensation Plan</a>
99.1**	<a href="#">Press Release of TimkenSteel Corporation dated May 6, 2021.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TIMKENSTEEL CORPORATION

Date: May 6, 2021

By: /s/ Kristopher R. Westbrooks  
Kristopher R. Westbrooks  
Executive Vice President and Chief Financial Officer

## TIMKENSTEEL CORPORATION

AMENDED AND RESTATED  
2020 EQUITY AND INCENTIVE COMPENSATION PLAN

1. **Purpose.** The purpose of this Plan is to permit award grants to non-employee Directors, officers and other employees of the Company and its Subsidiaries, and certain consultants to the Company and its Subsidiaries, and to provide to such persons incentives and rewards for service and/or performance.

2. **Definitions.** As used in this Plan:

(a) "Amendment and Restatement Date" means the date on which the TimkenSteel Corporation Amended and Restated 2020 Equity and Incentive Compensation Plan is approved by the Shareholders.

(b) "Appreciation Right" means a right granted pursuant to **Section 5** of this Plan.

(c) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of an Appreciation Right.

(d) "Board" means the Board of Directors of the Company.

(e) "Cash Incentive Award" means a cash award granted pursuant to **Section 8** of this Plan.

(f) "Change in Control" has the meaning set forth in **Section 12** of this Plan.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations thereunder, as such law and regulations may be amended from time to time.

(h) "Committee" means the Compensation Committee of the Board (or its successor(s)), or any other committee of the Board designated by the Board to administer this Plan pursuant to **Section 10** of this Plan.

(i) "Common Shares" means the common shares, without par value per share, 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 11** of this Plan.

(j) "Company" means TimkenSteel Corporation, an Ohio corporation, and its successors.

(k) "Date of Grant" means the date provided for by the Committee on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units, Cash Incentive Awards, or other awards contemplated by **Section 9** of this Plan, or a grant or sale of Restricted Shares, Restricted Share Units, or other awards contemplated by **Section 9** of

this Plan, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

(l) "Director" means a member of the Board.

(m) "Effective Date" means May 6, 2020.

(n) "Evidence of Award" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under this Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(p) "Incentive Stock Option" means an Option Right that is intended to qualify as an "incentive stock option" under Section 422 of the Code or any successor provision.

(q) "Management Objectives" means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares, Performance Units or Cash Incentive Awards or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Shares, Restricted Share Units, dividend equivalents or other awards pursuant to this Plan. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the goals or actual levels of achievement regarding the Management Objectives, in whole or in part, as the Committee deems appropriate and equitable.

(r) "Market Value per Share" means, as of any particular date, the closing price of a Common Share as reported for that date on the New York Stock Exchange or, if the Common Shares are not then listed on the New York Stock Exchange, on any other national securities exchange on which the Common Shares are listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred. If there is no regular public trading market for the Common Shares, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the applicable Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(s) "Optionee" means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

(t) “Option Price” means the purchase price payable on exercise of an Option Right.

(u) “Option Right” means the right to purchase Common Shares upon exercise of an award granted pursuant to **Section 4** of this Plan.

(v) “Participant” means a person who is selected by the Committee to receive benefits under this Plan and who is at the time (i) a non-employee Director, (ii) an officer or other employee of the Company or any Subsidiary, including a person who has agreed to commence serving in such capacity within 90 days of the Date of Grant, or (iii) a person, including a consultant, who provides services to the Company or any Subsidiary that are equivalent to those typically provided by an employee (provided that such person satisfies the Form S-8 definition of an “employee”).

(w) “Performance Period” means, in respect of a Cash Incentive Award, Performance Share or Performance Unit, a period of time established pursuant to **Section 8** of this Plan within which the Management Objectives relating to such Cash Incentive Award, Performance Share or Performance Unit are to be achieved.

(x) “Performance Share” means a bookkeeping entry that records the equivalent of one Common Share awarded pursuant to **Section 8** of this Plan.

(y) “Performance Unit” means a bookkeeping entry awarded pursuant to **Section 8** of this Plan that records a unit equivalent to \$1.00 or such other value as is determined by the Committee.

(z) “Plan” means this TimkenSteel Corporation 2020 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time.

(aa) “Predecessor Plan” means the TimkenSteel Corporation 2014 Equity and Incentive Compensation Plan, in each case including as amended or amended and restated.

(bb) “Restricted Shares” means Common Shares granted or sold pursuant to **Section 6** of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.

(cc) “Restricted Share Units” means an award made pursuant to **Section 7** of this Plan of the right to receive Common Shares, cash or a combination thereof at the end of the applicable Restriction Period.

(dd) “Restriction Period” means the period of time during which Restricted Share Units are subject to restrictions, as provided in **Section 7** of this Plan.

(ee) “Shareholder” means an individual or entity that owns one or more Common Shares.

(ff) “Spread” means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Base Price provided for with respect to the Appreciation Right.

(gg) “Subsidiary” means a corporation, company or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, unincorporated association or other similar entity), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, “Subsidiary” means any corporation in which the Company at the time owns or controls, directly or indirectly, more than 50% of the total combined Voting Power represented by all classes of stock issued by such corporation.

(hh) “Voting Power” means, at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company or members of the board of directors or similar body in the case of another entity.

### 3. **Shares Available Under this Plan.**

(a) Maximum Shares Available Under this Plan.

- (i) Subject to adjustment as provided in **Section 11** of this Plan and the share counting rules set forth in **Section 3(b)** of this Plan, the number of Common Shares available under this Plan for awards of (A) Option Rights or Appreciation Rights, (B) Restricted Shares, (C) Restricted Share Units, (D) Performance Shares or Performance Units, (E) awards contemplated by **Section 9** of this Plan, or (F) dividend equivalents paid with respect to awards made under this Plan will not exceed in the aggregate 4,000,000 Common Shares (consisting of 2,000,000 Common Shares that were approved by the Shareholders in 2020 and 2,000,000 Common Shares to be approved by the Shareholders in 2021), plus the Common Shares that are subject to awards granted under this Plan or the Predecessor Plan that are added (or added back, as applicable) to the aggregate number of Common Shares available under this **Section 3(a)(i)** pursuant to the share counting rules of this Plan. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.
- (ii) Subject to the share counting rules set forth in **Section 3(b)** of this Plan, the aggregate number of Common Shares available

under **Section 3(a)(i)** of this Plan will be reduced by one Common Share for every one Common Share subject to an award granted under this Plan.

(b) Share Counting Rules.

- (i) Except as provided in **Section 22** of this Plan, if any award granted under this Plan (in whole or in part) is canceled or forfeited, expires, is settled for cash, or is unearned, the Common Shares subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available under **Section 3(a)(i)** above in accordance with **Section 3(b)(v)** below.
- (ii) If, after the Effective Date, any Common Shares subject to an award granted under the Predecessor Plan are forfeited, or an award granted under the Predecessor Plan (in whole or in part) is canceled or forfeited, expires, is settled for cash, or is unearned, the Common Shares subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, be available for awards under this Plan in accordance with **Section 3(b)(v)** below.
- (iii) Notwithstanding anything to the contrary contained in this Plan: (A) Common Shares withheld by the Company, tendered or otherwise used in payment of the Option Price of an Option Right (or the option price of an option granted under the Predecessor Plan) will not be added (or added back, as applicable) to the aggregate number of Common Shares available under **Section 3(a)(i)** of this Plan; (B) Common Shares withheld by the Company, tendered or otherwise used to satisfy tax withholding with respect to Option Rights or Appreciation Rights (or option rights or appreciation rights granted under the Predecessor Plan) will not be added (or added back, as applicable) to the aggregate number of Common Shares available under **Section 3(a)(i)** of this Plan; (C) Common Shares withheld by the Company, tendered or otherwise used to satisfy tax withholding with respect to awards other than Option Rights and Appreciation Rights (or option rights or appreciation rights granted under the Predecessor Plan) will be added back to the aggregate number of Common Shares available under **Section 3(a)(i)** of this Plan in accordance with **Section 3(b)(v)** below, but only for a period not to exceed 10 years from the Amendment and Restatement Date; (D) Common Shares subject to a share-settled Appreciation Right that are not actually issued in connection with the settlement of such

Appreciation Right on the exercise thereof will not be added (or added back, as applicable) to the aggregate number of Common Shares available under **Section 3(a)(i)** of this Plan; and (E) Common Shares reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Option Rights will not be added (or added back, as applicable) to the aggregate number of Common Shares available under **Section 3(a)(i)** of this Plan.

- (iv) If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for Common Shares based on fair market value, such Common Shares will not count against the aggregate limit under **Section 3(a)(i)** of this Plan.
- (v) Any Common Share that becomes available under this Plan under this **Section 3(b)** will be added (or added back, as applicable) as (A) one Common Share if such Common Share was subject to an award granted under this Plan or a stock option or stock appreciation right granted under the Predecessor Plan, (B) 2.46 Common Shares if such Common Share was subject to an award granted under the Predecessor Plan prior to April 28, 2016 other than a stock option or stock appreciation right, and (C) as 2.50 Common Shares if such Common share was subject to an award granted under the Predecessor Plan on or after April 28, 2016 other than a stock option or stock appreciation right.

(c) **Limit on Incentive Stock Options.** Notwithstanding anything to the contrary contained in this Plan, and subject to adjustment as provided in **Section 11** of this Plan, the aggregate number of Common Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 4,000,000 Common Shares.

(d) **Non-Employee Director Compensation Limit.** Notwithstanding anything to the contrary contained in this Plan, in no event will any non-employee Director in any one calendar year be granted compensation for such service having an aggregate maximum value (measured at the Date of Grant as applicable, and calculating the value of any awards based on the grant date fair value for financial reporting purposes) in excess of \$500,000.

(e) **Minimum Vesting.** Notwithstanding anything in this Plan (outside of this **Section 3(e)**) to the contrary, awards granted under this Plan shall vest no earlier than after a minimum one-year vesting period or one-year performance period, as applicable; provided, however, that, notwithstanding the foregoing, an aggregate of up to 5% of the Common Shares available for awards under this Plan under **Section 3(a)(i)**, as may be adjusted under **Section 11** of this Plan, may be used for awards that do not at grant comply with such minimum vesting requirement. Nothing in this **Section 3(e)** or otherwise in this

Plan shall preclude the Committee, in its sole discretion, from (i) providing for continued vesting or accelerated vesting for any award under the Plan, including in connection with or following the retirement, death, disability or termination of employment or service of a Participant, or (ii) exercising its authority under **Section 18(c)** at any time following the grant of an award.

4. **Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of Common Shares to which it pertains subject to the limitations set forth in **Section 3** of this Plan.

(b) Each grant will specify an Option Price per Common Share, which Option Price (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash, by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Shares owned by the Optionee having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, by the withholding of Common Shares otherwise issuable upon exercise of an Option Right pursuant to a “net exercise” arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the Common Shares so withheld will not be treated as issued and acquired by the Company upon such exercise), (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Committee.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the Common Shares to which such exercise relates.

(e) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary, if any, that is necessary before any Option Rights or installments thereof will vest. Option Rights may provide for continued vesting or the earlier vesting of such Option Rights, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(f) Any grant of Option Rights may specify Management Objectives regarding the vesting of such rights.

(g) Option Rights granted under this Plan may be (i) options, including Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended to so qualify, or (iii) combinations of the foregoing.

Incentive Stock Options may only be granted to Participants who meet the definition of “employees” under Section 3401(c) of the Code.

(h) No Option Right will be exercisable more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Option Right upon such terms and conditions as established by the Committee.

(i) Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(j) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

## 5. **Appreciation Rights.**

(a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to any Participant of Appreciation Rights. An Appreciation Right will be the right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100%) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

- (i) Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, Common Shares or any combination thereof.
- (ii) Each grant will specify the period or periods of continuous service by the Participant with the Company or any Subsidiary, if any, that is necessary before the Appreciation Rights or installments thereof will vest. Appreciation Rights may provide for continued vesting or the earlier vesting of such Appreciation Rights, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.
- (iii) Any grant of Appreciation Rights may specify Management Objectives regarding the vesting of such Appreciation Rights.
- (iv) Appreciation Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.
- (v) Each grant of Appreciation Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to

this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

- (c) Also, regarding Appreciation Rights:
  - (i) Each grant will specify in respect of each Appreciation Right a Base Price, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant; and
  - (ii) No Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Appreciation Right upon such terms and conditions as established by the Committee.

6. **Restricted Shares.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Shares to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights (subject in particular to **Section 6(g)** of this Plan), but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter described.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each such grant or sale will provide that the Restricted Shares covered by such grant or sale will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant or until achievement of Management Objectives referred to in **Section 6(e)** of this Plan.

(d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares will be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant (which restrictions may include rights of repurchase or first refusal of the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture while held by any transferee).

(e) Any grant of Restricted Shares may specify Management Objectives regarding the vesting of such Restricted Shares.

(f) Notwithstanding anything to the contrary contained in this Plan, Restricted Shares may provide for continued vesting or the earlier vesting of such Restricted Shares, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(g) Any such grant or sale of Restricted Shares may require that any and all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and/or reinvested in additional Restricted Shares, which will be subject to the same restrictions as the underlying award. For the avoidance of doubt, any such dividends or other distributions on Restricted Shares will be deferred until, and paid contingent upon, the vesting of such Restricted Shares.

(h) Each grant or sale of Restricted Shares will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Shares will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares or (ii) all Restricted Shares will be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Shares.

7. **Restricted Share Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Share Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute the agreement by the Company to deliver Common Shares or cash, or a combination thereof, to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include achievement regarding Management Objectives) during the Restriction Period as the Committee may specify.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Notwithstanding anything to the contrary contained in this Plan, Restricted Share Units may provide for continued vesting or the earlier lapse or other modification of the Restriction Period, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the Common Shares deliverable upon payment of the Restricted Share Units and will have no

right to vote them, but the Committee may, at or after the Date of Grant, authorize the payment of dividend equivalents on such Restricted Share Units on a deferred and contingent basis, either in cash or in additional Common Shares; provided, however, that dividend equivalents or other distributions on Common Shares underlying Restricted Share Units shall be deferred until and paid contingent upon the vesting of such Restricted Share Units.

(e) Each grant or sale of Restricted Share Units will specify the time and manner of payment of the Restricted Share Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in Common Shares or cash, or a combination thereof.

(f) Each grant or sale of Restricted Share Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

8. **Cash Incentive Awards, Performance Shares and Performance Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of Cash Incentive Awards, Performance Shares and Performance Units. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number or amount of Performance Shares or Performance Units, or amount payable with respect to a Cash Incentive Award, to which it pertains, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

(b) The Performance Period with respect to each Cash Incentive Award or grant of Performance Shares or Performance Units will be such period of time as will be determined by the Committee, which may be subject to continued vesting or earlier lapse or other modification, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(c) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will specify Management Objectives regarding the earning of the award.

(d) Each grant will specify the time and manner of payment of a Cash Incentive Award, Performance Shares or Performance Units that have been earned.

(e) The Committee may, on the Date of Grant of Performance Shares or Performance Units, provide for the payment of dividend equivalents to the holder thereof either in cash or in additional Common Shares, which dividend equivalents will be subject to deferral and payment on a contingent basis based on the Participant's earning and vesting of the Performance Shares or Performance Units, as applicable, with respect to which such dividend equivalents are paid.

(f) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

9. **Other Awards.**

(a) Subject to applicable law and the applicable limits set forth in **Section 3** of this Plan, the Committee may authorize the grant to any Participant of Common Shares or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Common Shares, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of the Common Shares or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Committee will determine the terms and conditions of such awards. Common Shares delivered pursuant to an award in the nature of a purchase right granted under this **Section 9** will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, Common Shares, other awards, notes or other property, as the Committee determines.

(b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this **Section 9**.

(c) The Committee may authorize the grant of Common Shares as a bonus, or may authorize the grant of other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

(d) The Committee may, at or after the Date of Grant, authorize the payment of dividends or dividend equivalents on awards granted under this **Section 9** on a deferred and contingent basis, either in cash or in additional Common Shares; provided, however, that dividend equivalents or other distributions on Common Shares underlying awards granted under this **Section 9** shall be deferred until, and paid contingent upon, the earning and vesting of such awards.

(e) Each grant of an award under this **Section 9** will be evidenced by an Evidence of Award. Each such Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve, and will specify the time and terms of delivery of the applicable award.

(f) Notwithstanding anything to the contrary contained in this Plan, awards under this **Section 9** may provide for the earning or vesting of, or earlier elimination

of restrictions applicable to, such award, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

10. **Administration of this Plan.**

(a) This Plan will be administered by the Committee; provided, however, that notwithstanding anything in this Plan to the contrary, the Board may grant awards under this Plan to non-employee Directors and administer this Plan with respect to such awards. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.

(b) The interpretation and construction by the Committee of any provision of this Plan or of any Evidence of Award (or related documents) and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.

(c) To the extent permitted by law, the Committee may delegate to one or more of its members, to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan; and (ii) determine the size of any such awards; provided, however, that (A) the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer (for purposes of Section 16 of the Exchange Act), Director, or more than 10% "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization shall set forth the total number of Common Shares such officer(s) may grant; and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.

11. **Adjustments.** The Committee shall make or provide for such adjustments in the number of and kind of Common Shares covered by outstanding Option Rights, Appreciation Rights, Restricted Shares, Restricted Share Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of and kind of Common Shares covered by other awards granted pursuant to **Section 9** of this Plan, in the

Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, respectively, in Cash Incentive Awards, and in other award terms, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) 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 (c) 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 or in the event of a Change in Control, the Committee may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the number of Common Shares specified in **Section 3** of this Plan as the Committee in its sole discretion, exercised in good faith, determines is appropriate to reflect any transaction or event described in this **Section 11**; provided, however, that any such adjustment to the number specified in **Section 3(c)** of this Plan will be made only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail to so qualify.

## 12. **Change in Control.**

(a) **Definition.** For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan, a “Change in Control” will be deemed to have occurred upon the occurrence (after the Effective Date) 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: (A) the then-outstanding Common Shares; or (B) the combined voting power of the then-outstanding voting securities of the Corporation 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: (1) any acquisition directly from the Corporation; (2) any acquisition by the Corporation; (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation

or any of its Subsidiaries; or (4) any acquisition by any Person pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii);

- (ii) Individuals who, as of the Effective 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 Effective Date whose election, or nomination for election by the Corporation’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;
- (iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a “**Business Combination**”), in each case, unless, following such Business Combination, (A) 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 Corporation or all or substantially all of the Corporation’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 Corporation, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) sponsored or maintained by the Corporation 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 (C) 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 Corporation of a complete liquidation or dissolution of the Corporation.

(b) Treatment of Awards Upon a Change in Control.

(i) Unless otherwise determined by the Committee, each applicable Evidence of Award will provide that, in the event of a Change in Control, for outstanding awards under this Plan that vest, are earned or become exercisable (as applicable) based solely on employment, service or the passage of time (as opposed to the achievement of one or more Management Objectives), such awards will accelerate and vest, be earned or become exercisable, as applicable, where either (A) within a specified period the Participant's employment or service is involuntarily terminated for reasons other than for cause, the Participant terminates his or her employment or service for good reason or the Participant's employment or service is terminated due to the Participant's death or disability, or (B) such awards are not assumed or converted into replacement awards in a manner described in the Evidence of Award.

(ii) Unless otherwise determined by the Committee, each applicable Evidence of Award will provide that, in the event of a Change in Control, for outstanding awards under this Plan that vest, are earned or become exercisable (as applicable) based on the achievement of one or more Management Objectives (as opposed to only employment, service or the passage of time), such awards will accelerate and vest, be earned or become exercisable, as applicable, based on the greater of (A) target performance or (B) actual performance (or the Common Share price relating to the Change in Control, if applicable) determined as of the date of the Change in Control, where either (I) within a specified period the Participant's employment or service is involuntarily terminated for reasons other than for cause, the

Participant terminates his or her employment or service for good reason or the Participant's employment or service is terminated due to the Participant's death or disability, or (II) such awards are not assumed or converted into replacement awards in a manner described in the Evidence of Award.

13. **Detrimental Activity and Recapture Provisions.** Any Evidence of Award may reference a clawback policy of the Company or provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either (a) during employment or other service with the Company or a Subsidiary, or (b) within a specified period after termination of such employment or service, engages in any detrimental activity, as described in the applicable Evidence of Award or such clawback policy. In addition, notwithstanding anything in this Plan to the contrary, any Evidence of Award or such clawback policy may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any Common Shares issued under and/or any other benefit related to an award, or other provisions intended to have a similar effect, including upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded.

14. **Non-U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company or any Subsidiary under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including sub-plans) (to be considered part of this Plan) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the Shareholders.

15. **Transferability.**

(a) Except as otherwise determined by the Committee, and subject to compliance with **Section 17(b)** of this Plan and Section 409A of the Code, no Option Right, Appreciation Right, Restricted Share, Restricted Share Unit, Performance Share, Performance Unit, Cash Incentive Award, award contemplated by **Section 9** of this Plan or dividend equivalents paid with respect to awards made under this Plan will be transferable

by the Participant except by will or the laws of descent and distribution. In no event will any such award granted under this Plan be transferred for value. Where transfer is permitted, references to "Participant" shall be construed, as the Committee deems appropriate, to include any permitted transferee to whom such award is transferred. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

(b) The Committee may specify on the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Share Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in **Section 6** of this Plan, will be subject to further restrictions on transfer, including minimum holding periods.

16. **Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of Common Shares, and such Participant fails to make arrangements for the payment of taxes or other amounts, then, unless otherwise determined by the Committee, the Company will withhold Common Shares having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income, employment, tax or other laws, the Participant may elect, unless otherwise determined by the Committee, to satisfy the obligation, in whole or in part, by having withheld, from the Common Shares delivered or required to be delivered to the Participant, Common Shares having a value equal to the amount required to be withheld or by delivering to the Company other Common Shares held by such Participant. The Common Shares used for tax or other withholding will be valued at an amount equal to the fair market value of such Common Shares on the date the benefit is to be included in Participant's income. In no event will the fair market value of the Common Shares to be withheld and delivered pursuant to this **Section 16** exceed the minimum amount required to be withheld, unless (a) an additional amount can be withheld and not result in adverse accounting consequences, (b) such additional withholding amount is authorized by the Committee, and (c) the total amount withheld does not exceed the Participant's estimated tax obligations attributable to the applicable transaction. Participants will also make such arrangements as the Company may require for the payment of any withholding tax or other obligation that may arise in connection with the disposition of Common Shares acquired upon the exercise of Option Rights.

17. **Compliance with Section 409A of the Code.**

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder 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 Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code 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.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. 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 this Plan and grants hereunder may not be reduced by, or offset against, any amount owed by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.

(d) Solely with respect to any award that constitutes nonqualified deferred compensation subject to Section 409A of the Code and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a "change in the ownership," "change in effective control," and/or a "change in the ownership of a substantial portion of assets" of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time and form of payment that complies with Section 409A of the Code, without altering the definition of Change in Control for any purpose in respect of such award.

(e) Notwithstanding any provision of this Plan and grants hereunder 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 this Plan and grants hereunder 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 will 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 this Plan and grants hereunder (including

any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

18. **Amendments.**

(a) The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan, for purposes of applicable stock exchange rules and except as permitted under **Section 11** of this Plan, (i) would materially increase the benefits accruing to Participants under this Plan, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan, or (iv) must otherwise be approved by the Shareholders in order to comply with applicable law or the rules of the New York Stock Exchange or, if the Common Shares are not traded on the New York Stock Exchange, the principal national securities exchange upon which the Common Shares are traded or quoted, all as determined by the Board, then, such amendment will be subject to Shareholder approval and will not be effective unless and until such approval has been obtained.

(b) Except in connection with a corporate transaction or event described in **Section 11** of this Plan or in connection with a Change in Control, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding “underwater” Option Rights or Appreciation Rights (including following a Participant’s voluntary surrender of “underwater” Option Rights or Appreciation Rights) in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without Shareholder approval. This **Section 18(b)** is intended to prohibit the repricing of “underwater” Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in **Section 11** of this Plan. Notwithstanding any provision of this Plan to the contrary, this **Section 18(b)** may not be amended without approval by the Shareholders.

(c) If permitted by Section 409A of the Code, but subject to **Section 18(d)**, including in the case of termination of employment or service, or in the case of unforeseeable emergency or other circumstances or in the event of a Change in Control, to the extent a Participant holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Share Units as to which the Restriction Period has not been completed, or any Cash Incentive Awards, Performance Shares or Performance Units which have not been fully earned, or any dividend equivalents or other awards made pursuant to **Section 9** of this Plan subject to any vesting schedule or transfer restriction, or who holds Common Shares subject to any transfer restriction imposed pursuant to **Section 15(b)** of this Plan, the Committee may, in its sole discretion, provide for continued vesting or accelerate the time at which such Option Right, Appreciation Right or other award may vest or be exercised or the time at which such

substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Cash Incentive Awards, Performance Shares or Performance Units will be deemed to have been earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(d) Subject to **Section 18(b)** of this Plan, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Except for adjustments made pursuant to **Section 11** of this Plan, no such amendment will materially impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

19. **Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Ohio.

20. **Effective Date/Termination.** The TimkenSteel Corporation 2020 Equity and Incentive Compensation Plan was effective on the Effective Date. The TimkenSteel Corporation Amended and Restated 2020 Equity and Incentive Compensation Plan will be effective as of the Amendment and Restatement Date. No grants will be made on or after the Effective Date under the Predecessor Plan, provided that outstanding awards granted under the Predecessor Plan will continue unaffected following the Effective Date. No grant will be made under this Plan on or after the tenth anniversary of the Amendment and Restatement Date, but all grants made prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan. For clarification purposes, the terms and conditions of this Plan shall not apply to or otherwise impact previously granted and outstanding awards under the Predecessor Plan, as applicable (except for purposes of providing for Common Shares under such awards to be added to the aggregate number of Common Shares available under **Section 3(a)(i)** of this Plan pursuant to the share counting rules of this Plan).

21. **Miscellaneous Provisions.**

(a) The Company will not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

(b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.

(c) Except with respect to **Section 21(e)** of this Plan, to the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with

respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or shares thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(e) Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries will not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder.

(f) No Participant will have any rights as a Shareholder with respect to any Common Shares subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such Common Shares upon the share records of the Company.

(g) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(h) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of Common Shares under this Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the crediting of dividend equivalents or interest on the deferral amounts.

(i) If any provision of this Plan is or becomes invalid or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect. Notwithstanding anything in this Plan or an Evidence of Award to the contrary, nothing in this Plan or in an Evidence of Award prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

22. **Share-Based Awards in Substitution for Awards Granted by Another Company.** Notwithstanding anything in this Plan to the contrary:

(a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation

rights, restricted shares, restricted share units or other share or share-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for Common Shares substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

(b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by shareholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under this Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.

(c) Any Common Shares that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 22(a)** or **22(b)** of this Plan will not reduce the Common Shares available for issuance or transfer under this Plan or otherwise count against the limits contained in **Section 3** of this Plan. In addition, no Common Shares subject to an award that is granted by, or becomes an obligation of, the Company under **Sections 22(a)** or **22(b)** of this Plan, will be added to the aggregate limit contained in **Section 3(a)(i)** of this Plan.



## TimkenSteel Announces First-Quarter 2021 Results

- *Net sales of \$273.6M increased 30% sequentially*
- *Net income of \$9.8 million and adjusted EBITDA<sup>(1)</sup> of \$40.8 million, a significant improvement both sequentially and compared with the prior-year quarter*
- *Record total liquidity<sup>(2)</sup> of \$357.5 million*
- *Completed transition to single melt and casting shop at Faircrest facility*

CANTON, Ohio: May 6, 2021 - TimkenSteel (NYSE: TMST), a leader in customized alloy steel products and services, today reported first-quarter 2021 net sales of \$273.6 million and net income of \$9.8 million, or \$0.20 per diluted share. On an adjusted basis<sup>(1)</sup>, first-quarter 2021 net income was \$22.6 million, or \$0.43 per diluted share, and adjusted EBITDA was \$40.8 million.

In the same quarter last year, net sales were \$259.7 million with a net loss of \$19.9 million, or a loss of \$0.44 per diluted share. On an adjusted basis<sup>(1)</sup>, first-quarter 2020 net loss was \$11.3 million, or a loss of \$0.25 per diluted share, and adjusted EBITDA was \$9.0 million.

The Company's sequential fourth quarter of 2020 net sales were \$211.2 million with a net loss of \$12.8 million, or a loss of \$0.28 per diluted share. On an adjusted basis<sup>(1)</sup>, fourth-quarter 2020 net income was \$0.6 million, or \$0.01 per diluted share, and adjusted EBITDA was \$20.7 million.

"I am pleased with the strong start to the year at TimkenSteel. In March, we completed the transition of our melt and casting activities to a single location at our Faircrest facility. This well-coordinated effort, supported by our employees, customers and suppliers, is a significant step toward improving our manufacturing efficiency and utilization," said Mike Williams, president and chief executive officer. "With a recovery in automotive and industrial demand combined with an improving cost structure, adjusted EBITDA nearly doubled sequentially and we generated positive operating cash flow."

### FIRST QUARTER OF 2021 FINANCIAL SUMMARY

- **Net sales** of \$273.6 million increased 30 percent compared with \$211.2 million in the fourth quarter of 2020, driven primarily by improved industrial demand and continued strength in automotive demand. Additionally, the average raw material surcharge per ton increased 65 percent sequentially as a result of higher scrap and alloy prices. Compared with the prior-year quarter, net sales increased 5 percent largely driven by a 62 percent increase in the average raw material surcharge per ton as a result of higher scrap and alloy prices, partially offset by lower energy and OCTG billet demand.
- **Ship tons** of 193,400 increased 18 percent sequentially as a result of higher industrial and automotive shipments. When compared with the prior-year quarter, ship tons declined 9 percent due to lower energy and OCTG billet demand, partially offset by higher automotive and industrial shipments.
- **Manufacturing** costs improved sequentially and compared with the prior-year quarter primarily due to higher melt utilization and the impact of systemic cost reduction actions.
- **SG&A** expense was \$19.5 million, up slightly from the fourth quarter of 2020 as a result of higher variable compensation expense. Compared with the prior-year quarter, SG&A expense decreased \$3.9 million primarily as a result of savings from employee restructuring actions.

### CASH AND LIQUIDITY

As of March 31, 2021, the company's cash balance was a record \$115.7 million. Operating cash flow of \$13.2 million benefitted from improved profitability partially offset by an increase in net working capital. Total liquidity<sup>(2)</sup> was a record \$357.5 million as of March 31, 2021, an improvement of \$43.4 million from December 31, 2020.

(1) Please see discussion of non-GAAP financial measures in this news release.

(2) The company defines total liquidity as available borrowing capacity plus cash and cash equivalents.



### **APPOINTMENT OF NEW CHAIRMAN OF THE BOARD AND CHANGES IN SENIOR LEADERSHIP**

Effective immediately following the company's Annual Meeting of Shareholders on May 5, 2021, the Board of Directors appointed Ronald A. Rice as Chairman of the Board, following the retirement of John P. Reilly.

Rice has been an independent member of TimkenSteel's Board of Directors since 2015.

Also, effective May 7, 2021, Thomas D. Moline, executive vice president of commercial operations and William P. Bryan, executive vice president of manufacturing and supply chain, will leave the company.

Kevin A. Raketich, currently serving as the company's executive vice president of strategy and corporate development, will assume a new role as executive vice president of sales, marketing, and business development.

"I'd like to thank Jack, Tom and Bill for their leadership and contributions over the years. Under Jack's direction, TimkenSteel has become a stronger customer-focused company. Tom and Bill were instrumental in driving meaningful change throughout their careers. We wish them success in their future endeavors," stated Williams.

### **OUTLOOK**

Given steady improvement in the automotive and industrial end markets, the company expects second quarter ship tons to increase sequentially by high-single digits on a percentage basis. Additionally, the company expects adjusted EBITDA growth from the first quarter of 2021 with melt utilization of 80 percent or higher.

Capital expenditures are expected to be approximately \$20 million in 2021, consistent with previous guidance. Regarding the convertible debt due June 1, 2021, at maturity the company intends to repay the remaining outstanding principal balance plus accrued interest with available cash. As of March 31, 2021, the outstanding principal balance of the convertible debt due June 1, 2021 was \$40.2 million.

### **TIMKENSTEEL EARNINGS WEBCAST INFORMATION**

TimkenSteel will provide live Internet listening access to its conference call with the financial community scheduled for Friday, May 7, 2021 at 9:00 a.m. ET. The live conference call will be broadcast at [investors.timkensteel.com](https://investors.timkensteel.com). A replay of the conference call will also be available at [investors.timkensteel.com](https://investors.timkensteel.com).

### **ABOUT TIMKENSTEEL CORPORATION**

TimkenSteel (NYSE: TMST) manufactures high-performance carbon and alloy steel products in Canton, OH serving demanding applications in automotive, energy and a variety of industrial end markets. The company is a premier U.S. producer of alloy steel bars (up to 16 inches in diameter), seamless mechanical tubing and precision components. In the business of making high-quality steel primarily from recycled materials for more than 100 years, TimkenSteel's proven expertise contributes to the performance of our customers' products. The company employs approximately 2,000 people and had sales of \$831 million in 2020. For more information, please visit us at [www.timkensteel.com](https://www.timkensteel.com).

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## **NON-GAAP FINANCIAL MEASURES**

TimkenSteel reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP”) and corresponding metrics as non-GAAP financial measures. This earnings release includes references to the following non-GAAP financial measures: adjusted earnings (loss) per share, adjusted net income (loss), EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, free cash flow and base sales. These are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting these non-GAAP financial measures is useful to investors as these measures are representative of the company’s performance and provide improved comparability of results. See the attached schedules for definitions of the non-GAAP financial measures referred to above and corresponding reconciliations of these non-GAAP financial measures to the most comparable GAAP financial measures. Non-GAAP financial measures should be viewed as additions to, and not as alternatives for, TimkenSteel’s results prepared in accordance with GAAP. In addition, the non-GAAP measures TimkenSteel uses may differ from non-GAAP measures used by other companies, and other companies may not define the non-GAAP measures TimkenSteel uses in the same way.

## **FORWARD-LOOKING STATEMENTS**

*This news release includes “forward-looking” statements within the meaning of the federal securities laws. You can generally identify the company’s forward-looking statements by words such as “will,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “outlook,” “intend,” “may,” “possible,” “potential,” “predict,” “project,” “seek,” “target,” “could,” “may,” “should” or “would” or other similar words, phrases or expressions that convey the uncertainty of future events or outcomes. The company cautions readers that actual results may differ materially from those expressed or implied in forward-looking statements made by or on behalf of the company due to a variety of factors, such as: the potential impact of the COVID-19 pandemic on the company’s operations and financial results, including cash flows and liquidity; whether the company is able to successfully implement actions designed to improve profitability on anticipated terms and timetables and whether the company is able to fully realize the expected benefits of such actions; deterioration in world economic conditions, or in economic conditions in any of the geographic regions in which the company conducts business, including additional adverse effects from global economic slowdown, terrorism or hostilities, including political risks associated with the potential instability of governments and legal systems in countries in which the company or its 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 the company operates, including the ability of the company to respond to rapid changes in customer demand, the effects of customer bankruptcies or liquidations, the impact of changes in industrial business cycles, and whether conditions of fair trade exist in 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 the company’s products are sold or distributed; changes in operating costs, including the effect of changes in the company’s manufacturing processes, changes in costs associated with varying levels of operations and manufacturing capacity, availability of raw materials and energy, the company’s ability to mitigate the impact of fluctuations in raw materials and energy costs and the effectiveness of its 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 the company’s operating plans, announced programs, initiatives and capital investments, and the company’s ability to maintain appropriate relations with unions that represent its associates in certain locations in order to avoid disruptions of business; unanticipated litigation, claims or assessments, including claims or problems related to intellectual property, product liability or warranty, and environmental issues and taxes, among other matters; the availability of financing and interest rates, which affect the company’s cost of funds and/or ability to raise capital, including the ability of the company to refinance or repay at maturity the convertible notes due June 1, 2021 and December 1, 2025; the company’s pension obligations and investment performance, and/or customer demand and the ability of customers to obtain financing to purchase the company’s products or equipment that contain its products; the amount of any dividend declared by the company’s Board of Directors on the company’s common shares; and the overall impact of pension and other postretirement benefit mark-to-market accounting. Additional risks relating to the company’s business, the industries in which the company operates, or the company’s common shares may be described from time to time in the*



*company's filings with the SEC. All of these risk factors are difficult to predict, are subject to material uncertainties that may affect actual results and may be beyond the company's control. Readers 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, the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*



**CONSOLIDATED STATEMENTS OF OPERATIONS**

<b>(in millions, except per share data) (Unaudited)</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net sales	\$ 273.6	\$ 259.7
Cost of products sold	242.9	251.9
<b>Gross Profit</b>	<b>30.7</b>	<b>7.8</b>
Selling, general & administrative expenses (SG&A)	19.5	23.4
Restructuring charges	0.5	0.6
Loss (gain) on sale or disposal of assets, net	—	(2.3)
Impairment charges	8.2	—
Other (income) expense, net	(9.4)	2.7
<b>Earnings (Loss) Before Interest and Taxes (EBIT) (1)</b>	<b>11.9</b>	<b>(16.6)</b>
Interest expense	1.9	3.2
<b>Income (Loss) Before Income Taxes</b>	<b>10.0</b>	<b>(19.8)</b>
Provision (benefit) for income taxes	0.2	0.1
<b>Net Income (Loss)</b>	<b>\$ 9.8</b>	<b>\$ (19.9)</b>
<b>Net Income (Loss) per Common Share:</b>		
Basic earnings (loss) per share	\$ 0.22	\$ (0.44)
Diluted earnings (loss) per share (2)	\$ 0.20	\$ (0.44)
Weighted average shares outstanding - basic	45.4	44.9
Weighted average shares outstanding - diluted	55.7	44.9

(1) EBIT is defined as net income (loss) before interest expense and income taxes. EBIT is an important financial measure used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT is useful to investors as this measure is representative of the company's performance.

(2) For the three months ended March 31, 2021, common share equivalents for shares issuable upon the conversion of outstanding convertible notes (9.1 million shares) and common share equivalents for shares issuable for equity-based awards (1.2 million shares) were included in the computation of adjusted diluted earnings (loss) per share, as they were considered dilutive. The total diluted weighted average shares outstanding for the three months ended March 31, 2021 was 55.7 million shares. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. As such, net income was adjusted to add back \$1.3 million of convertible debt interest expense (including amortization of debt issuance costs).



**CONSOLIDATED BALANCE SHEETS**

**(Dollars in millions) (Unaudited)**

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 115.7	\$ 102.8
Accounts receivable, net of allowances	96.3	63.3
Inventories, net	202.7	178.4
Deferred charges and prepaid expenses	3.7	4.0
Assets held for sale	—	0.3
Other current assets	12.0	8.8
<b>Total Current Assets</b>	<b>430.4</b>	<b>357.6</b>
Property, plant and equipment, net	550.0	569.8
Operating lease right-of-use assets	19.3	21.0
Pension assets	37.3	33.5
Intangible assets, net	8.5	9.3
Other non-current assets	2.6	2.8
<b>Total Assets</b>	<b>\$ 1,048.1</b>	<b>\$ 994.0</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 136.4	\$ 89.5
Salaries, wages and benefits	28.7	29.4
Accrued pension and postretirement costs	2.3	2.3
Current operating lease liabilities	7.0	7.5
Current convertible notes, net	40.2	38.9
Other current liabilities	12.5	13.4
<b>Total Current Liabilities</b>	<b>227.1</b>	<b>181.0</b>
Non-current convertible notes, net	44.7	39.3
Credit agreement	—	—
Non-current operating lease liabilities	12.3	13.5
Accrued pension and postretirement costs	239.4	240.7
Deferred income taxes	1.0	1.0
Other non-current liabilities	10.3	11.0
<b>Total Liabilities</b>	<b>534.8</b>	<b>486.5</b>
<b>SHAREHOLDERS' EQUITY</b>		
Additional paid-in capital	824.7	843.4
Retained deficit	(349.4)	(363.4)
Treasury shares	(1.0)	(12.9)
Accumulated other comprehensive income (loss)	39.0	40.4
<b>Total Shareholders' Equity</b>	<b>513.3</b>	<b>507.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,048.1</b>	<b>\$ 994.0</b>



**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in millions) (Unaudited)	Three Months Ended March 31,	
	2021	2020
<b>CASH PROVIDED (USED)</b>		
<b>Operating Activities</b>		
Net income (loss)	\$ 9.8	\$ (19.9)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	17.6	18.6
Amortization of deferred financing fees and debt discount	0.3	1.3
Loss (gain) on sale or disposal of assets	—	(2.3)
Impairment charges	8.2	—
Deferred income taxes	—	0.2
Stock-based compensation expense	1.8	2.0
Pension and postretirement expense (benefit), net	(4.7)	8.1
Changes in operating assets and liabilities:		
Accounts receivable, net	(33.0)	(16.3)
Inventories, net	(28.2)	41.2
Accounts payable	48.1	26.7
Other accrued expenses	(2.4)	5.7
Pension and postretirement contributions and payments	(1.6)	(2.5)
Deferred charges and prepaid expenses	0.3	(0.3)
Other, net	(3.0)	1.3
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>13.2</b>	<b>63.8</b>
<b>Investing Activities</b>		
Capital expenditures	(2.3)	(2.9)
Proceeds from disposals of property, plant and equipment	—	7.8
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(2.3)</b>	<b>4.9</b>
<b>Financing Activities</b>		
Proceeds from exercise of stock options	2.5	—
Shares surrendered for employee taxes on stock compensation	(0.5)	(0.2)
Repayments on credit agreements	—	(30.0)
<b>Net Cash Provided (Used) by Financing Activities</b>	<b>2.0</b>	<b>(30.2)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>12.9</b>	<b>38.5</b>
Cash and cash equivalents at beginning of period	102.8	27.1
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 115.7</b>	<b>\$ 65.6</b>



**Reconciliation of Free Cash Flow<sup>(1)</sup> to GAAP Net Cash Provided (Used) by Operating Activities:**

This reconciliation is provided as additional relevant information about the company's financial position. Free cash flow is an important financial measure used in the management of the business. Management believes that free cash flow is useful to investors because it is a meaningful indicator of cash generated from operating activities available for the execution of its business strategy.

<b>(Dollars in millions) (Unaudited)</b>	<b>Three Months Ended</b>			
	<b>March 31,</b>			
	<b>2021</b>		<b>2020</b>	
Net Cash Provided (Used) by Operating Activities	\$	<b>13.2</b>	\$	63.8
Less: Capital expenditures		<b>(2.3)</b>		<b>(2.9)</b>
Free Cash Flow	\$	<b>10.9</b>	\$	60.9

(1) Free Cash Flow is defined as net cash provided (used) by operating activities less capital expenditures.

**Reconciliation of adjusted net income (loss)<sup>(3)</sup> to GAAP net income (loss) and adjusted diluted earnings (loss) per share<sup>(1,4,5)</sup> to GAAP diluted earnings (loss) per share for the three months ended March 31, 2021, March 31, 2020, and December 31, 2020**

Adjusted net income (loss), adjusted diluted earnings (loss) per share and other adjusted items referred to below are financial measures not required by, or presented in accordance with GAAP. These Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, the financial measures prepared in accordance with GAAP, and a reconciliation of these financial measures to the most comparable GAAP financial measures is presented. Management believes this data provides investors with additional useful information on the underlying operations and trends of the business and enables period-to-period comparability of the company's financial performance.

Three months ended March 31, 2021								
(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	SG&A	Restructuring charges	Impairment charges	Other expense (income), net	Diluted earnings (loss) per share <sup>(1)</sup>	
As reported	\$ 9.8	\$ 242.9	\$ 19.5	\$ 0.5	\$ 8.2	\$ (9.4)	\$ 0.20	
Adjustments: <sup>(3)</sup>								
Restructuring charges	0.5	—	—	(0.5)	—	—	0.01	
Accelerated depreciation and amortization	1.5	(1.5)	—	—	—	—	0.03	
Loss from remeasurement of benefit plans	0.2	—	—	—	—	(0.2)	0.00	
Write-down of supplies inventory	2.1	(2.1)	—	—	—	—	0.04	
Business transformation costs <sup>(2)</sup>	0.3	—	(0.3)	—	—	—	0.00	
TMS impairment charges	0.3	—	—	—	(0.3)	—	0.01	
Harrison melt impairment charges	7.9	—	—	—	(7.9)	—	0.14	
As adjusted	\$ 22.6	\$ 239.3	\$ 19.2	\$ —	\$ —	\$ (9.6)	\$ 0.43	

Three months ended March 31, 2020								
(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	Restructuring charges	Impairment charges and loss (gain) on sale or disposal of assets	Other expense (income), net	Diluted earnings (loss) per share <sup>(4)</sup>		
As reported	\$ (19.9)	\$ 251.9	\$ 0.6	\$ (2.3)	\$ 2.7	\$ (0.44)		
Adjustments: <sup>(3)</sup>								
Loss on sale of scrap processing facility	0.2	—	—	(0.2)	—	0.00		
Gain on sale of TMS assets	(3.2)	—	—	3.2	—	(0.07)		
Restructuring charges	0.6	—	(0.6)	—	—	0.01		
Accelerated depreciation and amortization	1.6	(1.6)	—	—	—	0.04		
Loss from remeasurement of benefit plans	9.5	—	—	—	(9.5)	0.21		
Faircrest plant asset disposal, net of recovery	(0.1)	—	—	(0.2)	0.3	(0.00)		
As adjusted	\$ (11.3)	\$ 250.3	\$ —	\$ 0.5	\$ (6.5)	\$ (0.25)		

Three months ended December 31, 2020

(Dollars in millions) (Unaudited)	Net income (loss)	Cost of products sold	SG&A	Restructuring charges	Impairment charges and loss (gain) on sale or disposal of assets	Loss on extinguishment of debt	Other expense (income), Net	Diluted earnings (loss) per share <sup>(5)</sup>
As reported (Adjusted)	\$ (12.8)	\$ 197.0	\$ 18.6	\$ 1.5	\$ 0.6	\$ 0.9	\$ 1.8	\$ (0.28)
Adjustments: <sup>(3)</sup>								
Loss on sale of TMS assets	1.0	—	(0.1)	(1.5)	(1.0)	—	—	0.02
Restructuring charges	1.6	(1.3)	—	—	—	—	—	0.03
Accelerated depreciation and amortization	1.3	—	—	—	—	—	—	0.03
Loss from remeasurement of benefit plans	11.2	—	—	—	—	—	(11.2)	0.25
Loss on extinguishment of debt	0.9	—	—	—	—	(0.9)	—	0.02
Employee retention credit	(2.3)	—	—	—	—	—	2.3	(0.05)
Business transformation costs <sup>(2)</sup>	0.2	—	(0.2)	—	—	—	—	0.00
Gain on sale of non-core property	(0.5)	—	—	—	0.5	—	—	(0.01)
As adjusted	\$ 0.6	\$ 195.7	\$ 18.3	\$ —	\$ 0.1	\$ —	\$ (7.1)	\$ 0.01

(1) For the three months ended March 31, 2021, common share equivalents for shares issuable upon the conversion of outstanding convertible notes (9.1 million shares) and common share equivalents for shares issuable for equity-based awards (1.2 million shares) were included in the computation of adjusted diluted earnings (loss) per share, as they were considered dilutive. The total diluted weighted average shares outstanding for the three months ended March 31, 2021 was 55.7 million shares. For the convertible notes, the Company utilizes the if-converted method to calculate diluted earnings (loss) per share. As such, net income was adjusted to add back \$1.3 million of convertible debt interest expense (including amortization of debt issuance costs).

(2) Business transformation costs consist of items that are non-routine in nature. For the three months ended March 31, 2021, these costs are primarily related to professional service fees associated with organizational changes. For the three months ended December 31, 2020, these costs are primarily related to professional service fees associated with the disposition of non-core assets, as well as CEO transition fees.

(3) Adjusted net income (loss) and adjusted diluted earnings (loss) per share are defined as net income (loss) and diluted earnings (loss) per share, respectively, excluding, as applicable, adjustments listed in the foregoing table. Other adjusted items referred to in the foregoing tables are also defined as the applicable item excluding any adjustments listed in the foregoing tables with respect to such item.

(4) Common share equivalents for shares issuable upon the conversion of outstanding convertible notes and Common share equivalents for shares issuable for equity-based awards for the three months ended March 31, 2020, were excluded from the computation of adjusted diluted earnings (loss) per share because the effect of their inclusion would have been anti-dilutive.

(5) Common share equivalents for shares issuable for equity-based awards for the three months ended December 31, 2020, were included in the computation of adjusted diluted earnings (loss) per share and common share equivalents for shares issuable upon the conversion of outstanding convertible notes were excluded, as they were anti-dilutive in the computation of adjusted diluted earnings (loss) per share. The total diluted weighted average shares outstanding for the three months ended December 31, 2020 was 45.6 million shares.



**Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT)<sup>(1)</sup>, Adjusted EBIT<sup>(3)</sup>, Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA)<sup>(2)</sup> and Adjusted EBITDA<sup>(4)</sup> to GAAP Net Income (Loss):**

This reconciliation is provided as additional relevant information about the company's performance. EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA are important financial measures used in the management of the business, including decisions concerning the allocation of resources and assessment of performance. Management believes that reporting EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA is useful to investors as these measures are representative of the company's performance. Management also believes that it is appropriate to compare GAAP net income (loss) to EBIT, Adjusted EBIT, EBITDA and Adjusted EBITDA.

<b>(Dollars in millions) (Unaudited)</b>	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>March 31,</b>		<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>		<b>2020</b>
Net income (loss)	\$ 9.8	\$ (19.9)	\$	(12.8)
Provision (benefit) for income taxes	0.2	0.1		0.6
Interest expense	1.9	3.2		3.0
<b>Earnings Before Interest and Taxes (EBIT) (1)</b>	<b>\$ 11.9</b>	<b>\$ (16.6)</b>	<b>\$</b>	<b>(9.2)</b>
EBIT Margin (1)	4.3%	(6.4%)		(4.4%)
Depreciation and amortization	17.6	18.6		17.8
<b>Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (2)</b>	<b>\$ 29.5</b>	<b>\$ 2.0</b>	<b>\$</b>	<b>8.6</b>
EBITDA Margin (2)	10.8%	0.8%		4.1%
<b>Adjustments:</b>				
Loss on sale of scrap processing facility	—	(0.2)		—
Gain/(loss) on sale of TMS assets	—	3.2		(1.0)
Restructuring charges	(0.5)	(0.6)		(1.6)
Accelerated depreciation and amortization (EBIT only)	(1.5)	(1.6)		(1.3)
Loss from remeasurement of benefit plans	(0.2)	(9.5)		(11.2)
Loss on extinguishment of debt	—	—		(0.9)
Write-down of supplies inventory	(2.1)	—		—
Employee retention credit	—	—		2.3
Faircrest plant asset disposal, net of recovery	—	0.1		—
Business transformation costs (5)	(0.3)	—		(0.2)
TMS impairment charges	(0.3)	—		—
Harrison melt impairment charges	(7.9)	—		—
Gain on sale of non-core property	—	—		0.5
<b>Adjusted EBIT (3)</b>	<b>\$ 24.7</b>	<b>\$ (8.0)</b>	<b>\$</b>	<b>4.2</b>
Adjusted EBIT Margin (3)	9.0%	(3.1%)		2.0%
<b>Adjusted EBITDA (4)</b>	<b>\$ 40.8</b>	<b>\$ 9.0</b>	<b>\$</b>	<b>20.7</b>
Adjusted EBITDA Margin (4)	14.9%	3.5%		9.8%



- (1) EBIT is defined as net income (loss) before interest expense and income taxes. EBIT Margin is EBIT as a percentage of net sales.
- (2) EBITDA is defined as net income (loss) before interest expense, income taxes, depreciation and amortization. EBITDA Margin is EBITDA as a percentage of net sales.
- (3) Adjusted EBIT is defined as EBIT excluding, as applicable, adjustments listed in the table above. Adjusted EBIT Margin is Adjusted EBIT as a percentage of net sales.
- (4) Adjusted EBITDA is defined as EBITDA excluding, as applicable, adjustments listed in the table above. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of net sales.
- (5) Business transformation costs consist of items that are non-routine in nature. For the three months ended March 31, 2021, these costs were primarily related to professional service fees associated with organizational changes. For the three months ended December 31, 2020, these costs were primarily related to professional service fees associated with the disposition of non-core assets, as well as CEO transition fees.



**Reconciliation of Base Sales by end market sector to GAAP Net Sales by end-market sector:**

The tables below present base sales by end-market sector, which represents a financial measure that has not been determined in accordance with U.S. GAAP. Base sales by end-market sector is defined as net sales by end-market sector excluding raw material surcharges. Base Sales by end-market sector is an important financial measure used in the management of the business. Management believes presenting base sales by end-market sector is useful to investors as it provides additional insight into key drivers of base sales such as base price and product mix.

**Quarterly End Market Sector Sales Data  
(Dollars in millions, tons in thousands)**

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

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



**Calculation of Total Liquidity<sup>(1)</sup>:**

This calculation is provided as additional relevant information about the company's financial position.

<b>(Dollars in millions) (Unaudited)</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents	\$ 115.7	\$ 102.8
<b>Credit Agreement:</b>		
Maximum availability	\$ 400.0	\$ 400.0
Suppressed availability <sup>(2)</sup>	<b>(152.7)</b>	<b>(183.2)</b>
Availability	247.3	216.8
Credit facility amount borrowed	—	—
Letter of credit obligations	<b>(5.5)</b>	<b>(5.5)</b>
Availability not borrowed	\$ 241.8	\$ 211.3
Total liquidity	\$ 357.5	\$ 314.1

(1) Total Liquidity is defined as available borrowing capacity plus cash and cash equivalents.

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



**ADJUSTED EBITDA<sup>(1)</sup> WALKS**

<b>(Dollars in millions) (Unaudited)</b>	<b>2020 1Q vs. 2021 1Q</b>	<b>2020 4Q vs. 2021 1Q</b>
Beginning Adjusted EBITDA <sup>(1)</sup>	\$ 9	\$ 21
Volume	(3)	5
Price/Mix	(6)	(6)
Raw Material Spread	13	12
Manufacturing	19	8
Inventory Reserve	2	—
SG&A	4	(1)
Other	3	2
Ending Adjusted EBITDA <sup>(1)</sup>	\$ 41	\$ 41

<sup>(1)</sup> Please refer to the Reconciliation of Earnings (Loss) Before Interest and Taxes (EBIT), Adjusted EBIT, Earnings (Loss) Before Interest, Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA to GAAP Net Income (Loss).