Introducing

TIMKEN STEEL

Investor presentation

Road Show

June 23-27, 2014

Forward-looking statements and non-GAAP financial information

The information provided today will include forward-looking statements relating to our goals and estimates for future years, including statements about expected sales, operating earnings per share, cash flow, segment margins, our worldwide markets, our anticipated effective income tax rate, and others. These statements should be used with caution and are subject to various risks and uncertainties, many of which are outside the company's control. The following factors could cause actual results to differ, perhaps materially, from those anticipated in the forward-looking statements: unanticipated changes in the markets for the company's business segments; unanticipated downturns in business relationships with customers or their purchases from us; competitive pressures on sales and pricing; increases in the cost of material and other production costs, or unexpected costs that cannot be recouped in product pricing; the introduction of competing technologies; unexpected technical or marketing difficulties; unexpected claims, charges, litigation or dispute resolutions; new laws and governmental regulations; interest rate changes; changes in currency exchange rates; stock market fluctuations; unanticipated deterioration of economic and financial conditions in the United States and around the world; the amount and timing of any dividends and share repurchases; and the risks identified in the company's registration statement on Form 10 filed with the SEC. We do not assume any obligation to update these forward-looking statements.

The unaudited pro forma consolidated financial data in this presentation is subject to assumptions and adjustments described in the company's registration statement on Form 10. TimkenSteel Corporation's ("TimkenSteel") management believes these assumptions and adjustments are reasonable under the circumstances and given the information available at this time. However, these adjustments are subject to change as The Timken Company and TimkenSteel finalize the terms of the spinoff, including the separation and distribution agreement and related transaction agreements. The unaudited pro forma consolidated financial data does not purport to represent what TimkenSteel's financial position and results of operations actually would have been had the spinoff occurred on the dates indicated, or to project TimkenSteel's financial performance for any future period following the spinoff.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. A reconciliation of those measures to the most directly comparable GAAP equivalent is contained in your packet.

Today's presenters



Ward J. "Tim" Timken, Jr.
Chairman, CEO and President



Chris Holding
Executive Vice President & Chief Financial Officer



Tina Beskid
Director, Investor Relations

Agenda

- Transaction overview
- Business overview
- Segment overview
- Financial overview
- Questions and answers

TIMKENSTEEL

Transaction overview

Transaction overview

Overview	
Ticker	• TMST
Exchange	• NYSE
Distribution ratio	• 1 share of TimkenSteel for every 2 shares of Timken
Expected number of shares	• 45.4 mm
June 19	• Anticipated “when issued” trading date
June 23	• Record date
June 30	• Distribution date
July 1	• First day of “regular-way” trading

- *Form 10 Registration Statement for TimkenSteel declared effective by SEC on June 10*

TIMKENSTEEL

Business overview

TimkenSteel: Key investment highlights

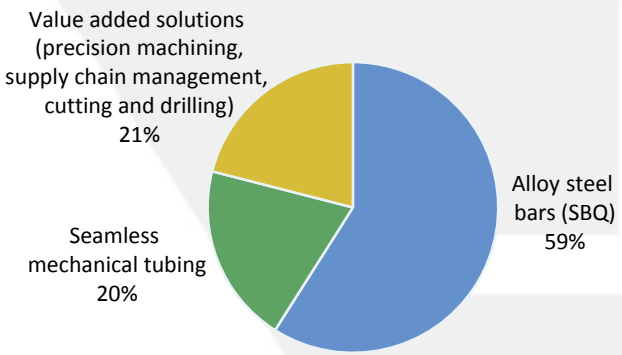
- A leading manufacturer of high-quality, **high-performance** engineered steel products and value-added services
- Industry leading customer service delivering **customized** engineering and **innovative** design solutions for the most demanding applications
- **Niche position** in attractive Energy, Industrial and Automotive end market sectors
- **Leading industry margins** driven by value-added products and **competitive operating cost structure**
- Strong capital structure with good liquidity position to **drive growth**

TimkenSteel: At a glance

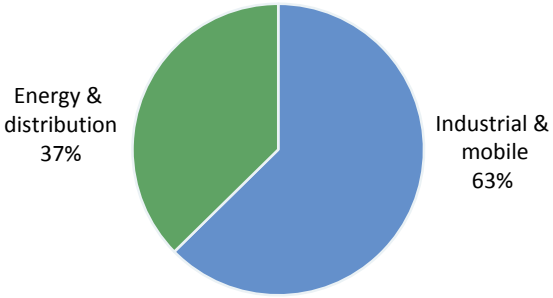
Key facts

- $1,381 million in 2013 sales
- $159 million in 2013 Adjusted EBITDA[1]
- 2013 shipments: 919 kilo tons
- Annual melt capacity of ~2 million tons
- Headquartered in Canton, Ohio
- ~3,000 employees

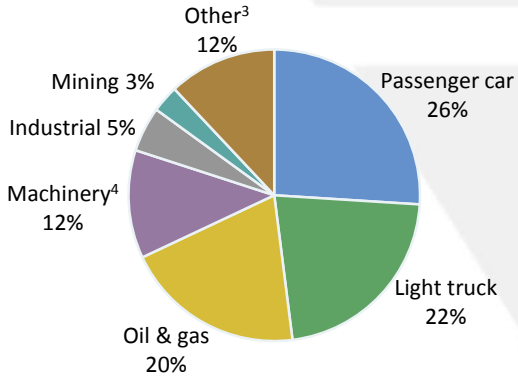
2013 sales split by product



2013 sales split by business segment



2013 sales split by end market[2]



Source: TimkenSteel

[1] See Appendix for Adjusted EBITDA reconciliation

[2] Distribution sales were 20% of 2013 sales

[3] Other: ≤ 2% each of construction, rail, military/defense, heavy and medium truck, agriculture, metals recycling, power generation, marine and aerospace

[4] Machinery includes historic intercompany sales to Timken

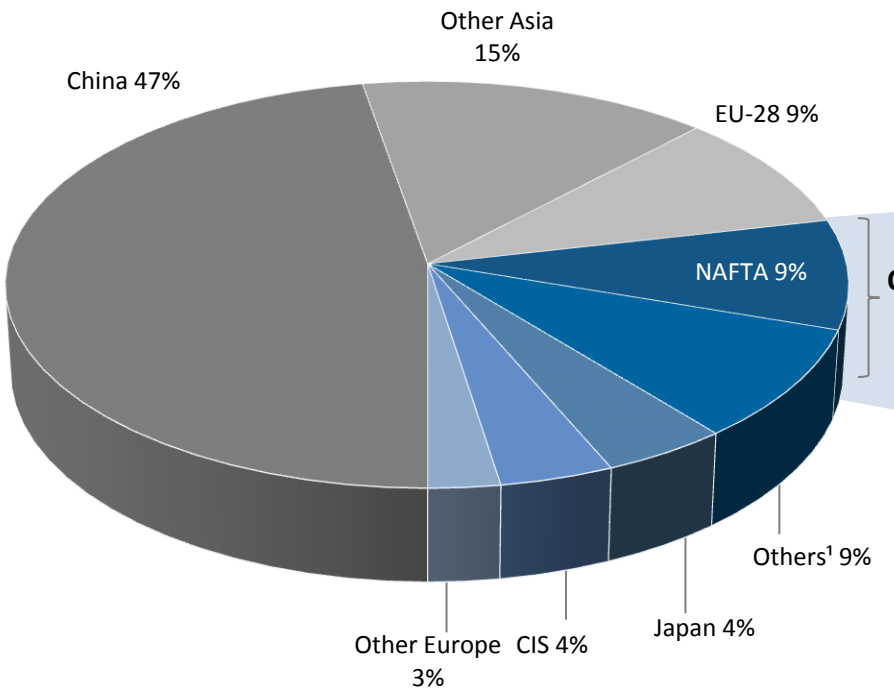
TimkenSteel: A different steel company

- A leading North American manufacturer of high quality engineered alloy steel bars, seamless mechanical tubing and value added services.
  - Only focused specialty bar quality (SBQ) steel producer in North America
  - Largest SBQ steel large bar (6 inch diameter and greater) production capacity among North American producers
  - Historically has supplied ~40% of the seamless mechanical tube demand in North America
- 100% made to order
  - 450 steel types made to 9,000 customer specifications
  - 40,000 orders
  - Average order size of 25 tons

Unique operating model focused on creating tailored products and services for our customers' most demanding applications and supply chains

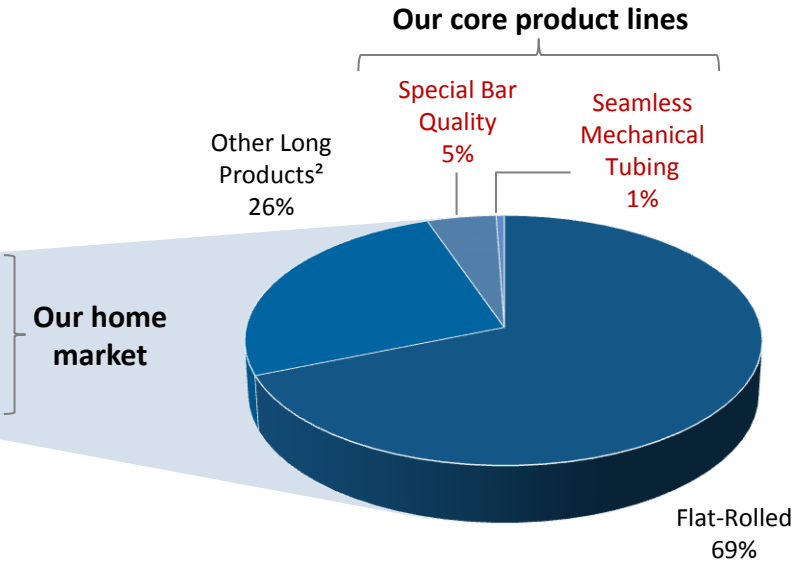
Focused in niche market sectors where we have competitive strength

Global finished steel products



World: 1,633 mm tons

USA finished steel products



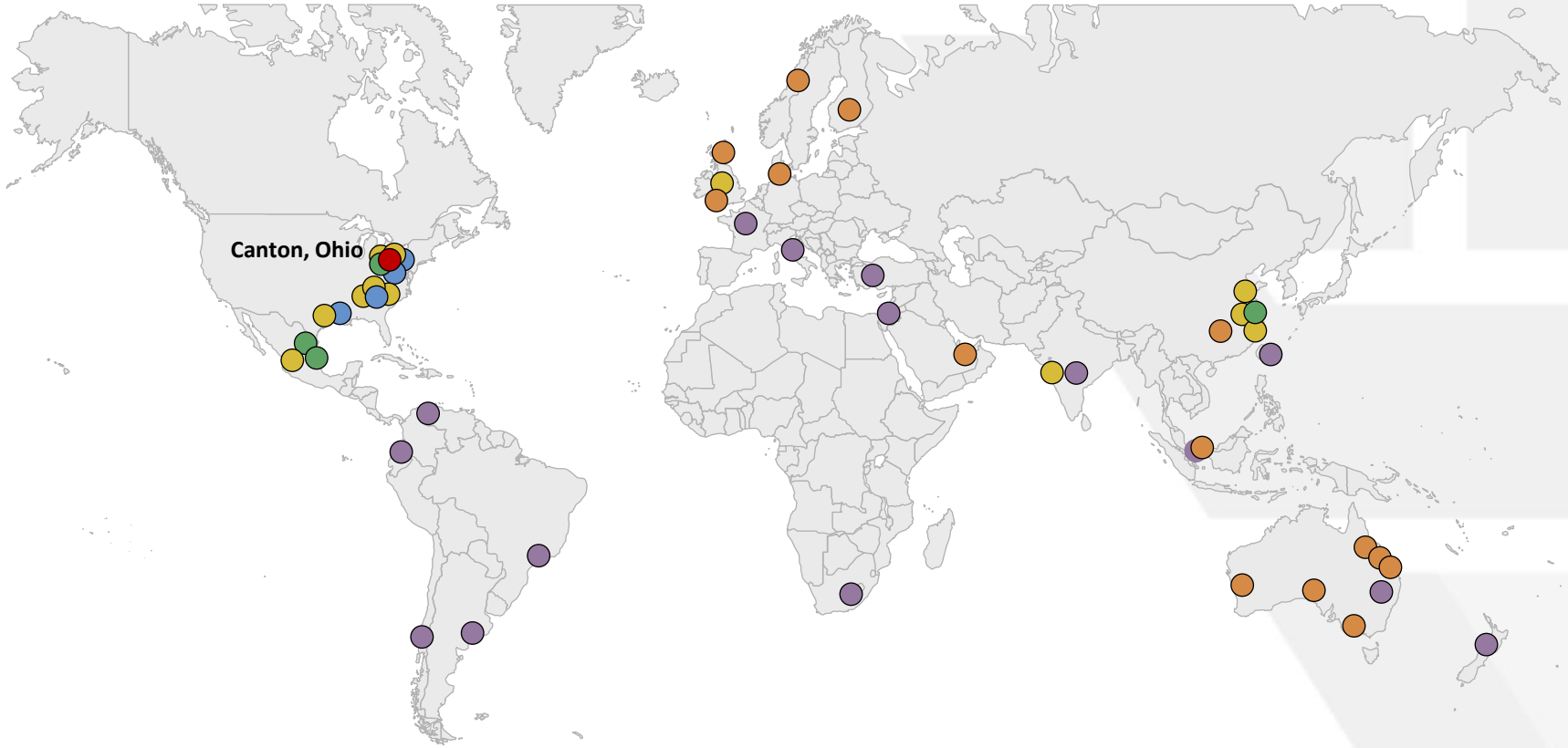
USA: 107 mm tons

Source: World Steel Association; American Iron and Steel Institute

[1] Others: Middle East 3.2%, Central & South America 3.3%, Africa 2.0%, Australia & New Zealand 0.4%

[2] Other Long Products: Light Shapes, Reinforcing Bars, Merchant Bars, Wire, Pipe & Tubing

Global presence to support a multi-national customer base

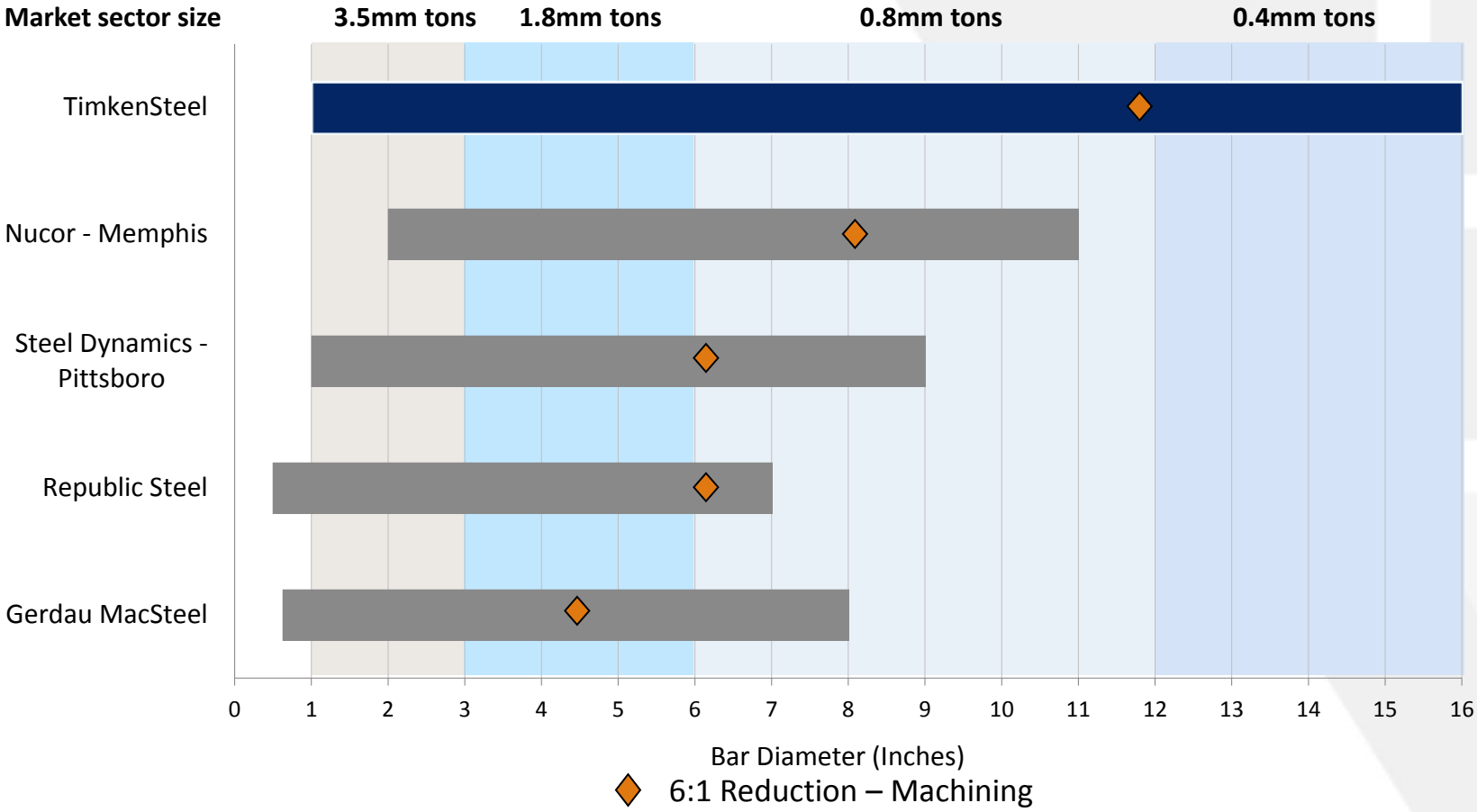


- 87% of sales in the U.S.[1]
- 7 manufacturing plants
- 4 warehouses
- Operations in 6 countries
- Approximately 3,000 employees

Source: TimkenSteel

[1] Based on direct Steel segment sales to international customers in 2013

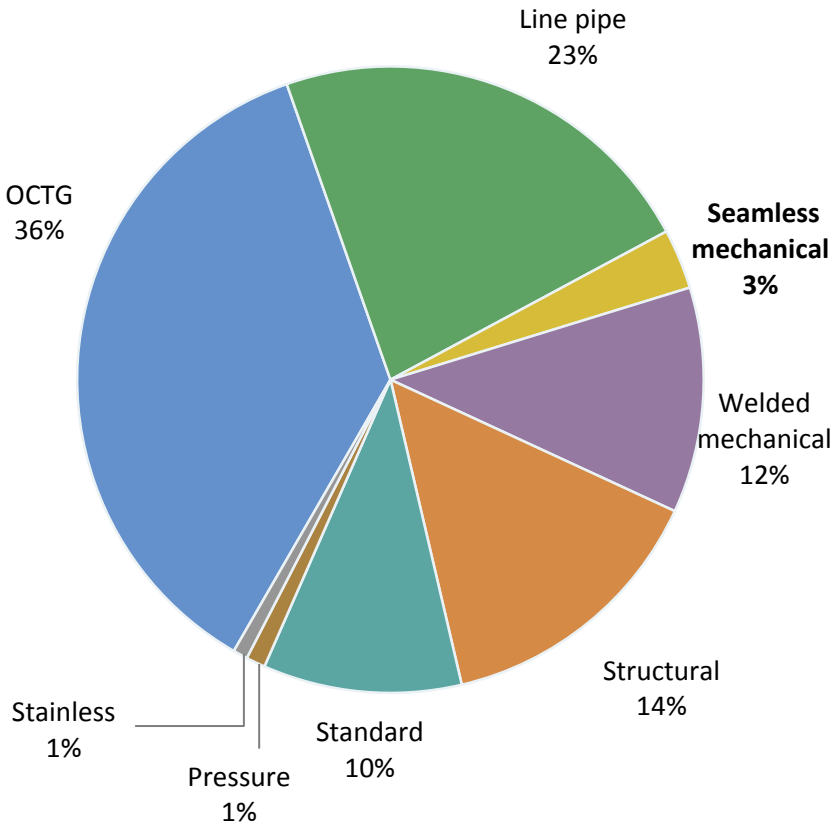
Broad size range strengthens our competitive position



Source: TimkenSteel internal estimates as of 12/31/2013

A leading producer of seamless mechanical tubing

19.4mm annual tons - welded and seamless



Source: 2013 Preston Pipe and Tube Report

Differentiation

- Largest domestic capacity
- Broadest size range
  - 1.875” to 13.0”
- Consistency in our application
- Higher value – added niche volume and alloy grade categories
- Leading producer of quench and tempered capability

Source: TimkenSteel

Emphasis on high-end value-added products

TimkenSteel Applications

Bearings
Fuel injectors
Gun barrels
Crankshafts
Tri-Cone bits
Percussion bits
Energy CRA
Production
CV joints
Gears

Non TimkenSteel Applications

Fasteners
Hand tools
Leaf springs
Shopping carts
Table legs
Reinforcing bar







Strategy focused on selected high-end products and high-growth markets



TimkenSteel priorities to create shareholder value

PROFIT

+ CASH FLOW

+ GROWTH

+ COMMUNICATIONS

VALUE CREATION & INDEPENDENCE

Investing for growth and competitive strength

Jumbo Caster



- ~$200mm investment to be commissioned 3Q 2014
- 125k tons added capacity
- 10% yield improvement
- Flexible capacity in all markets
- Superior cleanness for stand cast products
- Broader capability to support higher value SBQ and seamless mechanical tube markets

In-Line Forge Press



- $35mm investment commissioned April 2013
- 2% yield improvement
- 40 kilo ton increase in rolling capacity
- Achieves required soundness up to 16” bar
- Entrance to new markets

Intermediate Finishing Line (IFL)



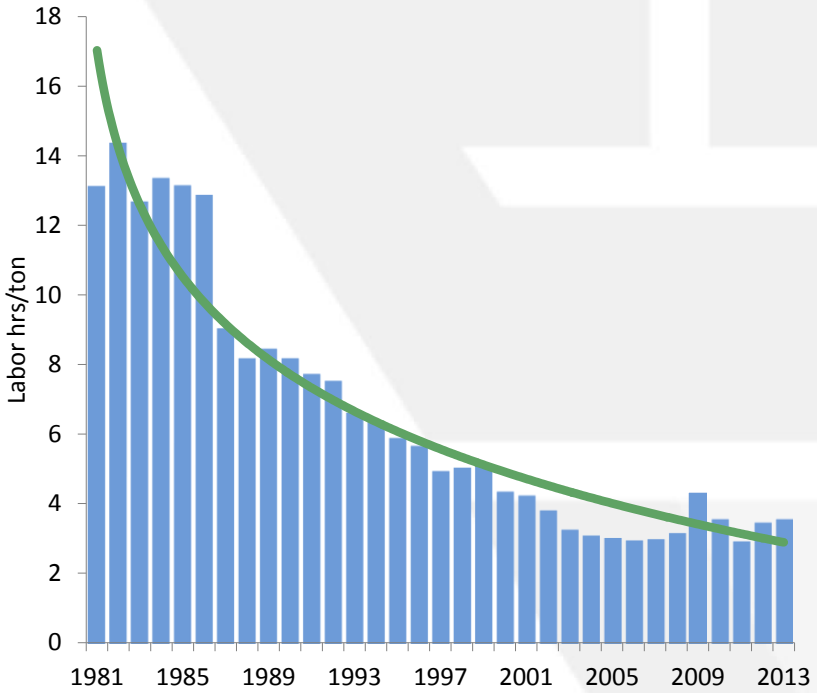
- $50mm investment commissioned April 2013
- 65% cycle time reduction
- 40% labor productivity
- Improved quality for soundness and surface
- Enhanced safety and environmental controls

Highly competitive cost structure

Competitive cost structure

- Lower cost Electric Arc Furnaces (EAF) mills
- Sophisticated raw material model
  - Scrap return supply chain established with many customers
- Raw material, alloy and natural gas price volatility largely passed on to customers through surcharge mechanisms
- Team driven by continuous improvement in processes and technology
- Breakeven operating structure at ~50%
- $45mm - $55mm spent annually on maintenance and continuous improvement capital expenditures

Labor Productivity



Source: TimkenSteel internal estimates as of 12/31/2013

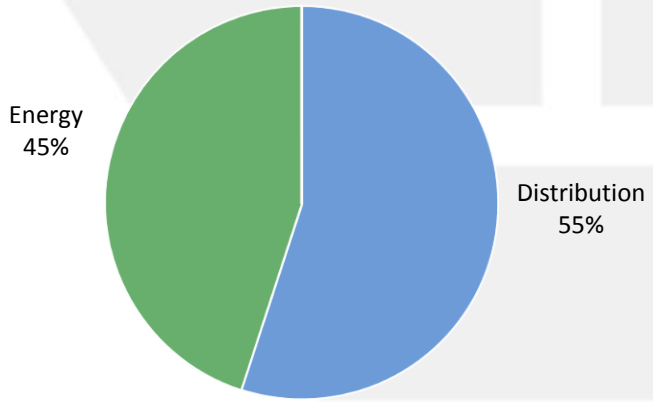
Segment overview

Energy & Distribution segment

Overview

- High-performance on- and off-shore drilling and completion applications
- Only known steel company combining high-performance alloy steel manufacturing, unique heat treatment and custom boring/finishing capabilities
- Authorized service centers are valued for delivering differentiated solutions to end users
- 50% contract and 50% spot pricing

2013 sales mix[1]



2013 sales: US$516mm

Key customers

AM Castle Metals

Energy Alloys

Reliance Steel & Aluminum

Ellwood Texas Forge

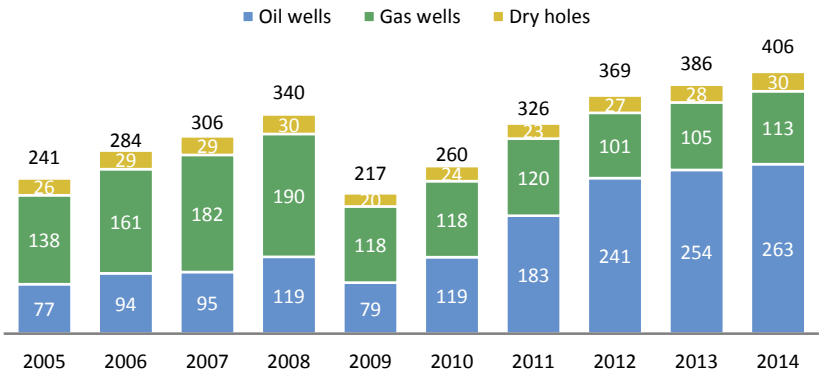
National Oilwell Varco - Grant Prideco

Rotary Drilling Technologies

[1] Based on full year 2013 Steel segment sales

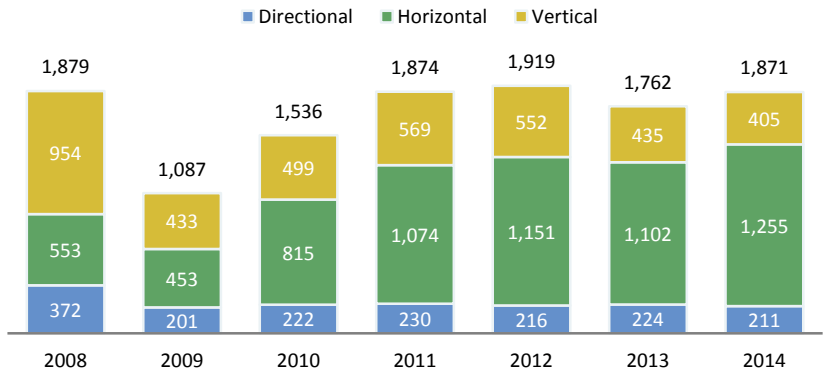
Well-positioned to benefit from positive trends in oil and gas

U.S. footage drilled by type (mm)



Source: Spears and Associates Drilling and Production Outlook from March 2014

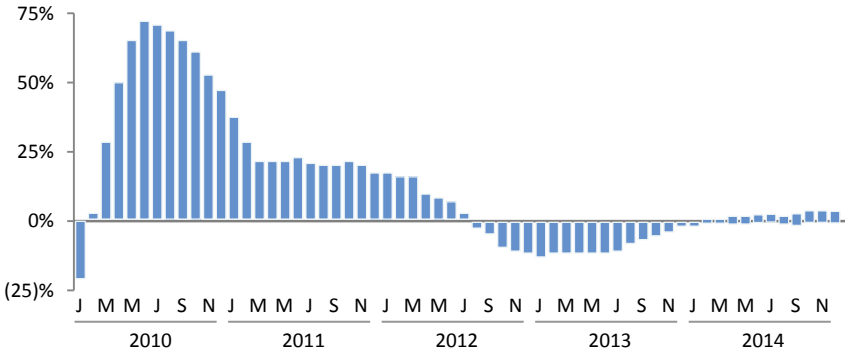
U.S. rig count by type



Source: Spears and Associates

- Horizontal drilling growth continues – 66% of total
- Focus on oil – 70% of U.S. footage drilled
- U.S. rig count forecast: +6% in 2014
- Footage drilled forecast: +8% in 2014
- Forecast for 2015 footage drilled: +3%

U.S. rig count 1/12 rate of change



Source: BHI, Spears

Growth strategy – Energy & Distribution

Overview	

Product innovation	• Continue to advance product and service offerings
	  ◻ Grade development
	  ◻ Product configuration

Leverage investments	• Advance integrated supply chain model • Expand sales of large bar into wellhead segment and distribution channel
Market growth	• Focus on completion and wellhead sub-segments; address needed processing additions • Enhance distribution relationship through controlled lead times and targeted participation • Expand geographically
Adjacency expansion	• Evaluate opportunities that expand core product and service offerings for oil-tools • Explore opportunities for sales in other oil and gas segments

Energy & Distribution – key takeaways

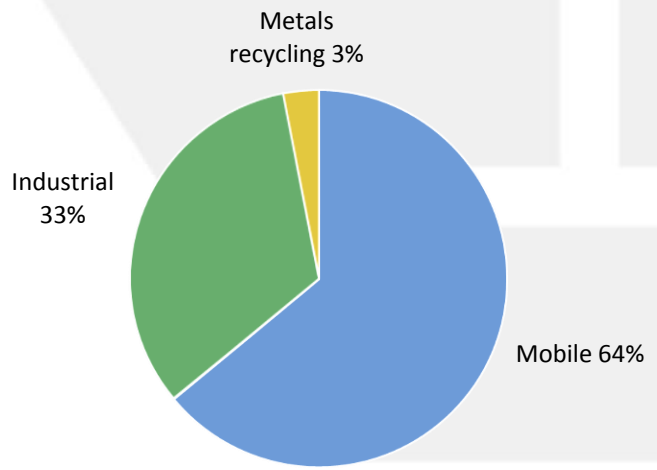
- Work closely with selected distribution channel partners to best reach targeted share participation levels leveraging one another's strengths
- Serve global Energy OEM and service companies for their most critical applications operating in harsh environments
- With a proven history and extension of capabilities through organic growth and acquisition, our Energy offerings are valued and trusted by industry leaders
- Continue to grow globally our unique and integrated supply chain solution set which combines high performance materials, unmatched thermal treatment, proprietary machining processes and responsive delivery capabilities

Industrial & Mobile segment

Overview

- Mobile: Steel most often used in critical automotive applications where high performance is required
- Industrial: Steel used for a variety of industrial applications where performance is critical
  - Manufacturing flexibility allows production of many grades in small quantities
- Sales are ~90% contract and ~10% spot pricing
- Metals recycling: Full service scrap metal management company recycling ferrous and non-ferrous metals

2013 sales mix



2013 sales: US$865mm[1]

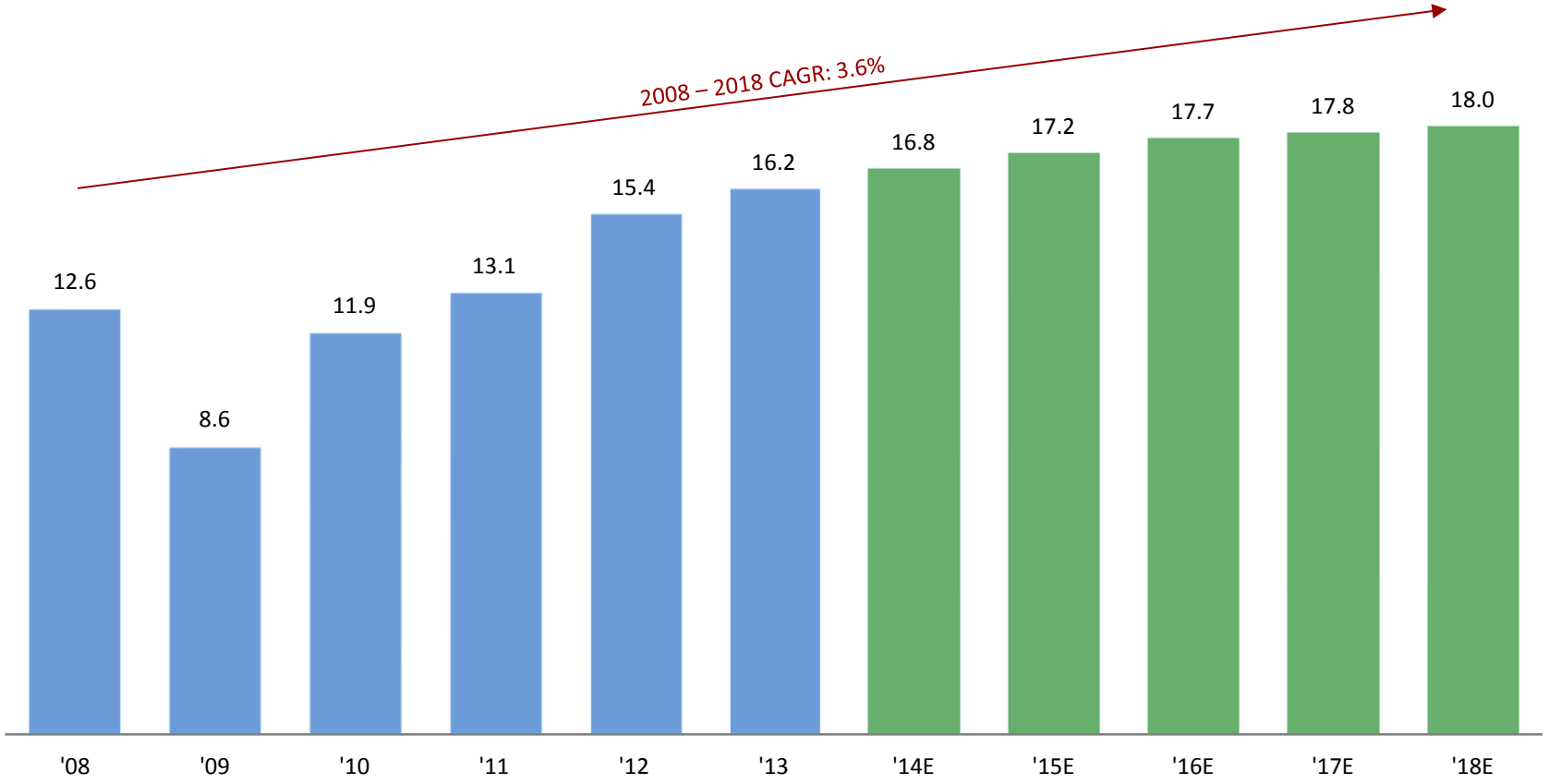
Key customers

HHI	Ford	Honda	Nissan	Ellwood National Crankshaft	Timken	CAT
Chrysler	GM	Nexteer	Toyota	General Dynamics	Brenco	AJAX

[1] Based on full year 2013 Steel segment sales

Strong outlook for North American automotive industry

North America light vehicle production (mm)



Source: IHS

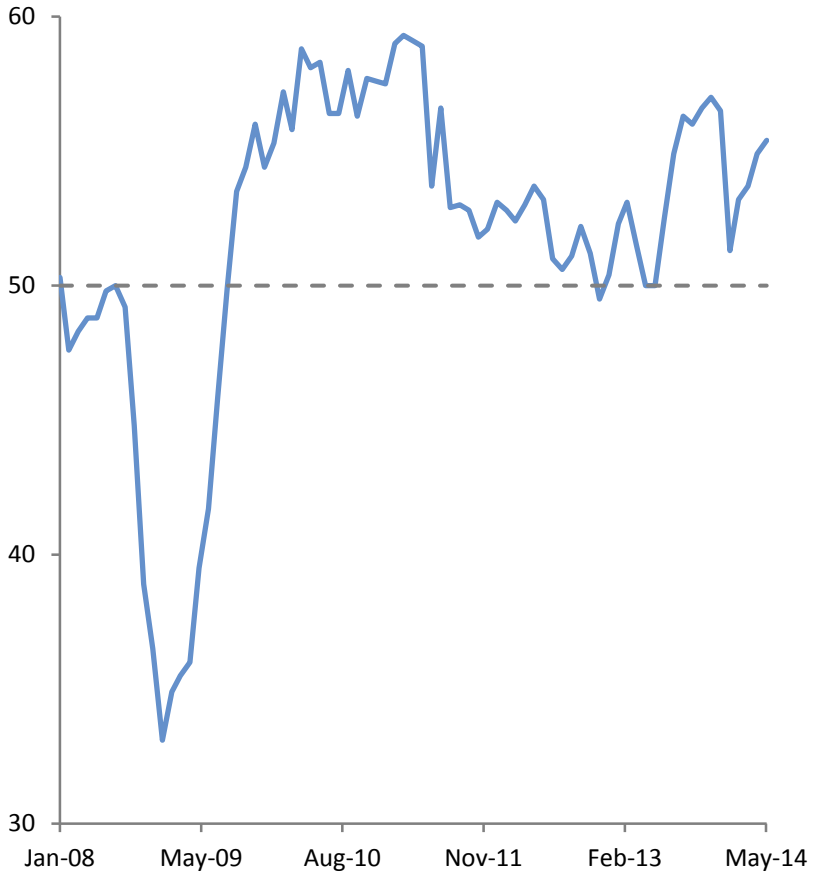
U.S. industry continues to recover

U.S. industrial segments

Segment	% YOY Change 2014E	2015E
Industrial machinery segment	5.4	5.7
RR - equipment segment	7.7	3.1
Mining machinery segment	5.7	4.9
Construction machinery segment	3.3	4.6
Agricultural machinery segment	(1.1)	(0.3)
Cement segment	4.2	8.7
Engine, turbine, power trans segment	6.5	7.2
Utilities segment	3.1	1.3
Iron and steel segment	0.3	7.2

Source: IHS as of April 2014

U.S. manufacturing PMI index, seasonally adjusted



Source: Bloomberg

Growth strategy – Industrial & Mobile

Overview	
Product innovation	• Continue to advance product and service offerings • Expand supply chain design and management capabilities
Leverage investments	• Leverage enhanced sound center and forge rolled capabilities • Expand value-added gears and machined forgings • Grow new domestic localization and re-shoring by leveraging tube, bar, and heat treat capabilities
Market growth	• Expand presence in mining and military market sectors • Support automotive market growth • Develop and deploy supply chain solutions
Adjacency expansion	• Evaluate opportunities that expand core product and service offerings

Industrial & Mobile – key takeaways

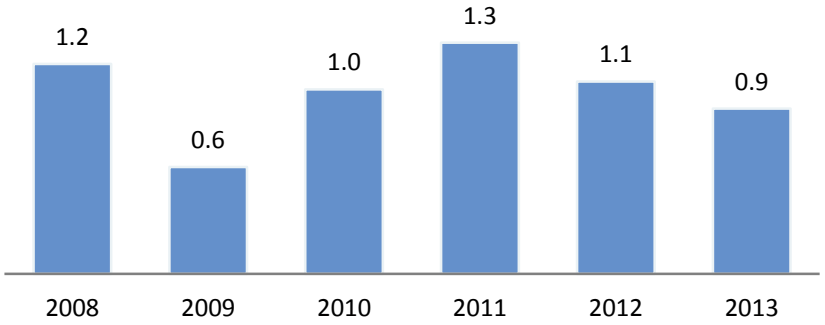
- Our customers recognize us for continued leadership in quality, consistency, and technical support
- We are a trusted, long-term, reliable supplier
- Our broad experience over many years has fostered a deep material, application, and process know-how that is a proven source of value creation
- We are able to efficiently and effectively provide both low and high volume niche market sector needs
- We have a robust strategic portfolio management process with growth emphasis on Industrial-based applications and value-added needs

TIMKEN STEEL

Financial overview

History of strong financial performance

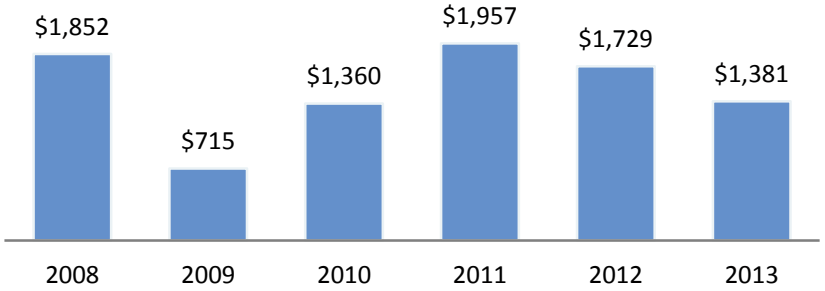
Shipments (mm tons)



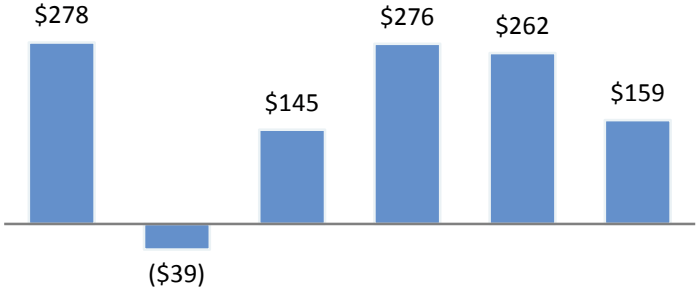
Average selling price ($ / ton)[1]



Net sales ($mm)[2]



Adjusted EBITDA ($mm)[3]



	2008	2009	2010	2011	2012	2013
Adj. EBITDA margin	15%	(6%)	11%	14%	15%	12%

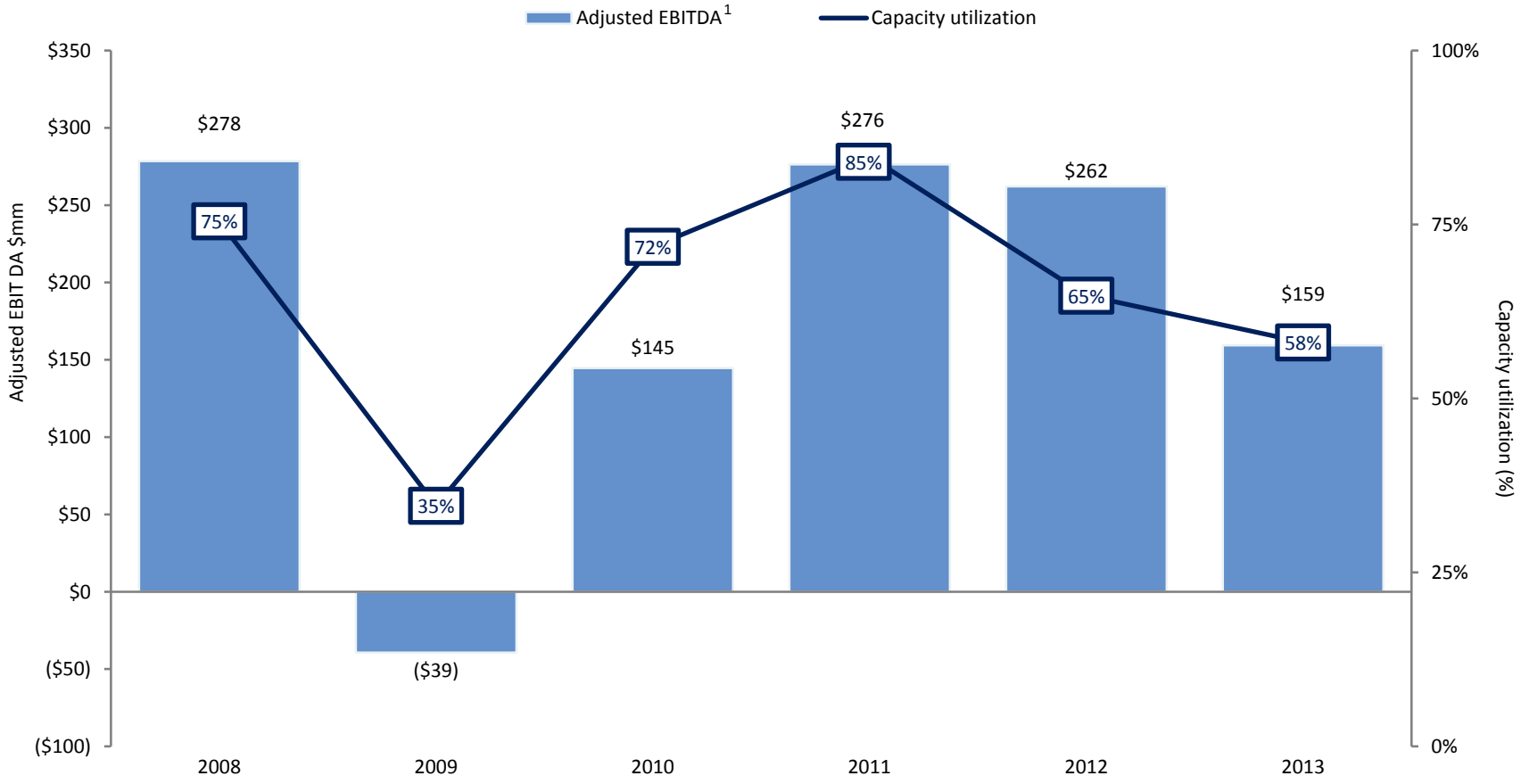
Source: TimkenSteel, The Timken Company

[1] Includes surcharges

[2] Net sales figures based on Steel segment sales and include intercompany sales

[3] Adjusted EBITDA based on Steel segment EBITDA, adjusted for previously unallocated corporate expenses and incremental standalone costs; see Appendix for reconciliation

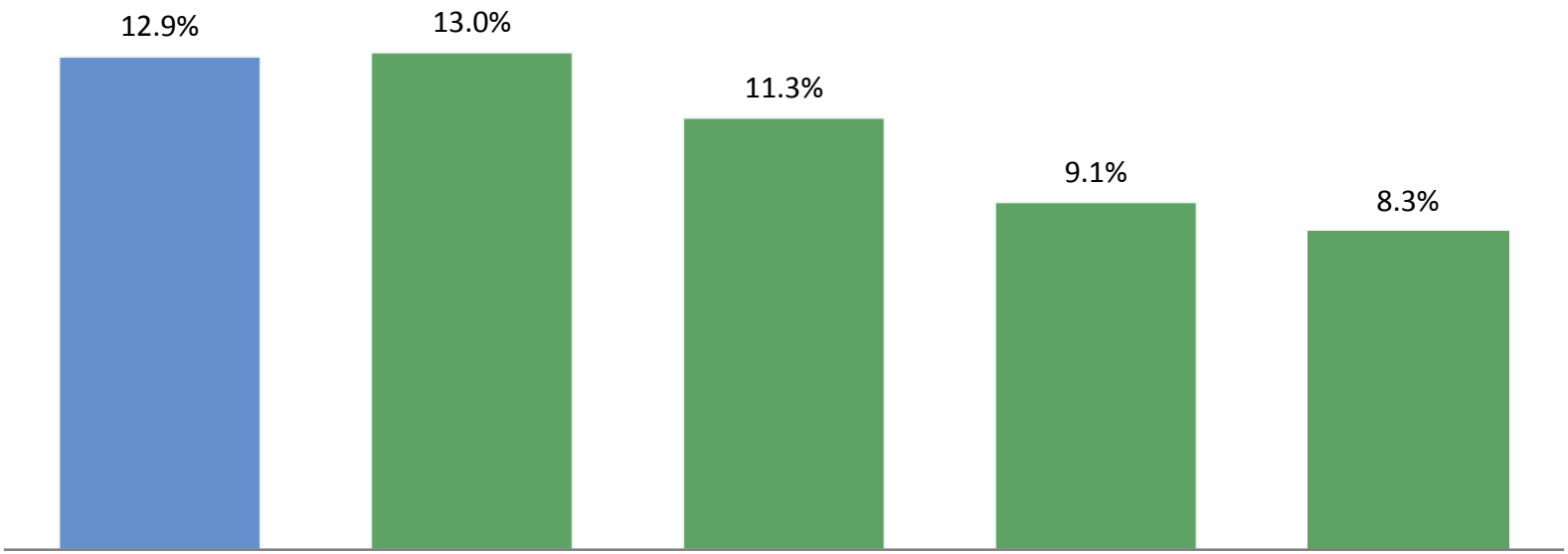
Improved cost structure positions TimkenSteel well through the cycle



[1] See Appendix for Adjusted EBITDA reconciliation

Industry leading margins

4-year average EBITDA margins



	TIMKENSTEEL	Gerdau	Carpenter	Steel Dynamics	Nucor
2010	10.6%	16.3%	5.5%	9.4%	6.5%
2011	14.1%	13.0%	9.6%	10.0%	10.1%
2012	15.2%	11.0%	15.3%	8.6%	8.6%
2013	11.5%	11.9%	14.8%	8.4%	8.1%
4 yr avg.	**12.9%**	**13.0%**	**11.3%**	**9.1%**	**8.3%**

Source: Company filings, FactSet

Note: TimkenSteel figures represent Adjusted EBITDA margins based on Steel segment EBITDA, adjusted for previously unallocated corporate expenses and incremental standalone costs; see Appendix for reconciliation

Strong capital structure with good liquidity position to drive growth

Pro forma 6/30/14 capital structure

($mm)	Amount	% of capitalization	Debt / Adj. EBITDA[1]
Cash and cash equivalents	$50	–	–
Debt			
$300mm revolver	100	10.4%	0.6x
Existing revenue bonds	30	3.1%	0.2x
Total debt	**$130**	**13.6%**	**0.7x**
Shareholder equity	830	86.4%	
Total capitalization	**$960**	**100.0%**	
Liquidity[2]	**$250**		

✓ **Strong liquidity position**

✓ **Positioned to provide capital for growth**

✓ **Conservative leverage**

Source: TimkenSteel

[1] LTM ending 3/31/2014 Adjusted EBITDA of $182mm

[2] Defined as cash & equivalents plus available lines of credit under the proposed $300mm revolving credit facility; revolving credit agreement accordion feature for incremental $150mm

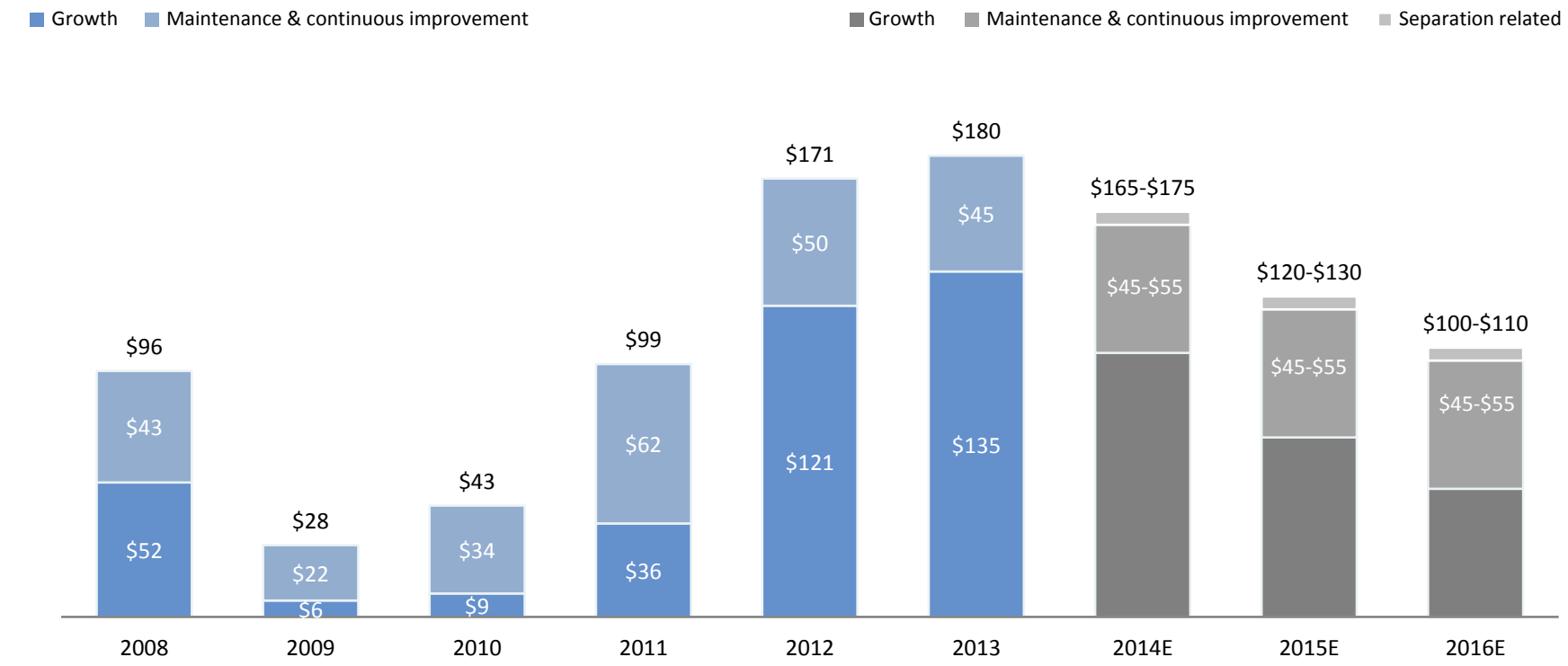
Focused capital allocation priorities

Overview	
Leverage	• Targeting investment grade financial/credit metrics of 1.5x - 2.0x Debt/EBITDA • Maintain leverage with cash generation used to grow and support the business
Organic investments	• Fund maintenance and operational excellence programs from operating cash flows • Growth investments that enhance margin improvements (i.e., Caster / Forge Press) • Targeted growth investment hurdle rate of approximately 20% IRR
Dividends	• Target dividend payout ratio of 20% - 30% • Expect initial quarterly dividend of $0.13 - $0.15 per share[1]
External investments	• Capital allocated to external investments based on best risk-adjusted return[1] • Share repurchases to offset dilution due to stock compensation • Evaluate additional share repurchases • Initially target strategic acquisitions with greater than 20% IRR

[1] Subject to Board approval

Investments that reinforce capabilities and grow market position

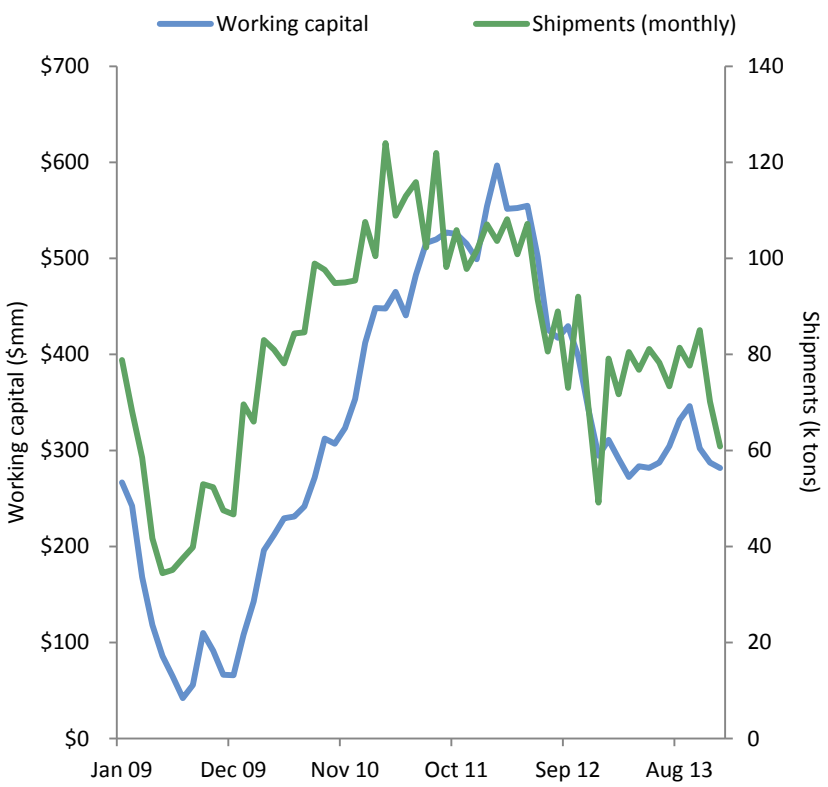
Capital expenditure ($mm)



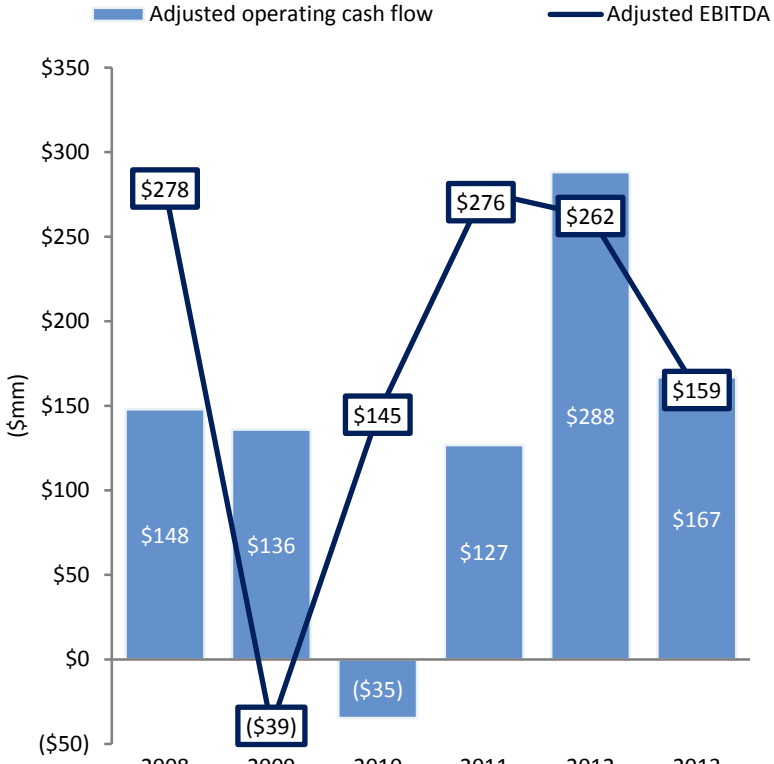
Source: TimkenSteel as of May 31, 2014

Adjusted operating cash flow generation through the cycle

Working capital management



Adjusted operating cash flow[1,2]



	2008	2009	2010	2011	2012	2013
Capex ($mm)	96	28	43	99	171	180

Source: TimkenSteel

[1] Based on full year Steel segment cash flows

[2] See appendix for reconciliation of Adjusted operating cash flow for years 2010-2013, information for 2008-2009 is not available

Outlook and guidance framework

Outlook & guidance	
Revenue growth	• 2014 expected revenue growth of 20% - 25% over full year 2013 • Revenue growth driven by strong expected demand in energy & industrial sectors • 2H 2014 shipments comparable to 1H 2014
Capex	• Full year 2014 expected capex of $165mm - $175mm • 2H 2014 expected capex of $100mm - $105mm
Standalone costs[1]	• Expect FY 2015 incremental standalone costs to be ~$40mm - $45mm □ Consistent impact over historically reported Segment EBIT □ Includes transfer cost from The Timken Company of $25mm - $30mm
Net income	• Expect annual shut-down maintenance & caster ramp up costs to be negligible in 1H 2014 and $15mm - $20mm in 2H 2014 • Expect LIFO impacts of $4mm - $6mm in 1H 2014 and $10mm - $12mm in 2H 2014 • 2014 tax rate expected to be 35%

Source: TimkenSteel

[1]Refer to segment reported EBIT reconciliation in the Appendix

TimkenSteel: A compelling investment

- A leading manufacturer of high-quality, **high-performance** engineered steel products and value-added services
- Industry leading customer service delivering **customized** engineering and **innovative** design solutions for the most demanding applications
- **Niche position** in attractive Energy, Industrial and Automotive end market sectors
- **Leading industry margins** driven by value-added products and **competitive operating cost structure**
- Strong capital structure with good liquidity position to **drive growth**

Appendix

Adjusted EBITDA reconciliation

Based on The Timken Company 10-K filings (US$ mm)

	2008	2009	2010	2011	2012	2013
Net sales	**$1,852.0**	**$714.9**	**$1,359.5**	**$1,956.5**	**$1,728.7**	**$1,380.9**
Reported EBIT	$264.0	($63.4)	$146.3	$267.4	$251.8	$140.2
Less: audit / other adjustments	0.0	0.0	(8.7)	0.4	(0.8)	2.3
Adjusted EBIT	**$264.0**	**($63.4)**	**$137.6**	**$267.8**	**$251.0**	**$142.5**
D&A	$48.5	$45.9	$46.1	$45.8	$49.7	$53.8
Incremental D&A	10.0	9.0	7.0	7.0	7.0	7.0
Total D&A	$58.5	$54.9	$53.1	$52.8	$56.7	$60.8
EBITDA	**$322.5**	**($8.5)**	**$190.7**	**$320.6**	**$307.7**	**$203.3**
Total standalone costs	(44.0)	(30.8)	(46.0)	(44.2)	(45.5)	(44.0)
Adjusted EBITDA	**$278.5**	**($39.3)**	**$144.7**	**$276.4**	**$262.2**	**$159.3**
% of sales	*15.0%*	*(5.5%)*	*10.6%*	*14.1%*	*15.2%*	*11.5%*

Source: TimkenSteel

Adjusted EBITDA reconciliation

Based on TimkenSteel Form 10 filings (US$ mm)

	2010	2011	2012	2013
Net sales	**$1,359.5**	**$1,956.5**	**$1,728.7**	**$1,380.9**
Segment EBIT				
Industrial & Mobile	$73.1	$114.2	$112.8	$84.0
Energy & Distribution	71.5	162.6	146.1	67.0
Total segment EBIT	$144.6	$276.8	$258.9	$151.0
Carve-in corporate costs	(20.4)	(23.9)	(24.3)	(23.2)
Form 10 reported EBIT	**$124.2**	**$252.9**	**$234.6**	**$127.8**
Incremental standalone costs	(32.6)	(29.3)	(29.1)	(29.3)
Adjusted EBIT	**$91.6**	**$223.6**	**$205.5**	**$98.5**
D&A	$42.9	$42.6	$46.2	$50.0
Incremental D&A	10.2	10.2	10.5	10.8
Total D&A	$53.1	$52.8	$56.7	$60.8
Adjusted EBITDA	**$144.7**	**$276.4**	**$262.2**	**$159.3**
% of sales	*10.6%*	*14.1%*	*15.2%*	*11.5%*

Source: TimkenSteel Form 10 filing as of 05/15/2014

Adjusted operating cash flow reconciliation

Based on TimkenSteel Form 10 filings (US$ mm)

	2010	2011	2012	2013
Operating cash flow	**($23.6)**	**$135.6**	**$296.6**	**$175.1**
Incremental standalone costs	(21.2)	(19.0)	(18.9)	(19.0)
Incremental D&A	10.2	10.2	10.5	10.8
Adjusted operating cash flow	**($34.6)**	**$126.8**	**$288.2**	**$166.9**

Source: TimkenSteel Form 10
Note: Incremental standalone costs tax-effected at a 35% tax rate

TIMKEN STEEL