

Statement by Brian Daley, President of Armco Employees Independent Federation (AEIF) in Response to AK Steel's Webcast on July 25, 2006

Presented to Steel Analysts, AK Steel Investors and the Press

July 25, 2006

Good afternoon everyone and thank you for listening. We felt it necessary to have this conference call so we can provide some balance to AK Steel's web cast this morning.

We have talked with many of you before and we wanted to provide opportunity for you to enquire as to the status of negotiations with AK Steel, the upcoming representation election and the current situation at the Middletown Works. We would like to first provide you with some background information on these subjects.

Let me start though, with a few comments on AK's web cast. The good news is of course, our liquidity of \$1 billion and the early contribution of \$50 million toward the 2007 pension obligation. Unfortunately, it begins to fall apart from there. The negatives include the increase in HR and the decrease in coated material. AK totally dodged the question on what has happened to the automotive customers this year. But I guess what tops it all is his statement that the union in Middletown said they would never accept an industry standard contract. That is a ridiculous and outrageous statement to make and is simply not true. This as well as other statements made by AK Steel are under review. Also AK Steel's offer to preserve retiree's insurance benefits amounted to an offer to pay \$200 for single and \$400 for a family plan and the retiree pays the rest. It's the same day one unchanged offer by AK Steel for future retirees that requires the retiree, for a family plan, to make a monthly premium of more than \$1,100. That is what AK Steel refers to as preserving retiree's benefits. The union's last proposal that included more cost sharing on retiree insurance than the settlement agreement reached at the Butler facility was met with a silent counter offer on the issue from AK Steel.

Let me be clear, this union has had on the table, all the elements to reach an industry standard agreement that includes no minimum staffing levels, the same job classes as agreed to at the Ashland and Butler facilities, the lock and freeze of our current pension plan with the same cost going forward on a new plan, as well as healthcare cost sharing. To say otherwise is ignoring the facts.

The Situation Today at Middletown Works

We see a lot of hot band leaving the plant by truck and rail. We believe someone has to be processing the band because we couldn't have had that big of shift in product mix, at least we hope not. There are thousands of hot band coils at a Precision Strip facility directly across the street from the plant. Anyone can drive by and see this massive coil field, that by the way, did not exist prior to the lockout. We continue to witness coils coming into Middletown Works. It's hard for us to tell if it's steel being returned or if it's been purchased from other companies. Employment, we're being told there is a tremendous turnover rate of temporary employees and several salaried employees have quit or retired. We know that the quality of safety has deteriorated as evidenced by ambulance and fire runs in the plant. In 2005, the number of runs for the

months of May, June & July totaled 14, and the same three months in 2006 is 42 and counting. A 300% increase in emergency response.

To sum up, the cost of unemployment at nearly \$1 million a week, the millions spent on security, the change in product mix, loss of production as a result of the lockout and the increased cost of others to process our steel, is an unnecessary burden that can readily be reversed favorably once AK management decides to end the lockout. We believe AK management is undermining the long-term health of this company and cannot reasonably explain to our stockholders why this lockout continues.

Morale remains incredibly high within our rank & file. We continue to have full community support and many questions why AK Steel continues to cause such pain to our community.

On to Negotiations Between the AEIF and AK Steel

I have been involved in every contract negotiation as an officer of the Union since 1989. This is my tenth contract -- and never before have I seen such unusual behavior by any negotiating team as that displayed by this latest management group. For months, we would negotiate on articles within the contract, get close to resolution and the company would want to move on. To date, we have never received a last-best final offer from AK Steel. We have yet to receive a proposal from AK Steel that even comes close to contracts at other AK facilities. We have provided to you a side-by-side comparison of key economic issues. As you can see, the very same items that have been agreed to in Ashland, Kentucky and Butler, Pennsylvania, AK Steel refused to agree to in Middletown. The very same items that have been on the table for months, AK management readily agreed to with the Auto Workers at the Butler facility.

We are happy for the hourly workers at Butler -- who, by the way, ratified their agreement last week -- but we fail to understand that when we offer to give concessions on employment issues, vacations, personal days, insurance, active and retired, staffing of union reps and others, why AK Steel refuses to agree.

In fact, the union's package on the table, after taking into consideration pay increases, has a net concession of more than \$100 million/year. That is more than one half of a billion dollars over the life of the agreement.

There is no other facility at AK Steel that has ever approached those kinds of concessions.

AK Steel continues to demand such things as future retirees to pay more than \$1,100 per month premium, while other facilities pay \$100 or less. AK management proposes to have the unilateral right to change or do away with all the incentive programs throughout the mill.

AK Steel will take as long as two weeks only to come to the bargaining table with changes of a few dozen words. There is no reasonable explanation for this lockout to continue. We have a standing offer to allow a disinterested third party, such as Federal Mediation and Conciliation Services to enter discussions and AK management to date has refused.

The Representation Election

The election will take place tomorrow and Thursday. It is conducted by the National Labor Relations Board and we hope to hear the outcome Thursday afternoon. A little background: During negotiations with AK Steel, the union proposed an option for a multi-employer pension plan. Our plan was to negotiate a contract that allowed us to join a multi-employer pension plan of our

choice, sometime after ratification. AK Steel insisted to know which pension plans were being considered by the union. We provided management with four plans. AK management claimed they had to know specifically which plan we had interest in, in order for them to agree. We told them our choice was the Machinist's plan, but we knew that once we told them, the USW would raid our union. And they have done exactly that.

This brings us to the election tomorrow and we hope to put this issue to bed. But we suspect USW will do what they can to spoil the process.

There was an offer to AK Steel to simply recognize the IAM through a card check, because 60% of our members had signed authorization cards. But the company refused. Their refusal to recognize has caused us to move forward with this election.

In stark contrast, the Auto Workers at AK's Butler, PA facility asked for a multi-employer pension plan option during the life of the agreement and AK Steel agreed.

There is so much more I could say, but I would rather allow you to ask us questions. Please feel free to ask us anything you like.

Contact Brian Daley at 513-423-6573

Brian Daley, President
Armco Employees Independent Federation
100 Crawford Street
Middletown, OH 45044