



# News Release

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## **AK STEEL REPORTS THIRD QUARTER RESULTS**

MIDDLETOWN, OH, October 18, 2002 -- AK Steel (NYSE: AKS) reported a net loss of \$3.3 million, or \$0.03 per diluted share of common stock, for the third quarter of 2002. The third quarter results included an extraordinary charge of \$19.9 million, or \$0.18 per share of common stock, related to redemption of the company's 9 1/8% Senior Notes Due 2006.

Excluding the extraordinary charge, the company earned \$16.6 million, or \$0.15 per diluted share of common stock. Operating profit was \$56.8 million, or \$40 per ton shipped. Sales were \$1,117.6 million on shipments of 1,435,000 tons, of which approximately 90% represented value-added shipments. The company's average selling price was \$721 per ton, or nearly 2% over the previous quarter.

"Special recognition in the quarter goes to the employees of our Ashland Works, who broke their own world record for sequential casts with 1,851 consecutive heats with a perfect safety record," said Richard M. Wardrop, Jr., chairman, president and chief executive officer of AK Steel. "While the true significance of that performance may be difficult for those outside the steel industry to fully appreciate, it is more clear and convincing evidence that AK Steel defines 'world class.'"

AK Steel also said its overall safety performance, already leading the industry, continues to improve. For example, the company's total recordable injury rate (the rate indicated by the Occupational Safety and Health Administration, or OSHA) through the second quarter of 2002 was 0.66, compared to 1.19 for all of 2001. By comparison, the average rate by major steel companies during the same periods was 6.28 and 6.58 respectively. The total recordable rate is the number of all OSHA-recordable injury categories per 100 employees over a year's time.

During the quarter AK Steel also completed the acquisition of a 60% interest in an automotive-grade electrogalvanizing line in Cleveland now named AK-ISG Steel Coating Company. The remaining 40% of the line is owned by International Steel Group, Inc. The acquisition furthers AK Steel's strategy of increasing its capacity to market additional value-added carbon steel products.

AK Steel produces flat-rolled carbon, stainless and electrical steel products for automotive, appliance, construction and manufacturing markets, as well as tubular steel products. AK Steel is headquartered in Middletown, Ohio and has plants in Middletown, Coshocton, Mansfield, Walbridge and Zanesville, Ohio; Ashland, Kentucky; Rockport, Indiana; and Butler, Pennsylvania. AK Steel also produces snow and ice control products, and operates a major industrial park on the Houston, Texas ship channel.

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## AK Steel Statement of Income & Earnings Per Share Data

(Dollars and Shares in Millions, Except Per Share Data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
Shipments (000 tons)	1,435.4	1,387.1	4,375.6	4,264.5
<b>Net Sales</b>	\$ 1,117.6	\$ 960.7	\$ 3,226.8	\$ 2,900.7
Cost of products sold	933.5	818.6	2,788.2	2,470.0
Selling and administrative expenses	69.9	61.9	199.7	186.1
Depreciation	57.4	56.8	170.4	172.8
Insurance settlement	-	-	(23.9)	-
Total operating costs	<u>1,060.8</u>	<u>937.3</u>	<u>3,134.4</u>	<u>2,828.9</u>
<b>Operating profit</b>	56.8	23.4	92.4	71.8
Interest expense	31.7	33.0	98.2	100.5
Gain on sale of Anthem stock	-	-	24.1	-
Other income	<u>1.5</u>	<u>1.5</u>	<u>4.1</u>	<u>5.2</u>
<b>Income (loss) before income taxes</b>	26.6	(8.1)	22.4	(23.5)
Income tax provision (benefit)	<u>9.9</u>	<u>(3.0)</u>	<u>8.3</u>	<u>(8.7)</u>
<b>Income (loss) from continuing operations</b>	16.7	(5.1)	14.1	(14.8)
Loss from discontinued operations, net of tax	-	0.8	0.5	1.2
Loss on sale of Sawhill Tubular, net of tax	<u>0.1</u>	<u>-</u>	<u>6.4</u>	<u>-</u>
<b>Income (loss) before extraordinary item</b>	16.6	(5.9)	7.2	(16.0)
Loss on early retirement of debt, net of tax	<u>19.9</u>	<u>-</u>	<u>19.9</u>	<u>-</u>
<b>Net loss</b>	(3.3)	(5.9)	(12.7)	(16.0)
Less preferred stock dividends	<u>1.5</u>	<u>0.2</u>	<u>1.5</u>	<u>0.7</u>
<b>Net loss applicable to common stock</b>	<u>\$ (4.8)</u>	<u>\$ (6.1)</u>	<u>\$ (14.2)</u>	<u>\$ (16.7)</u>
<b>Basic earnings per share:</b>				
Income (loss) from continuing operations	\$ 0.15	\$ (0.05)	\$ 0.12	\$ (0.15)
Loss from discontinued operations	-	0.01	-	0.01
Loss on sale of Sawhill Tubular	-	-	0.06	-
Loss on early retirement of debt	<u>0.18</u>	<u>-</u>	<u>0.18</u>	<u>-</u>
Net loss	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.12)</u>	<u>\$ (0.16)</u>
Weighted average shares outstanding	107.9	107.7	107.9	107.8
<b>Diluted earnings per share:</b>				
Income (loss) from continuing operations	\$ 0.15	\$ (0.05)	\$ 0.12	\$ (0.15)
Loss from discontinued operations	-	0.01	-	0.01
Loss on sale of Sawhill Tubular	-	-	0.06	-
Loss on early retirement of debt	<u>0.18</u>	<u>-</u>	<u>0.18</u>	<u>-</u>
Net loss	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.12)</u>	<u>\$ (0.16)</u>
Weighted average shares outstanding	107.9	107.7	107.9	107.8

**THIRD QUARTER 2002**  
(Unaudited)

**SUPPLEMENTAL INFORMATION**

	<u>Three Months Ended Sept. 30,</u>		<u>Nine Months Ended Sept. 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<b>Other data:</b>				
Shipments (thousands of ton)	1,435.4	1,387.1	4,375.6	4,264.5
Steel operations selling price per ton	\$ 721	\$ 659	\$ 698	\$ 656
Operating profit per ton	\$ 40	\$ 17	\$ 21	\$ 17
Gross margin percentage	16.5%	14.8%	13.6%	14.8%

**STEEL SHIPMENTS**

	<u>Three Months Ended Sept. 30,</u>		<u>Nine Months Ended Sept. 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
<b><i>Tons Shipped by Product (000's)</i></b>				
Stainless/Electrical	239.4	235.9	758.7	719.2
Coated	724.5	671.5	2,230.9	2,112.1
Cold Rolled	299.2	368.3	977.9	1,096.4
Tubular	24.7	13.5	69.5	13.5
Hot Rolled	78.0	21.4	125.2	99.3
Secondary	69.6	76.5	213.4	224.0
<b><i>Total Shipments</i></b>	<u>1,435.4</u>	<u>1,387.1</u>	<u>4,375.6</u>	<u>4,264.5</u>
<b><i>Shipments by Product (%)</i></b>				
Stainless/Electrical	16.7%	17.0%	17.3%	16.9%
Coated	50.5%	48.4%	51.0%	49.5%
Cold Rolled	20.8%	26.6%	22.3%	25.7%
Tubular	1.7%	1.0%	1.6%	0.3%
Hot Rolled	5.4%	1.5%	2.9%	2.3%
Secondary	4.9%	5.5%	4.9%	5.3%
<b><i>Total Shipments</i></b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**CONSOLIDATED BALANCE SHEETS**  
**THIRD QUARTER 2002**

(Dollars in millions, except per share amounts)  
(Unaudited)

	Sept. 30, 2002	December 31, 2001
<b>Current Assets</b>		
Cash and cash equivalents	\$ 243.3	\$ 101.0
Accounts and notes receivables - net	522.8	388.0
Inventories - net	848.4	904.6
Current assets held for sale	-	60.6
Other current assets	85.6	93.6
<b>Total Current Assets</b>	<u>1,700.1</u>	<u>1,547.8</u>
Property, plant and equipment	4,783.9	4,742.9
Accumulated depreciation	(2,121.0)	(1,974.6)
Property, plant and equipment - net	2,662.9	2,768.3
Noncurrent assets held for sale	-	24.4
Other	810.4	885.3
<b>Total Assets</b>	<u>\$ 5,173.4</u>	<u>\$ 5,225.8</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 473.2	\$ 537.6
Other accruals	260.2	270.5
Current portion of long-term debt	77.4	78.0
Current portion of pension & postretirement benefit obligation	67.2	68.3
<b>Total Current Liabilities</b>	<u>878.0</u>	<u>954.4</u>
Long-term debt	1,322.3	1,324.5
Pension & postretirement benefit obligation	1,780.9	1,740.1
Other liabilities	168.8	173.5
<b>Total Liabilities</b>	<u>4,150.0</u>	<u>4,192.5</u>
<b>Shareholders' Equity</b>		
Preferred stock - 259,481 shares redeemed 9/30/02	-	12.5
Common stock - 2002; authorized 200,000,000 shares of \$.01 par value each; 116,290,376 shares issued; 107,894,607 shares outstanding	1.2	1.2
Additional paid-in capital	1,810.9	1,807.2
Treasury stock - 2002; 8,395,769 shares at cost	(122.0)	(120.4)
Retained earnings	(666.7)	(667.2)
<b>Total Shareholders' Equity</b>	<u>1,023.4</u>	<u>1,033.3</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 5,173.4</u>	<u>\$ 5,225.8</u>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

THIRD QUARTER 2002

(Dollars in millions)

(Unaudited)

	Nine Months Ended Sept. 30,	
	2002	2001
<b><i>Cash Flow From Operating Activities:</i></b>		
Net loss	\$ (12.7)	\$ (16.0)
Depreciation	170.4	172.8
Amortization	7.4	11.5
Deferred taxes	59.8	(8.8)
Extraordinary item	19.9	-
Working capital	(117.4)	(63.4)
Other	31.7	(65.8)
<b><i>Net Cash Flow From Operating Activities</i></b>	<b>159.1</b>	<b>30.3</b>
<b><i>Cash Flow From Investing Activities:</i></b>		
Capital investments	(64.9)	(65.9)
Other	100.3	9.2
<b><i>Net Cash Flow From Investing Activities</i></b>	<b>35.4</b>	<b>(56.7)</b>
<b><i>Cash Flow From Financing Activities:</i></b>		
Principal payments on long-term debt	(550.6)	(0.5)
Premium payment on retirement of long-term debt	(25.1)	-
Proceeds on issuance of debt	538.1	-
Common and preferred stock transactions	(14.7)	(1.1)
Preferred stock dividends	(0.9)	(0.7)
Common stock dividends	-	(13.5)
Other	(2.1)	0.8
<b><i>Net Cash Flow From Financing Activities</i></b>	<b>(55.3)</b>	<b>(15.0)</b>
Cash Flow From Discontinued Operations	3.1	19.3
<b><i>Net Increase (Decrease) in Cash</i></b>	<b>142.3</b>	<b>(22.1)</b>
<b><i>Cash and Cash Equivalents - Beginning</i></b>	<b>101.0</b>	<b>86.8</b>
<b><i>Cash and Cash Equivalents - Ending</i></b>	<b>\$ 243.3</b>	<b>\$ 64.7</b>