

AK Steel Corporation

Statements of Operations

(Unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Shipments (000 tons)	1,502.7	1,435.4	4,267.1	4,375.6
Net Sales	\$ 1,064.5	\$ 1,117.6	\$ 3,088.3	\$ 3,226.8
Cost of products sold	1,047.8	933.5	2,960.3	2,788.2
Selling and administrative expenses	68.4	69.9	206.1	199.7
Depreciation	58.6	57.4	174.6	170.4
Goodwill impairment	101.2	-	101.2	-
Insurance settlement	-	-	-	(23.9)
Total operating costs	1,276.0	1,060.8	3,442.2	3,134.4
Operating profit (loss)	(211.5)	56.8	(353.9)	92.4
Interest expense	30.3	31.7	87.4	98.2
Loss on early retirement of debt	-	31.7	-	31.7
Gain on sale of Anthem stock	-	-	-	24.1
Other income	0.8	1.5	3.0	4.1
Loss before income taxes	(241.0)	(5.1)	(438.3)	(9.3)
Deferred tax asset valuation allowance	87.3	-	87.3	-
Income tax benefit	50.8	1.9	129.1	3.5
Loss from continuing operations	(277.5)	(3.2)	(396.5)	(5.8)
Loss from discontinued operations, net of tax	-	-	-	0.5
Loss on sale of Sawhill Tubular, net of tax	-	0.1	-	6.4
Net loss	<u>\$ (277.5)</u>	<u>\$ (3.3)</u>	<u>\$ (396.5)</u>	<u>\$ (12.7)</u>
Basic and diluted loss per share:				
Loss from continuing operations	\$ (2.56)	\$ (0.03)	\$ (3.66)	\$ (0.06)
Loss from discontinued operations	-	-	-	-
Loss on sale of Sawhill Tubular	-	-	-	0.06
Net loss	<u>\$ (2.56)</u>	<u>\$ (0.03)</u>	<u>\$ (3.66)</u>	<u>\$ (0.12)</u>
Weighted average shares outstanding	108.5	107.9	108.5	107.9

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(Unaudited)

Supplemental Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Flat rolled selling price per ton	\$ 654	\$ 721	\$ 679	\$ 698
Reconciliation of operating profit (loss)*				
Operating profit (loss) excluding goodwill charge	\$ (110.3)	\$ 56.8	\$ (252.7)	\$ 92.4
Goodwill impairment charge	(101.2)	-	(101.2)	-
Operating profit (loss)	<u>\$ (211.5)</u>	<u>\$ 56.8</u>	<u>\$ (353.9)</u>	<u>\$ 92.4</u>
Reconciliation of operating profit (loss) per ton				
Operating profit (loss) per ton excluding goodwill	\$ (73)	\$ 40	\$ (59)	\$ 21
Goodwill impairment charge per ton	(68)	-	(24)	-
Operating profit (loss) per ton	<u>\$ (141)</u>	<u>\$ 40</u>	<u>\$ (83)</u>	<u>\$ 21</u>
Reconciliation of net loss*				
Net loss before unusual items	\$ (89.0)	\$ (3.3)	\$ (208.0)	\$ (12.7)
Goodwill impairment charge	(101.2)	-	(101.2)	-
Deferred tax asset charge	(87.3)	-	(87.3)	-
Net loss	<u>\$ (277.5)</u>	<u>\$ (3.3)</u>	<u>\$ (396.5)</u>	<u>\$ (12.7)</u>
Reconciliation of net loss per share				
Net loss per share before unusual items	\$ (0.82)	\$ (0.03)	\$ (1.92)	\$ (0.12)
Goodwill impairment charge per share	(0.93)	-	(0.93)	-
Deferred tax asset charge per share	(0.81)	-	(0.81)	-
Net loss per share	<u>\$ (2.56)</u>	<u>\$ (0.03)</u>	<u>\$ (3.66)</u>	<u>\$ (0.12)</u>

* Dollars in millions

Steel Shipments

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Tons Shipped by Product (000's)				
Stainless/Electrical	212.1	239.4	665.0	758.7
Coated	732.4	724.5	2,129.3	2,230.9
Cold Rolled	288.2	299.2	851.5	977.9
Tubular	35.4	24.7	88.1	69.5
Hot Rolled	155.4	78.0	315.3	125.2
Secondary	79.2	69.6	217.9	213.4
Total Shipments	<u>1,502.7</u>	<u>1,435.4</u>	<u>4,267.1</u>	<u>4,375.6</u>
Shipments by Product (%)				
Stainless/Electrical	14.1%	16.7%	15.6%	17.3%
Coated	48.7%	50.5%	49.9%	51.0%
Cold Rolled	19.2%	20.8%	20.0%	22.3%
Tubular	2.4%	1.7%	2.1%	1.6%
Hot Rolled	10.3%	5.4%	7.4%	2.9%
Secondary	5.3%	4.9%	5.0%	4.9%
Total Shipments	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

AK Steel Corporation
Consolidated Balance Sheets
(Dollars in millions, except per share amounts)

	(Unaudited) September 30, 2003	December 31, 2002
	<u> </u>	<u> </u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 59.1	\$ 282.5
Accounts and notes receivables, net	482.8	403.2
Inventories - net	794.8	870.3
Other current assets	140.2	143.7
Total Current Assets	<u>1,476.9</u>	<u>1,699.7</u>
Property, plant and equipment	4,872.5	4,811.6
Accumulated depreciation	<u>(2,343.7)</u>	<u>(2,179.8)</u>
Property, plant and equipment, net	2,528.8	2,631.8
Other	<u>1,044.8</u>	<u>1,068.2</u>
Total Assets	<u><u>\$ 5,050.5</u></u>	<u><u>\$ 5,399.7</u></u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes payable	\$ 50.0	\$ -
Accounts payable	393.2	456.8
Other accruals	218.6	238.8
Current portion of long-term debt	62.5	62.5
Current portion of pension & postretirement benefit obligation	136.6	102.2
Total Current Liabilities	<u>860.9</u>	<u>860.3</u>
Long-term debt	1,260.2	1,259.9
Pension & postretirement benefit obligation	2,636.9	2,584.8
Other liabilities	<u>157.8</u>	<u>165.4</u>
Total Liabilities	<u>4,915.8</u>	<u>4,870.4</u>
Shareholders' Equity		
Common stock - 2003; authorized 200,000,000 shares of \$0.01 par value each; 116,975,427 shares issued; 108,471,952 shares outstanding	1.2	1.2
Additional paid-in capital	1,814.8	1,812.1
Treasury stock - 2003; 8,503,475 shares at cost	(122.7)	(122.0)
Accumulated deficit	(1,380.3)	(983.8)
Accumulated other comprehensive loss	<u>(178.3)</u>	<u>(178.2)</u>
Total Shareholders' Equity	<u>134.7</u>	<u>529.3</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 5,050.5</u></u>	<u><u>\$ 5,399.7</u></u>

AK Steel Corporation

Statements of Cash Flows

(Unaudited)
(Dollars in millions)

	Nine Months Ended September 30,	
	2003	2002
<i>Cash Flow From Operating Activities:</i>		
Net loss	\$ (396.5)	\$ (12.7)
Depreciation	174.6	170.4
Amortization	8.3	7.4
Deferred taxes	(38.6)	48.0
Goodwill impairment	101.2	-
Working capital	(79.5)	(117.4)
Pension and other postretirement benefit expense in excess of payments	85.1	41.5
Other	8.8	21.9
<i>Net Cash Flow From Operating Activities of Continuing Operations</i>	<u>(136.6)</u>	<u>159.1</u>
<i>Cash Flow From Investing Activities:</i>		
Capital investments	(64.0)	(64.9)
Purchase of business and investments	(68.3)	(44.2)
Proceeds from sale of business, investments and PP&E	4.7	144.8
Other	(0.1)	(0.3)
<i>Net Cash Flow From Investing Activities of Continuing Operations</i>	<u>(127.7)</u>	<u>35.4</u>
<i>Cash Flow From Financing Activities:</i>		
Proceeds from notes payable	50.0	-
Proceeds from issuance of debt	-	538.1
Principal payments on long-term debt	-	(550.6)
Premium payment on redemption of long-term debt	-	(25.1)
Redemption of preferred stock	-	(13.1)
Preferred stock dividends	-	(0.9)
Purchase of treasury stock	(0.6)	(1.6)
Other	(8.5)	(2.1)
<i>Net Cash Flow From Financing Activities of Continuing Operations</i>	<u>40.9</u>	<u>(55.3)</u>
Cash Flow From Discontinued Operations	-	3.1
<i>Net Increase (Decrease) in Cash</i>	(223.4)	142.3
<i>Cash and Cash Equivalents, Beginning</i>	<u>282.5</u>	<u>101.0</u>
<i>Cash and Cash Equivalents, Ending</i>	<u>\$ 59.1</u>	<u>\$ 243.3</u>