

SUMMARY OF KEY MODIFICATIONS TO OCTOBER 19 COMPANY PROPOSAL

IAM Pension

- Places all employees into IAM pension and contributes up to \$1.80 per hour.
- Restores Special Pension Payments and Pension Supplements.

Settlement Agreement

Company pays \$7,702,301 in resolution of all pending claims, cases, and grievances. The funds are allocated for the following items:

- \$2,600,000 for 2005 Profit Sharing
- \$202,301 for 2006 Profit Sharing
- \$2,400,000 for other claims, cases, and grievances
- \$2,500,000 for Employee Assistance Fund
- All discipline records cleared

Return to Work Agreement

- All Eligible Employees must be returned to work within 90 days.
- Full grievance and arbitration rights (just cause and due consideration) for discipline and discharge matters during Transition Period.
- Third-party procedure for medical disputes arising out of return-to-work exams.

Active Employee Healthcare

- Eliminates \$250 / \$500 deductibles.
- Reduces 20% monthly premium to 15% and then to 12.5%.

Future Retiree Healthcare

- Delays until June 1, 2007 implementation of new healthcare program.

Drug Testing

- Eliminates Random Drug Testing from Article XXVII.

ADDITIONAL HIGHLIGHTS OF 2007 LABOR AGREEMENT

Term

- The Proposed Agreement will take effect on March 15, 2007 and will expire on September 15, 2011.

Employment Security

- One of the most difficult subjects addressed during these negotiations was the issue of employment security. Your Union considers the protection of **your right to have 40 hours of work**, regardless of the Company's use of contractors, as an absolute right. The Tentative Agreement accomplished this goal. So, during the life of the Agreement, all returning employees have a guaranteed 40 hour work opportunity.

Workforce Restructuring

- One of the most significant features of the Proposed Agreement is that it restructures the workforce and places all production and maintenance workers into one of seven job descriptions occupying five labor grades. As a result, our membership will perform a much broader range of duties than previously performed, and a promotion from one labor grade to another will bring a much larger pay increase than previously experienced by our membership. The restructuring will also provide greater flexibility to the Company. This enhances the Company's competitiveness and improves the overall job security and protections for you.

Wages and Incentives

- Your Union preserved base rates of pay that are competitive with those paid by other major integrated steelmakers and obtained significant wage increases during the term of the contract. These are the rates and scheduled increases:

Grade Level	New Job Classifications	Standard Hourly Wage Rate		
		Effective Date	18 months after Effective Date	36 months after Effective Date
1	Utility Person	\$15.66	\$16.16	\$16.66
2	Utility Technician	\$17.25	\$17.75	\$18.25
3	Operating Technician I	\$19.11	\$19.61	\$20.11
4	Operating Technician II	\$20.17	\$20.67	\$21.17
	Maintenance Technician			
5	Senior Operating Technician	\$21.50	\$22.00	\$22.50
	Senior Maintenance Technician			

- In addition, all employees have wage and incentive protection for the life of the Agreement. This is a key protection for you. If your current hourly wage rate is higher than the new base rates of pay, an hourly differential or "red circle" will be calculated and added to all hours paid to you until you move from that job, or until the wage increases exceed your red-circle rate. In addition, incentive plans based upon fixed incentive calculation rates were preserved for the life of the Agreement.

Profit Sharing

- The proposed profit sharing plan is substantially different than prior plans with AK Steel. The new plan measures profit based upon income from operations. This is an easily identified term that is a direct reference to the Company's financial statements and Form 10(k) filings, instead of relying upon operating profit which can be confusing and the source of disputes. The plan pays a certain percentage based upon tons shipped. The plan will make payments quarterly. The Union has the right to conduct an audit and review of the plan calculations.

Other Economic Protections

- The Proposed Agreement also continues several additional economic protections on behalf of our membership, including inflation protection, severance pay, and SUB-payments.

Seniority

- The Proposed Agreement preserves one of the most basic employee protections in integrated steelmaking, your right to have promotional and other opportunities based upon seniority. The Proposed Agreement preserves the seniority rights for all competitive purposes, such as job bidding, promotions, and for benefit purposes such as vacations.

Health and Safety

- The Proposed Agreement strengthens our health and safety protections by simplifying and clarifying the language, preserving our existing rights, and adding new and improved rights in the area of personal safety.

Contracting Out

- The old ways of dealing with contracting out have not worked to the benefit of our membership. So, this Proposed Agreement establishes new and innovative ways to protect your work. The Union negotiated specific procedures for contracting-in of work and achieved the Company's agreement to pay for a full-time Union representative to monitor and work on these projects. This will strengthen our relationship with the Company as a business partner, enhance the Union's involvement in this key area, and improve our ability to protect your work.

Vacations, Holidays, and Other Paid Time-Off

- This Proposed Agreement preserves a significant amount of paid time-off for our membership, including a new benefit known as single-day vacations. This will provide additional flexibility in scheduling paid-time off.

Active Employee Benefits

- This proposal maintains one of the most comprehensive healthcare plans in the industry with some modifications to include employee cost sharing. Life insurance coverage is increased to \$62,500.

Other Language

- The Union obtained additional and improved rights in a variety of contract areas including civil rights, grievance procedures, etc.

Streamlined Agreement

- This Proposed Agreement is easier to read, use, and understand because it eliminates substantial redundancies, and inserts all terms of the Agreement into a single document.