

February 28, 2007

Mr. James D. Smith
Grand Lodge Representative
International Association of Machinists and Aerospace Workers
Executive Plaza III
135 Merchant Street, Suite 265
Cincinnati, Ohio 45246-3734

Re: Surviving Spouses of Retirees -- Payments

Dear Mr. Smith:

This letter will confirm that the Company will make cash payments to certain surviving spouses of retirees effective (Effective Date) and expiring (Termination Date).

1. For the purposes of this Agreement, the term "Covered Person" shall mean either:
 - (a) A person who would qualify as a "Surviving Spouse" as such term is defined in the Noncontributory Pension Plan effective (Effective Date), with respect to a pensioner who retired prior to July 31, 1974, and who (i) is deceased as of (Effective Date), or (ii) dies on or before (Termination Date), provided however, that such person is not otherwise eligible to receive a Surviving Spouse's Benefit pursuant to the term of any applicable Noncontributory Pension Plan,
 - or
 - (b) A person who is receiving or is eligible for a Surviving Spouse's Benefit under the Noncontributory Pension Plan effective (Effective Date), or a predecessor agreement with respect to a pensioner

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retired prior to (Effective Date), and who (i) is deceased as of (Effective Date), or (ii) dies on or before (Termination Date).

2. A cash payment in accordance with the following schedule shall be made to Covered Persons as defined in Section 1, whose identity and location are known or made known to the Company, due and payable on each November 30 and May 31 with the first payment to be made on November 30, 2006 and the last payment be made on May 31, 2011, provided, no payment shall be made to a Covered Person if the pensioner died within the six-month period preceding a payment date. Moreover, if the pensioner died within the six-month period preceding a payment date, the payment for such payment date will be prorated based upon the month in which death occurred in such six-month period.

<u>Payment Date</u>	<u>Pre-7-31-74 para 1(a)</u>	<u>Post-7-31-74 para 1(b)</u>
November 30, 2006	\$625	\$375
May 31, 2007	\$650	\$400
November 30, 2007	\$650	\$400
May 31, 2008	\$675	\$425
November 30, 2008	\$675	\$425
May 31, 2009	\$700	\$450
November 30, 2009	\$700	\$450
May 31, 2010	\$725	\$475
November 30, 2010	\$725	\$475
May 31, 2011	\$750	\$500

3. Notwithstanding anything to the contrary stated herein, no installment payment shall be made hereunder with respect to a Covered Person who dies prior to the date such payment is due and payable.

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4. The Company shall make a good faith effort to review its records in an attempt to identify and determine the current address of all Covered Persons who may be entitled to payments hereunder. Nothing herein, however, shall require the Company to incur any costs or expenses to identify and locate such individuals. If the Company becomes aware of the identity and location of any person who may qualify as a Covered Person and that person provides proof satisfactory to the Company of such qualification, the Company shall promptly make such installment payments to such person as provided herein; provided, however, that the Company shall have no obligation hereunder with respect to any payment due hereunder if the Company, after making a good faith effort to do so, is unable to determine the identity, current address and qualification of such person prior to the termination of the Collective Bargaining Agreement.

5. The payments provided for herein are to be made out of the general assets of the Company and do not constitute obligations under the Noncontributory Pension Plan or any other Pension Plan of the AK Steel Corporation or amounts payable from the Pension Trust.

Sincerely,



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2-28-07

Thomas F. McKenna
Vice President, Labor Relations

Agreed:



Mr. James D. Smith, Grand Lodge Representative
International Association of Machinists and Aerospace Workers