

For Immediate Release

Monroe, Ohio, April 30, 2009

MONROE OFFICIALS RESPOND TO RALLY IN SUPPORT OF COKE PLANT

City of Monroe officials were unmoved by the arguments presented at Thursday's rally in favor of the proposed coke plant adjacent to AK Steel.

Monroe officials took issue with claims that its lawsuit was based on "unfounded environmental concerns." "The City of Monroe has a right and an obligation to protect the health of its citizens," added Monroe Mayor Robert Routson. "The air in Butler County already doesn't meet the national air quality standards. Under its existing permit, the coke plant would release over 2,000 tons per year of pollutants that cause particulate matter in the air. That's like dumping an extra 20 rail cars of coal dust into our air each year."

Christopher Walker, an environmental attorney representing Monroe, added, "The coke plant is a major source of air pollution. It is required by law to have a New Source Review permit from EPA. Monroe sued SunCoke because it doesn't have one. Eight weeks later, SunCoke applied for the permit. So it seems to us that Monroe's lawsuit is well-founded and justified."

On April 6, 2009, SunCoke filed a new application with Ohio EPA requesting a complex air pollution control permit known as a "New Source Review" permit. According to a steel trade publication, Ohio EPA officials are unsure how long the application review process will take. According to an EPA spokesperson, "It's going to be awhile. It's a very difficult air permit to get and not one we typically issue."

According to the same publication, AK Steel President and CEO James Wainscott has stated that the coke plant project has been delayed by economic concerns as well as the opposition from Monroe. "If the project is being delayed by economic concerns, Monroe should not be blamed for those delays," reasoned Mayor Routson. "And it doesn't help when the blame is coming from a public relations firm that doesn't identify its clients."



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INSIDE TODAY

Red Ink for AK
Rapidly declining steel prices and lack of demand helped push AK Steel \$73.4 million into the red in the first quarter.
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Some do, some don't
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Done in by Detroit
The downturn in Detroit has slowed activity in the North American lead market to a standstill.
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Buoyed by Beijing
China's lead market is tightening as supply races to keep up with demand from that country's auto sector.
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PRICING AT A GLANCE

NYMEX

Aluminum	68.25¢
Copper	211.10¢
Hot-rolled coil	\$435.00
Gold	\$882.10
Platinum	\$1,151.80
Silver	1,205.50¢

LME

Aluminum	\$1,398.50
Copper	\$4,402.50
Lead	\$1,438.00
Nickel	\$11,470.00
Zinc	\$1,398.00

Click through for details

Ind. furnace idling, USS burn-through deepen ills

PITTSBURGH — Major blast furnace problems have hit two leading integrated steelmakers, making partial shutdowns and additional layoffs likely at plants operated by both U.S. Steel Corp. and ArcelorMittal USA Inc.

The No. 14 blast furnace at U.S. Steel's Gary (Ind.) Works suffered a burn-through on the hearth late Sunday, resulting in an immediate shutdown of the furnace. Company executives were still deciding how to manage repair plans for the furnace, one of four at Gary.

Three of the four had been idle and in various stages of repair, according to Jerry Littles, president of United Steelworkers union Local 1014, which represents hourly workers at the plant.

However, a U.S. Steel spokeswoman said late Tuesday that the Pittsburgh steelmaker brought the No. 8 furnace back online, meaning only two furnaces remain out of commission.

It is unclear how many workers would be laid off if U.S. Steel's Gary No. 14 furnace is down for an extended period. The burn-through left a 3-foot-deep hole in the furnace that measures about 18-inches wide, Littles said.

"We don't know how it happened," he said. "Right now everything is up in the air. We had some intense heat and a fire situation that left quite a bit of damage to the furnace. I would say the damage is significant."

No. 14, which was rebuilt in a major capital expenditure program in 2006, was shut down immediately and has been stabilized. Workers are endeavoring to remove the burden from the furnace and are working to get it ready for a repair plan to begin.

The No. 6 furnace at the plant suffered a similar burn-through about three months ago and repair work is continuing. See **ARCELORMITTAL**, page 4

SunCoke to sit tight for a year: AK's Waincott

PITTSBURGH — The sharp economic downturn has sent AK Steel Corp. back to the future, so to speak, in terms of its plans to deal with the difficulties.

The company has turned to a cost-containment program the likes of which it hasn't seen since the last steel downturn in 2003, when it was struggling for. See **SUNCOKE**, page 6

Stainless bar to stay level into June, hikes sticking

PITTSBURGH — Stainless steel bar prices will likely remain level into June despite the fact that a projected increase appears to be gaining traction, according to buyer sources.

It will take that long for this month's nickel price hikes to impact surcharges imposed by major stainless steel producers, sources said.

The stainless bar price hike began earlier this month when North American Stainless Inc. (NAS), Ghent, Ky., told customers in an April 8 letter that base prices on production orders of its angle and round bar grades would increase 5 cents per pound, effective. See **STAINLESS BAR**, page 2



Takeout ... Smelter mini-mills in Turkey are pushing their suppliers for speedy delivery of scrap, helping to lift prices for No. 1 heavy melt at U.S. docks and some mills in the East to \$170 per long ton.

Steady export demand lifts ferrous scrap tags

PHILADELPHIA — Steady demand from overseas is boosting prices for ferrous scrap at U.S. East Coast docks and at steel mills along the Eastern Seaboard, industry sources said.

Prices for No. 1 heavy melting steel scrap at both the docks and some mills in the East have climbed to \$170 per long ton, up about \$20 from earlier this month, and Turkish buyers are pushing their suppliers for speedy delivery.

Much of the haste has been spurred by the smaller mini-mills in Turkey that typically rely on excess supplies of scrap bought in bulk cargoes by the major Turkish mills, according to one industry source.

As a result, much of the business on the East Coast is being done by traders using containers to move the scrap abroad, one broker said. Containers can typically be filled. See **FERROUS SCRAP**, page 2

Aluminum mart sees outlook getting brighter

ARLINGTON, Va. — Not all economic forecasts have to be quantified in billions of dollars or millions of tonnes. Sometimes, a folding table and a few extra chairs can serve as a leading indicator and a harbinger of slightly increased confidence.

The Aluminum Association hosted its annual spring meeting Monday. See **ALUMINUM**, page 7

SunCoke venture to sit tight for a year

Continued from page 1
its very survival.

The current downturn, along with an inability to secure proper environmental permitting as well as some local environmental concerns, also has put one important piece of AK's future on hold for at least a year.

James L. Wainscott, chairman, president and chief executive officer of West Chester, Ohio-based AK Steel, said during the company's earnings conference call Tuesday that its new coke joint venture with SunCoke Corp. will likely be delayed at least a year by both economic concerns and issues raised by residents in Monroe, Ohio, near the site of the proposed Middletown plant.

AK remains committed to the \$350-million project "because it is critical to our future," he said, although it hasn't yet secured necessary permitting.

"Construction on the project has come to a halt. It will be delayed at least a year," Wainscott said, noting that SunCoke did receive one permit to install, but opposition from residents in Monroe based on "several credit issues" led it to file for a new permit, a move he called "unfortunate, because it will delay the creation of jobs."

SunCoke's Middletown Coke Co. subsidiary got the go-ahead from the Ohio Environmental Protection Agency to begin construction on the plant last November, but Monroe filed a lawsuit in January to ensure SunCoke complies with the Clean Air Act if it builds the plant along the city limits.

An Ohio EPA spokeswoman said earlier this month that it was unclear how long the review process for SunCoke's latest air-pollution control permit application would take. "It's going to be awhile. It's a very difficult air permit to get and not one

we typically issue," she said (AMM, April 13).

AK has a long-term contract with SunCoke to buy coke and electricity from the plant, which is designed to produce up to 550,000 tons of coke and 46 net megawatts of electricity a year.

AK had been hoping to use coke from the plant to meet its internal needs and lessen its reliance on outside sources. Wainscott said. However,

'After five years of progress, the last five months have been an extremely challenging period.'

—James L. Wainscott, AK Steel

its position as a raw materials-short steelmaker is actually serving it well during the downturn since prices for raw materials like iron ore pellets are falling.

"It's a great time to be buying raw materials on the open market," he said, noting that prices for iron ore pellets likely will decline between 40 and 50 percent in 2009 vs. 2008. "When they do (come down), AK will benefit more than those who own all their ore requirements."

Lower scrap costs also stand to benefit the company going forward, as AK operates five electric-arc furnaces and two blast furnaces.

Reducing costs, as the company did in 2003 when it was struggling in the last steel industry downturn, is the key path the company is taking to deal with the current downturn. AK has reduced its planned capital expenditures for 2009 to \$100 million, a decline of about 44 percent from a previously estimated \$180 million. Much of that will go toward a blast furnace repair project currently under way at its Middletown Works as

well as a significant portion to repair work at its Butler (Pa.) electric furnace. Company executives said that about \$40 million of the total expenditures will be for maintenance work.

The Middletown blast furnace outage will be extended to at least 60 days from its original 45-day plan, Wainscott said, but with no added costs to the project.

"After five years of progress, the last five months have been an extremely challenging period," he said. "If not for the progress we made in the last five years, our situation would be grim."

The company posted a \$73.4-million net loss for the first quarter and an operating loss of \$99.9 million (see related story, right). Executives said they expect the second quarter to be difficult as well, but they project some improvement in market demand that will lead to an estimated operating loss of \$50 million for the quarter.

Reasons for optimism include some slight improvement in automotive, where automakers held light vehicle stocks of 101 days at the end of February but saw that reduced to 82 days by the end of March, Wainscott said. "Auto companies are still selling cars and we are still providing them the quality steels they need," he noted.

Carbon flat-rolled steel inventory levels at service centers at the end of March were at their lowest levels since March 1996, he said, while stainless steel service center stocks were at their lowest levels since 1995.

"There has been a pattern where service centers are shipping more than they buy," Wainscott said. "We believe that pattern is about to change."

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Weak mart drags AK Steel \$73.4M into red in first qtr.

PITTSBURGH — Weak market conditions for steel products, exacerbated by a lack of demand from the automotive market, pushed AK Steel Corp. into the red in the first quarter.

The West Chester, Ohio-based company posted a net loss of \$73.4 million for the first three months of the year in contrast to net income of \$101.1 million in the same period a year earlier on sales that fell 48.5 percent to \$922.2 million from \$1.79 billion.

The loss was attributed mainly to rapidly declining steel prices during the second half of 2008 combined with a lack of steel demand from most major customers, notably the automotive market.

The company's steel shipments totaled 778,800 tons in the first quarter, down 50.7 percent from 1.6 million tons a year earlier. The decline was particularly sharp for hot-rolled sheet, with first-quarter shipments plunging 68.2 percent to 75,500 tons from 237,700 tons a year ago. Shipments of value-added products, including stainless/electrical, coated and tubular products, totaled 671,900 tons, down 47.7 percent from

AK STEEL CORP. (in thousands except per share)		
	2009	2008
1st qtr. ended March 31		
Net sales	\$922,200	\$1,791,400
Net income (loss)	(\$73,400)	\$101,100
Per share		0.90

nearly 1.3 million tons in the same comparison.

AK Steel posted a first-quarter operating loss of \$99.9 million, or about \$128 per ton, vs. year-earlier operating earnings of \$169.7 million, or about \$108 per ton.

"Despite the worst market conditions in decades, AK Steel employees responded with outstanding cost and quality performances in the first quarter," James L. Wainscott, chairman, president and chief executive officer, said in a statement. "The hard work our company has performed over the past five years allowed us to endure a quarter of record low steel shipments, and positions us well to make the most of improving markets in the balance of the year."

AK Steel anticipates a slight improvement in results in the second quarter as market conditions and global economics are expected to begin showing signs of a turnaround, but the company said that a significant operating loss of approximately \$50 million remains likely.

AK Steel expects second-quarter shipments to reach about 800,000 tons, slightly higher than in the first quarter, at an average selling price around 4 percent below the first-quarter average of \$1,184 per ton.

AK anticipates that planned maintenance costs in the second quarter will be approximately \$15 million higher than in the first three months of the year, primarily the result of a blast furnace maintenance outage under way at its Middletown (Ohio) Works. The company expects to benefit from lower operating and raw material costs in the second quarter compared with the first quarter.

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