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## AKS Steel Holding Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

Thank you, Mr. Wainscott. We will now begin the question-and-answer portion of our conference call.  
(Operator instructions)

Our first question comes from Sal Tharani of Goldman Sachs.

#### **Sal Tharani – Goldman Sachs**

Good morning, Jim. Good morning, Al.

#### **Albert Ferrara**

Good morning, Sal.

#### **James Wainscott**

Good morning, Sal.

#### **Sal Tharani – Goldman Sachs**

Can you give us some big down between your contracts with this spark business in the first quarter?  
I'm sure contract has increased a share.

#### **Albert Ferrara, Jr.**

Until last year just for a reference point, we were about 50-50, and I would say that that changed slightly in the first quarter to roughly 60-40. We're back to roughly 60% contract, 40% stock in light of what was going on in net market place.

#### **Sal Tharani – Goldman Sachs**

And on electrical steel, you did give us some color, but do you have any idea – I remember in the fourth quarter conference call you mentioned that volume could be done 10% – 15%. Do you have any number you can give us or what could have been done based on the cancellation you have seen?

#### **Albert Ferrara, Jr.**

We're not really backing off that number much, we're continuing to try and find a home for that product increasingly overseas. But I think that is under some pressure to be sure, particularly in the (inaudible) markets. I wouldn't have a new percentage number for you, except just highlight that the challenges are a bit greater than we've previously anticipated.

**Sal Tharani – Goldman Sachs**

And obviously, the prices will be slightly lower also because you're trying to find a new home?

**Albert Ferrara, Jr.**

That potential exists. Again, we'll do what we can for our shareholders to hold.

**Sal Tharani – Goldman Sachs**

Okay. And lastly, are you – your furnaces at Ashland, I think there is no hot strip mill over there, is that correct?

**James Wainscott**

The hot strip mill in Ashland was shot down about a decade and a half ago.

**Sal Tharani – Goldman Sachs**

So you actually bring the slabs now to Middletown is that what you are doing? Or are there any other facilities?

**James Wainscott**

We bring them to Middletown.

**Sal Tharani – Goldman Sachs**

Okay. So how much freight is this costing you?

**James Wainscott**

It's \$10 and change, \$10 to \$12 kind of range and that's not anything new. Again, I would emphasize that despite all the challenges that AK Steel has we've found a way to overcome them. Including the fact that we've got land lack facilities and we've got a lot of facilities and we do transport material to location as in this case, from Ashland to Middletown. In the long run, we think it's a great strategy that served us well, but that there's a bit of a cost penalty associated with that.

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