

AK STEEL CORP
Form 424B2
June 13, 2016
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Registration No. 333-210785-01**

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell the securities and it is not soliciting an offer to buy the securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion,

Preliminary Prospectus Supplement dated June 13, 2016

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated June 13, 2016)

AK Steel Corporation

\$380,000,000

% Senior Secured Notes due 2023

AK Steel Corporation (AK Steel) is offering \$380,000,000 principal amount of % Senior Notes due 2023. The notes will bear interest at a rate of % per year, payable semiannually in arrears on and of each year, beginning on , 2016. The notes will mature on , 2023 and will be fully and unconditionally guaranteed by the direct parent of AK Steel, AK Steel Holding Corporation (AK Holding), and AK Tube LLC and AK Steel Properties, Inc., two wholly-owned subsidiaries of AK Steel (AK Holding and the Subsidiary Guarantors are collectively the Guarantors).

Prior to , 2019, the notes will be redeemable at a price equal to 100% plus a make-whole premium, plus accrued and unpaid interest. The notes will be redeemable on or after , 2019 at the redemption prices specified under Description of Notes Optional Redemption , plus accrued and unpaid interest. In addition, we may redeem up to 35% of the notes before , 2019 with the net cash proceeds from certain offerings of AK Holding s common stock at a redemption price of % plus accrued and unpaid interest.

If AK Steel experiences certain kinds of changes of control, it must offer to purchase the notes. If a change of control repurchase event occurs, subject to certain conditions, AK Steel must give holders of the notes an opportunity to sell to AK Steel the notes at a purchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest to the date of the purchase. See [Description of Notes Change of Control](#) .

The notes will be AK Steel's senior secured obligations and will be secured by first priority liens on the plant, property and equipment (other than certain excluded property, and subject to permitted liens) of AK Steel and the Subsidiary Guarantors and any proceeds of the foregoing. The notes and the note guarantees will rank pari passu in right of payment with all existing and future senior indebtedness of AK Steel and the Guarantors; effectively senior to all of the unsecured indebtedness of AK Steel and the Subsidiary Guarantors to the extent of the value of the notes collateral; senior in right of payment to all of the future subordinated indebtedness of AK Steel and the Guarantors (as defined herein); and effectively junior to their obligations under AK Steel's asset-based revolving credit facility to the extent of the value of the collateral securing such facility. The notes also will be effectively subordinated to all of the liabilities of the subsidiaries of AK Steel that do not guarantee the notes.

Concurrently with this offering, AK Steel launched a cash tender offer (the [Cash Tender Offer](#)) for any and all of its currently outstanding 8.750% senior secured notes due 2018 (the [existing secured notes](#)). AK Steel is offering to purchase the existing secured notes at a purchase price of \$1,047.50 for each \$1,000 principal amount of existing secured notes validly tendered and accepted by us on or before the Cash Tender Offer expiration time. AK Steel intends to use the net proceeds from this offering, together with cash on hand and/or borrowings from its revolving credit facility, to pay the consideration for the Cash Tender Offer plus accrued and unpaid interest. The Cash Tender Offer is not being made pursuant to this prospectus supplement or the accompanying prospectus. AK Steel intends to redeem any of the existing secured notes that remain outstanding after the consummation of the Cash Tender Offer in accordance with the terms of the indenture governing the existing secured notes. The closing of the Cash Tender Offer is contingent upon the closing of this offering and the closing of this offering is contingent on the repayment or discharge of the existing secured notes.

We do not intend to apply to list the notes on any securities exchange or any automated dealer quotation system.

Investing in our securities involves risks that are described in the [Risk Factors](#) section beginning on page S-10 of this prospectus supplement and under the caption [Item 1A. Risk Factors](#) in AK Holding's Annual Report on Form 10-K for the year ended December 31, 2015 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

	Per Note	Total
Public offering price(1)	%	\$
Underwriting discounts and commissions	%	\$
Proceeds, before expenses, to us	%	\$

(1) Plus accrued interest, if any, from _____, 2016.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about , 2016.

BofA Merrill Lynch

Deutsche Bank Securities

J.P. Morgan

**Wells Fargo
Securities**

Citigroup

Credit Suisse

Goldman, Sachs & Co.

**BMO Capital Markets
ING**

Co-Managers
Citizens Capital Markets, Inc.
PNC Capital Markets LLC

**Fifth Third Securities
Regions Securities LLC**

June , 2016

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

If the description of this offering or the notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement. You should also read and consider the additional information under the captions *Where You Can Find More Information* and *Incorporation by Reference* in this prospectus supplement.

The underwriters are offering to sell, and are seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the notes and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

Unless otherwise stated, or the context otherwise requires, references in this prospectus supplement to *we*, *us*, *our* and *the Company* are to AK Steel Holding Corporation (*AK Holding*) and its consolidated subsidiaries, including AK Steel Corporation (*AK Steel*).

FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus supplement and the documents that are incorporated by reference herein that are based on our management's beliefs and assumptions and on information available to our management at the time such statements were made. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words *believe*, *expect*, *plan*, *intend*, *anticipate*, *estimate*, *predict*, *potential*, *continue*, *may*, *should* or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in our forward-looking statements. You should not rely on any forward-looking statements. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

reduced selling prices, shipments and profits associated with a highly competitive and cyclical industry;

increased global steel production and imports;

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changes in the cost of raw materials and energy;

our significant amount of debt and other obligations;

severe financial hardship or bankruptcy of one or more of our major customers or key suppliers;

reduced demand in key product markets due to competition from aluminum or other alternatives to steel;

excess inventory of raw materials;

supply chain disruptions or poor quality of raw materials;

production disruption or reduced production levels;

our healthcare obligations;

our pension obligations;

not reaching new labor agreements on a timely basis;

major litigation, arbitrations, environmental issues and other contingencies;

regulatory compliance and changes;

climate change and greenhouse gas emission limitations;

conditions in the financial, credit, capital and banking markets;

our use of derivative contracts to hedge commodity pricing volatility;

potential permanent idling of facilities;

inability to fully realize benefits of margin enhancement initiatives; and

information technology security threats and cybercrime.

The risk factors discussed under **Risk Factors** in this prospectus supplement and under similar headings in our Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K, as well as the other risks and uncertainties described in the other documents incorporated by reference into this prospectus supplement and the accompanying prospectus, could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business. We expressly disclaim any obligation to update our forward-looking statements other than as required by law.

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SUMMARY

This summary does not include all information you should consider before investing in the notes offered hereby. For a more complete understanding of our business and the notes, we urge you to carefully read this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein in its entirety, including the sections entitled Risk Factors, Forward-Looking Statements and the financial statements and the related notes incorporated by reference herein.

Business Overview

We operate eight steelmaking and finishing plants, two coke plants and two tube manufacturing plants across six states Indiana, Kentucky, Michigan, Ohio, Pennsylvania and West Virginia. These operations produce flat-rolled carbon, specialty stainless and electrical steels that we sell in sheet and strip form, and carbon and stainless steel that we finish into welded steel tubing. We also produce metallurgical coal through our AK Coal Resources, Inc. subsidiary. In addition, we operate trading companies in Mexico and Europe that buy and sell steel and steel products and other materials.

We sell flat-rolled carbon steel products, consisting of coated, cold-rolled and hot-rolled carbon steel products, primarily to automotive manufacturers and their suppliers, as well as to customers in the infrastructure and manufacturing market. The infrastructure and manufacturing market primarily includes electrical transmission, heating, ventilation and air conditioning equipment, and appliances. We also sell carbon steel products to distributors, service centers and converters, who may further process these products before reselling them. We sell our stainless steel products to manufacturers and their suppliers in the automotive industry, to manufacturers of food handling, chemical processing, pollution control and medical and health equipment and to distributors and service centers. We sell our electrical steel products in the infrastructure and manufacturing market primarily to manufacturers of power transmission and distribution transformers, both for new and replacement installation. We also sell electrical steel products to manufacturers of electrical motors and generators. We sell our carbon steel products principally to customers in the United States. We sell our electrical and stainless steel products both domestically and internationally. Our customer base is geographically diverse and there is no single country outside the United States where our sales are material compared to our total net sales.

In 2014, we acquired Severstal Dearborn, LLC (Dearborn). The assets acquired include integrated steelmaking assets located in Dearborn, Michigan, the Mountain State Carbon, LLC cokemaking facility located in Follansbee, West Virginia, and interests in joint ventures that process flat-rolled steel products.

For the twelve months ended March 31, 2016, we shipped approximately 7.0 million tons of steel products, and generated revenue of approximately \$6.5 billion, net income (loss) attributable to AK Holding of \$(216.3) million and adjusted EBITDA of \$417.0 million. See Summary Historical Financial and Operating Data for a reconciliation of adjusted EBITDA to net income (loss).

For additional information, including information with respect to our customers, markets, properties and raw material needs, please refer to our Annual Report on Form 10-K for the year ended December 31, 2015 and subsequently filed Quarterly Report on Form 10-Q, which are incorporated by reference herein.

Recent Developments

On May 3, 2016, AK Holding completed the public offering of 59,800,000 shares of common stock, par value \$0.01, including the exercise in full of an over-allotment option of 7,800,000 shares of Common Stock.

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AK Holding received net proceeds from the Equity Offering (as defined below), after underwriting discounts and commissions and estimated offering fees and expenses, of approximately \$249.0 million. AK Holding used the net proceeds from the Equity Offering to repay outstanding borrowings under AK Steel's asset-based revolving credit facility. We refer to the equity offering and the application of proceeds therefrom as the Equity Offering.

Additional information

AK Holding is incorporated under the laws of the State of Delaware. Its principal executive offices are located at 9227 Centre Pointe Drive, West Chester, Ohio 45069, and its telephone number at that address is (513) 425-5000. Our internet address is www.aksteel.com. Other than any documents expressly incorporated by reference, the information on our website and any other website that is referred to in this prospectus supplement is not part of this prospectus supplement.

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THE OFFERING

Issuer	AK Steel Corporation, a Delaware corporation.
Notes Offered	\$380.0 million aggregate principal amount of % Senior Secured Notes due 2023.
Maturity Date	, 2023.
Interest	% per year. Interest will accrue from the Issue Date and will be payable semiannually in arrears on and each year, beginning on , 2016.
Guarantee	The notes will be fully and unconditionally guaranteed on a senior unsecured basis by AK Holding, the direct parent of AK Steel, and on a senior secured basis by AK Tube LLC (AK Tube) and AK Steel Properties, Inc. (AK Steel Properties and together with AK Tube, the Subsidiary Guarantors), two wholly-owned subsidiaries of AK Steel. AK Holding and the Subsidiaries are collectively referred to herein as the Guarantors.
Optional Redemption	<p>AK Steel may redeem all or any portion of the notes prior to , 2019 at a redemption price equal to 100% of the principal amount of the notes plus a make-whole premium, plus accrued and unpaid interest to the redemption date. AK Steel may redeem all or any portion of the notes beginning on , 2017 at the redemption prices set forth in Description of Notes Optional Redemption, plus accrued and unpaid interest to the redemption date.</p> <p>In addition, before , 2019, AK Steel may redeem up to 35% of the aggregate principal amount of notes originally issued (calculated after giving effect to any additional notes) with the proceeds of certain public offerings of our common stock at % of their principal amount plus accrued and unpaid interest. AK Steel may make such redemption only if, after any such redemption, at least 65% of the aggregate principal amount of notes originally issued remains outstanding.</p>
Change of Control	If a change of control repurchase event occurs, subject to certain conditions, AK Steel must give holders of the notes an opportunity to sell

to AK Steel the notes at a purchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest to the date of the purchase. See Description of Notes Change of Control. AK Steel may not have sufficient funds available at the time of any change of control to make any required debt repayment (including repurchases of the notes). See Risk Factors Risks Relating to the Notes and this Offering Risks associated with change of control provisions in the indenture governing the notes and in our Credit Facility.

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Ranking

The notes will be our senior secured obligations and will rank:

pari passu in right of payment with all of our existing and future senior debt but effectively senior to all unsecured debt to the extent of the value of the notes collateral;

senior in right of payment to any of our future subordinated debt;

effectively junior to any obligations that are secured by assets that are not part of the notes collateral, including the inventory, receivables, intellectual property and related assets and any proceeds of the foregoing (collectively, the ABL Collateral), which secure the obligations under our Credit Facility; and

effectively junior in right of payment to the obligations of the subsidiaries of AK Steel that do not guarantee the notes.

As of March 31, 2016, on an adjusted basis giving effect to the Equity Offering and the use of proceeds therefrom, this offering and the repayment of the existing secured notes:

we had no other debt secured ratably with the notes by liens on the notes collateral but had \$297.8 million of outstanding debt and \$72.9 million of outstanding letters of credit under our Credit Facility secured by the ABL Collateral;

we had \$1,449.5 million of unsecured senior debt; and

our non-guarantor subsidiaries had \$48.1 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP) to which the notes would have been structurally subordinated.

Notes Collateral

The notes will be secured by first priority liens on the plant, property and equipment of AK Steel and the Subsidiary Guarantors (other than certain excluded property, and subject to permitted liens) and proceeds thereof.

See Description of Notes Security.

Under certain circumstances, the indenture and the security documents governing the notes will permit us and all the guarantors to incur additional debt that also may be secured by liens on the notes collateral that are equal or junior to the liens securing the notes. See Description of Notes Security Collateral Trust Agreement.

**Mandatory Offer to Repurchase
Following Certain Asset Sales**

If we sell certain notes collateral and do not reinvest the net proceeds in notes collateral in compliance with the indenture that will govern the notes, we must offer to repurchase the notes at 100% of their aggregate principal amount, plus accrued and unpaid interest.

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Certain Covenants

AK Steel will issue the notes under the indenture, which will, among other things, limit AK Steel's ability and the ability of its subsidiaries to:

create liens on its and their assets;

incur subsidiary debt;

engage in sale/leaseback transactions; and

engage in a consolidation, merger or sale of assets.

The indenture will also restrict the activities of AK Holding. These covenants are subject to important exceptions and qualifications, which are described under the caption "Description of Notes - Certain Covenants."

Use of Proceeds

We estimate that the net proceeds from the issuance and sale of the notes will be approximately \$353.1 million after deducting the underwriting discounts and commissions, estimated offering expenses payable by us and premium for the repurchase and/or redemption of the existing secured notes. We intend to use the net proceeds from this offering, together with cash on hand, to pay the consideration for the Cash Tender Offer and accrued and unpaid interest and estimated offering expenses payable by us. AK Steel intends to redeem any of the existing secured notes that remain outstanding after the consummation of the Cash Tender Offer in accordance with the terms of the indenture governing the existing secured notes. The closing of the Cash Tender Offer is contingent upon the closing of this offering and the closing of this offering is contingent on the repayment or discharge of the existing secured notes. See "Use of Proceeds" and "Capitalization."

Material U.S. Federal Income Tax Considerations for Non-U.S. Holders

For the U.S. federal income tax consequences of the holding and disposition of the notes, see "Material U.S. Federal Income Tax Considerations for Non-U.S. Holders."

Risk Factors

Investing in the notes involves risks. You should carefully consider the risk factors set forth under "Risk Factors" beginning on page S-10 in this prospectus supplement and under similar headings in AK Holding's Annual Report on Form 10-K for the year ended December 31, 2015 and subsequently filed Quarterly Report on Form 10-Q, as well as the other

risks and uncertainties described in the other documents incorporated by reference in this prospectus supplement and the accompanying prospectus, prior to making an investment in the notes.

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The following summary historical consolidated financial data as of March 31, 2016 and for the three months ended March 31, 2016 and 2015 has been derived from our unaudited condensed consolidated financial statements, and the summary historical consolidated financial data as of December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015 has been derived from our audited consolidated financial statements, and all such financial statements are incorporated by reference in this prospectus supplement. The summary historical consolidated financial data as of March 31, 2015 has been derived from our unaudited condensed consolidated financial statements and our summary historical consolidated balance sheet data as of December 31, 2013 has been derived from our audited consolidated financial statements, which are not included or incorporated by reference in this prospectus supplement.

This information is only a summary. You should read the data set forth in the table below in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes as of and for the three months ended March 31, 2016 and 2015 and our audited consolidated financial statements and the accompanying notes as of December 31, 2015 and 2014 and for each of the years in the three-year period ended December 31, 2015, which are incorporated by reference herein, and Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in our Annual Report on Form 10-K for the year ended December 31, 2015 and Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, each of which is incorporated by reference in this prospectus supplement.

The following information (other than balance sheet data) for the twelve months ended March 31, 2016 was derived by adding our results for the three months ended March 31, 2016 to our results for the year ended December 31, 2015, and then deducting from it our results for the three months ended March 31, 2015.

	Year Ended December 31,			Three Months Ended March 31,		Twelve Months Ended March 31,
	2013	2014	2015	2015	2016	2016
				(unaudited)	(unaudited)	(unaudited)
(dollars in millions, except per share and per ton data)						
Net sales	\$ 5,570.4	\$ 6,505.7	\$ 6,692.9	\$ 1,750.9	\$ 1,518.8	\$ 6,460.8
Costs of products sold (exclusive of items shown separately below)	5,107.8	6,007.7	6,032.0	1,608.6	1,365.5	5,788.9
Selling and administrative expenses (exclusive of items shown separately below)	205.3	247.2	261.9	69.2	63.5	256.2
Depreciation	190.1	201.9	216.0	55.4	53.7	214.3
Pension and OPEB expense (income) (exclusive of corridor charge shown below)	(68.6)	(92.5)	(63.0)	(16.1)	(11.9)	(58.8)
Pension and OPEB net corridor charge		2.0	131.2			131.2
Charge for facility idling			28.1			28.1

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Total operating costs	5,434.6	6,366.3	6,606.2	1,717.1	1,470.8	6,359.9
Operating profit	135.8	139.4	86.7	33.8	48.0	100.9
Interest expense	127.4	144.7	173.0	43.9	42.8	171.9
Impairment of Magnetation investment			(256.3)	(256.3)		
Impairment of AFSG investment			(41.6)			(41.6)
Other income (expense)	(1.4)	(21.1)	1.4	(16.7)	(0.7)	17.4
Income (loss) before income taxes	7.0	(26.4)	(382.8)	(283.1)	4.5	(95.2)
Income tax expense (benefit)	(10.4)	7.7	63.4	7.7	0.1	55.8
Net income (loss)	17.4	(34.1)	(446.2)	(290.8)	4.4	(151.0)
Less: Net income (loss) attributable to noncontrolling interests	64.2	62.8	62.8	15.5	18.0	65.3
Net income (loss) attributable to AK Holding	\$ (46.8)	\$ (96.9)	\$ (509.0)	\$ (306.3)	\$ (13.6)	\$ (216.3)

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	Year Ended December 31,			Three Months Ended March 31,		Twelve Months Ended March 31,
	2013	2014	2015	2015 (unaudited)	2016 (unaudited)	2016 (unaudited)
(dollars in millions, except per share and per ton data)						
Basic and diluted earnings per share:						
Net income (loss) per share attributable to AK Holding's common stockholders	\$ (0.34)	\$ (0.65)	\$ (2.86)	\$ (1.72)	\$ (0.08)	\$ (1.22)
Other financial and cash flow data:						
Capital investments	\$ (63.6)	\$ (81.1)	\$ (99.0)	\$ (28.3)	\$ (28.8)	\$ (99.5)
Net cash flows from operating activities	(110.2)	(322.8)	200.3	(2.7)	136.7	339.7
Net cash flows from investing activities	(98.5)	(857.8)	(47.5)	(33.9)	(28.9)	(42.5)
Net cash flows from financing activities	27.0	1,205.5	(166.4)	55.8	(51.4)	(273.6)
Balance sheet data (as of period end):						
Cash and cash equivalents	\$ 45.3	\$ 70.2	\$ 56.6	\$ 89.4	\$ 113.0	\$ 113.0
Working capital(1)	372.2	832.8	763.6	884.9	750.7	750.7
Total assets(1)	3,579.1	4,828.0	4,084.4	4,527.1	3,987.3	3,987.3
Current portion of long-term debt	0.8					
Long-term debt (excluding current portion)(1)	1,479.6	2,422.0	2,354.1	2,499.6	2,336.4	2,336.4
Current portion of pension and postretirement benefit obligations	85.9	55.6	77.7	55.1	78.4	78.4
Pension and other postretirement benefit obligations (excluding current portion)	965.4	1,225.3	1,146.9	1,201.1	1,132.4	1,132.4
Total equity (deficit)	192.7	(77.0)	(595.6)	(392.9)	(611.6)	(611.6)
Other data (unaudited):						
Amortization(2)	\$ 9.9	\$ 9.1	\$ 8.4	\$ 4.4	\$ 2.0	\$ 6.0
Adjusted EBITDA(3)	\$ 255.0	\$ 280.2	\$ 393.4	\$ 57.5	\$ 81.1	\$ 417.0
Total shipments (in thousands of tons)	5,275.9	6,132.7	7,089.2	1,750.5	1,658.2	6,996.9
Average selling price per ton	\$ 1,056	\$ 1,058	\$ 942	\$ 999	\$ 914	\$ 921
Adjusted EBITDA per ton	\$ 48	\$ 46	\$ 55	\$ 33	\$ 49	\$ 60

(1) Our balance sheet data as of December 31, 2013 and 2014 and as of March 31, 2015 have been conformed to the presentation for the classification of deferred tax assets as of December 31, 2015 of \$69.6 million, \$67.7 million and \$64.1 million, and debt issuance costs of \$26.6 million, \$30.5 million and \$29.2 million.

- (2) Amortization excludes amounts that are included in interest expense.
- (3) In certain of our disclosures in this prospectus supplement, we have presented adjusted EBITDA to exclude the effects of noncontrolling interests, pension and other postretirement employee benefit (OPEB) net corridor charges, impairment charges for our investments in Magnetation LLC (Magnetation) and AFSG Holdings, Inc. (AFSG), charges for temporarily idling facilities and acquisition-related expenses of Dearborn. We have made these adjustments because we believe that they enhance the understanding of our financial results. We believe that reporting adjusted EBITDA with these items excluded more clearly reflects our current operating results and provides investors with a better understanding of our overall financial performance.

EBITDA is an acronym for earnings before interest, taxes, depreciation and amortization. It is a metric that is sometimes used to compare the results of different companies by removing the effects of different factors that might otherwise make comparisons inaccurate or inappropriate. For purposes of this prospectus supplement, we have made adjustments to EBITDA to exclude the effect of noncontrolling interests, pension and OPEB net corridor charges, impairment charges for our investments in Magnetation and AFSG, charges for temporarily idling facilities and the acquisition-related expenses of Dearborn. The adjusted results, although not financial measures under generally accepted accounting principles in the United States (GAAP) and not identically applied by other companies, facilitate the ability to analyze our financial results in relation to those of our competitors and to our prior financial performance by excluding items that otherwise would distort the comparison. Adjusted EBITDA is not, however, intended as an alternative measure of operating results or cash flow from operations as determined in accordance with GAAP and is not necessarily comparable to similarly titled measures used by other companies.

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We recognize in our results of operations, as a corridor adjustment, any unrecognized actuarial net gains or losses that exceed 10% of the larger of projected benefit obligations or plan assets. Amounts inside this 10% corridor are amortized over the plan participants' life expectancy. The need for a corridor charge is considered at any remeasurement date, but has historically only been recorded in the fourth quarter at the time of the annual remeasurement. After excluding the corridor charge, the remaining pension and OPEB expenses included in the non-GAAP measure are comparable to the accounting for pension and OPEB expenses on a GAAP basis in the first three quarters of the year and we believe this is useful to investors in analyzing our results on a quarter-to-quarter basis, as well as analyzing our results on a year-to-year basis. As a result of the corridor method of accounting, our subsequent financial results on both a GAAP and a non-GAAP basis do not contain any amortization of prior period actuarial gains or losses that exceeded the corridor threshold because those amounts were immediately recognized as a corridor adjustment in the period incurred. Actuarial net gains and losses occur when actual experience differs from any of the many assumptions used to value the benefit plans, or when the assumptions change, as they may each year when we perform a valuation. The two most significant of those assumptions are the discount rate we use to value projected plan obligations and the rate of return on plan assets. In addition, changes in other actuarial assumptions and the degree by which the unrealized gains or losses are within the corridor threshold before remeasurement will affect the corridor adjustment calculation. The effect of prevailing interest rates on the discount rate as of the December 31 measurement date and actual return on plan assets compared to the expected return will have a significant impact on our year-end liability, corridor adjustment and following year's expense for these benefit plans. For example, the pension/OPEB net corridor charge for 2015 was driven by actuarial losses caused primarily by (i) the net effect of the difference between the expected return on assets of 7.25% (\$198.4 million) and the actual loss on assets of 3.4% (\$93.6 million) (netting to a loss of \$292.0 million), partially offset by (ii) an increase in the discount rate assumption used to determine the current year pension liabilities from 3.82% at December 31, 2014 to 4.15% at December 31, 2015 (an actuarial gain of approximately \$96.0 million) and (iii) changes in mortality assumptions (an actuarial gain of approximately \$65.0 million). Also for example, the pension corridor charge for 2014 was driven by actuarial losses caused primarily by (i) a decrease in the discount rate assumption used to determine the current year pension liabilities from 4.53% at December 31, 2013 to 3.82% at December 31, 2014 (an actuarial loss of approximately \$219.0 million) and (ii) changes in mortality assumptions (an actuarial loss of approximately \$245.5 million), partially offset by (iii) the net effect of the difference between the expected return on assets of 7.25% (\$202.8 million) and the actual return on assets of 9.3% (\$257.8 million) (netting to a gain of \$55.0 million).

We believe that the corridor method of accounting for pension and other postretirement obligations is rarely used by other publicly traded companies. However, because other companies use different approaches to recognize actuarial gains and losses, our resulting pension expense on a GAAP basis or a non-GAAP basis may not be comparable to other companies' pension expense on a GAAP basis. Although the corridor charge reduces reported operating and net income, it does not affect our cash flows in the current period. However, we expect to ultimately settle the pension obligation in cash.

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We believe that the above non-GAAP measures, when analyzed in conjunction with our GAAP results and the accompanying reconciliations, provide additional insight into the financial trends of our business versus the GAAP results alone. You should not rely on adjusted EBITDA as a substitute for any GAAP financial measure and we encourage you to review the following reconciliation of net income (loss) attributable to AK Holding to adjusted EBITDA.

	Year Ended December 31,			Three Months Ended		Twelve
	2013	2014	2015	March 31,		Months
				2015	2016	Ended
				(unaudited)		March 31,
						2016
						(unaudited)
(dollars in millions, except per ton data)						
Net income (loss) attributable to AK Holding	\$ (46.8)	\$ (96.9)	\$ (509.0)	\$ (306.3)	\$ (13.6)	\$ (216.3)
Net income (loss) attributable to noncontrolling interests	64.2	62.8	62.8	15.5	18.0	65.3
Income tax expense (benefit)	(10.4)	7.7	63.4	7.7	0.1	55.8
Interest expense	127.4	144.7	173.0	43.9	42.8	171.9
Interest income	(1.1)	(0.7)	(1.3)	(0.3)	(0.3)	(1.3)
Depreciation	190.1	201.9	216.0	55.4	53.7	214.3
Amortization	9.9	9.1	8.4	4.4	2.0	6.0
EBITDA	333.3	328.6	13.3	(179.7)	102.7	295.7
Less: EBITDA of noncontrolling interests(a)	78.3	77.2	77.1	19.1	21.6	79.6
Pension and OPEB net corridor charge/settlement loss		5.5	131.2			131.2
Impairment of Magnetation investment			256.3	256.3		
Impairment of AFSG investment			41.6			41.6
Charge for facility idling			28.1			28.1
Acquisition-related expenses		23.3				
Adjusted EBITDA	\$ 255.0	\$ 280.2	\$ 393.4	\$ 57.5	\$ 81.1	\$ 417.0
Adjusted EBITDA per ton	\$ 48	\$ 46	\$ 55	\$ 33	\$ 49	\$ 60

(a) The reconciliation of EBITDA of noncontrolling interests to net income attributable to noncontrolling interests is as follows:

	Year Ended			Three Months Ended		Twelve
	December 31,			March 31,		Months
						Ended
						March 31,
						2016
						(unaudited)

	2013	2014	2015	2015 (unaudited)	2016	2016 (unaudited)
	(dollars in millions)					
Net income attributable to noncontrolling interests	\$ 64.2	\$ 62.8	\$ 62.8	\$ 15.5	\$ 18.0	\$ 65.3
Depreciation	14.1	14.4	14.3	3.6	3.6	14.3
EBITDA of noncontrolling interests	\$ 78.3	\$ 77.2	\$ 77.1	\$ 19.1	\$ 21.6	\$ 79.6

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RISK FACTORS

An investment in the notes offered hereby involves significant risks. Prior to making a decision about investing in the notes, and in consultation with your own financial and legal advisors, you should carefully consider, among other matters, the following risk factors, as well as those contained in our Quarterly Reports on Form 10-Q and Annual Report on Form 10-K, as well as other risks and uncertainties described in the other documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Risks Relating to the Notes and This Offering

Risks associated with our outstanding indebtedness and other obligations. As of March 31, 2016, on an as-adjusted basis to give effect to the Equity Offering, this offering and the application of proceeds therefrom, including the Cash Tender Offer, we would have had outstanding \$2,162.9 million of indebtedness (excluding unamortized discount), which includes \$380.0 million of indebtedness from the new notes offered hereby and \$1,782.9 million of other indebtedness, comprised of borrowings under the Credit Facility, the 5.00% Exchangeable Notes due 2019 (the Exchangeable Notes), the 7.625% Senior Notes due May 2020 (the 2020 Notes), the 7.625% Senior Notes due October 2021 (the 2021 Notes), the 8.375% Senior Notes due April 2022 (the 2022 Notes) and \$108.9 million of tax exempt and other financing obligations, all of which is indebtedness of AK Steel. As of March 31, 2016, on an as-adjusted basis to give effect to this offering, the concurrent Cash Tender Offer and the application of the proceeds, our non-guarantor subsidiaries would have had \$48.1 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP) to which the notes would have been structurally subordinated.

Further, as of March 31, 2016, our additional obligations include \$1,210.8 million of pension and other postretirement benefit obligations. At March 31, 2016, without giving effect to the Equity Offering, this offering and the application of proceeds therefrom, we had outstanding borrowings of \$520.0 million and \$72.9 million of outstanding letters of credit under our Credit Facility, resulting in remaining availability of \$588.4 million (subject to customary borrowing conditions, including a borrowing base). At March 31, 2016, after giving effect to the Equity Offering, this offering and the application of proceeds therefrom, including the Cash Tender Offer, we would have had outstanding borrowings of \$297.8 million and \$72.9 million of outstanding letters of credit under our Credit Facility, resulting in remaining availability of \$810.6 million (subject to customary borrowing conditions, including a borrowing base).

The amount of our indebtedness and other financial obligations could have important consequences to you as a holder of the notes. For example, it could:

increase our vulnerability to general adverse economic and industry conditions;

require a substantial portion of our cash flows to be dedicated to debt service payments, reducing the amount of cash flows available for other purposes, such as working capital, capital expenditures, acquisitions, joint ventures or general corporate purposes;

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limit our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, joint ventures, general corporate purposes or other purposes;

limit our planning flexibility for, or ability to react to, changes in our business and the industry; and

place us at a competitive disadvantage with competitors who may have less indebtedness and other obligations or greater access to financing.

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Our Credit Facility and other indebtedness include certain covenants that restrict us. In addition, our Credit Facility requires us to maintain compliance with a fixed charge coverage ratio if our level of availability under the Credit Facility falls below a threshold level. If we fail to make any required payment under our Credit Facility or other indebtedness or to comply with any of the financial or operating covenants included in such indebtedness, we would be in default. Holders of such indebtedness could then vote to accelerate the maturity of the indebtedness. Other creditors might then accelerate other indebtedness. If holders of indebtedness accelerate the maturity of that indebtedness, we cannot assure you that we will have sufficient assets to satisfy our obligations under that indebtedness and our other indebtedness, including the notes.

Our indebtedness under our Credit Facility bears interest at rates that fluctuate with changes in certain prevailing interest rates (although, subject to certain conditions, such rates may be fixed for certain periods). If interest rates increase substantially, we may be unable to meet our debt service obligations under our Credit Facility and other indebtedness.

Risks associated with our and our subsidiaries' ability to incur substantially more debt, which could further exacerbate the risks associated with our substantial leverage. The terms of our Credit Facility and other indebtedness, including the notes, will not fully prohibit us or our subsidiaries from incurring substantial additional indebtedness in the future. Moreover, our subsidiaries may incur indebtedness or other liabilities, which in the case of our non-guarantor subsidiaries would effectively be senior to the notes. If new debt or other liabilities are added to our and our subsidiaries' current levels of indebtedness, the related risks that we and they now face could intensify.

Risks associated with the limited covenants in the indenture governing the notes. The indenture governing the notes contains limited covenants, including those restricting our ability and our subsidiaries' ability to create certain liens, incur certain debt and enter into certain sale and leaseback transactions. The limitation on liens, limitation on subsidiary debt and limitation on sale and leaseback covenants contain exceptions that will allow us and our subsidiaries to incur liens with respect to material assets. See Description of Notes Certain Covenants. In light of these exceptions, holders of the notes may be structurally or contractually subordinated to new lenders.

Our subsidiaries, other than AK Tube and AK Steel Properties, do not guarantee the notes, which may adversely affect our ability to repay the notes and result in the notes' structural subordination to our non-guarantor subsidiaries' liabilities. The notes are not guaranteed by any of our subsidiaries, other than AK Tube and AK Steel Properties. A portion of our consolidated assets is held by our non-guarantor subsidiaries. Accordingly, our ability to service our debt, including the notes, depends in part on the results of operations of our non-guarantor subsidiaries and upon the ability of such non-guarantor subsidiaries to provide us with cash, whether in the form of dividends, loans or otherwise, to pay amounts due on our obligations, including the notes. Our non-guarantor subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the notes or to make any funds available for that purpose. In addition, dividends, loans or other distributions to us from such subsidiaries may be subject to contractual and other restrictions and are subject to other business considerations.

In the event of a bankruptcy, liquidation or reorganization of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those

non-guarantor subsidiaries before any assets are made available for distribution to us. In the event of bankruptcy or liquidation, none of the assets of our consolidated variable interest entities would be available for distributions to us. AK Steel's non-guarantor subsidiaries and consolidated variable interest entities generated approximately 7.8% and 8.0% of our consolidated revenues for the three months ended March 31, 2016 and year ended December 31, 2015, respectively. As of March 31, 2016, our non-guarantor subsidiaries and

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consolidated variable interest entities had \$48.1 million of indebtedness and other liabilities (including trade payables, but excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with GAAP) to which the notes would have been structurally subordinated.

Risk of our cash flows proving inadequate to service our debt and provide for our other obligations, which may require us to refinance all or a portion of our existing debt or future debt at terms unfavorable to us. Our ability to make payments on and refinance our indebtedness, including our Credit Facility and the notes, and other financial obligations, and to fund our capital expenditures, joint ventures and acquisitions will depend on our ability to generate substantial operating cash flow. This will depend on our future performance, which will be subject to prevailing economic conditions and to financial, business and other factors beyond our control. Our Credit Facility, the Exchangeable Notes, the 2020 Notes, the 2021 Notes, the 2022 Notes and \$7.3 million of tax-exempt and other financing obligations have earlier maturity dates than the notes offered hereby, and we will be required to repay or refinance such indebtedness prior to when the notes come due. If our cash flows were to prove inadequate to meet our debt service and other obligations in the future, we may be required to refinance all or a portion of our existing or future debt, including the notes, on or before maturity, to sell assets or to obtain additional financing. We cannot assure you that we will be able to refinance any of our indebtedness, including our Credit Facility, the Exchangeable Notes, the 2020 Notes, the 2021 Notes, the 2022 Notes, our tax-exempt and other financing obligations or the notes, sell any such assets or obtain additional financing on commercially reasonable terms or at all.

Risks associated with change of control provisions in the indenture governing the notes and in our Credit Facility. The indentures governing the notes, the Exchangeable Notes, the 2020 Notes, the 2021 Notes and the 2022 Notes require that, upon the occurrence of a change of control repurchase event, as such term is defined in the indenture, we must make an offer to repurchase the notes, the Exchangeable Notes, the 2020 Notes, the 2021 Notes and the 2022 Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. Further, upon the occurrence of a fundamental change, as defined in the indenture governing the Exchangeable Notes (which, for example, would include various transactions pursuant to which AK Holding would undergo a change of control), holders may require AK Steel to repurchase the Exchangeable Notes in whole or in part for cash at a price equal to par plus any accrued and unpaid interest. In addition, upon the occurrence of a make-whole fundamental change, as defined in the indenture governing the Exchangeable Notes, prior to the maturity date, in addition to requiring AK Steel to repurchase the Exchangeable Notes in whole or in part for cash at a price equal to par plus any accrued and unpaid interest, the exchange rate will be increased in certain circumstances for a holder who elects to exchange its Exchangeable Notes in connection with such event. Certain events involving a change of control will result in an event of default under our Credit Facility and may result in an event of default under other indebtedness that we may incur in the future. An event of default under our Credit Facility or other indebtedness could result in an acceleration of such indebtedness. See Description of Notes Change of Control. The acceleration of indebtedness and our inability to repurchase all the tendered notes could constitute events of default under the indenture governing the notes. No assurance can be given that we will have sufficient funds to repay any debt which is accelerated or any notes which are tendered as a result of a change of control.

You may not be able to determine when a change of control has occurred and may not be able to require us to purchase notes as a result thereof. The definition of change of control includes a phrase relating to the sale, lease or transfer of all or substantially all of our assets. There is no precisely established definition of the phrase substantially all under applicable law. Accordingly, your ability to require us to repurchase your notes as a result of a sale, lease or transfer of less than all of our assets to another individual, group or entity may be uncertain.

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In addition, a Delaware Chancery Court decision found that incumbent directors are permitted to approve as a continuing director any person, including one nominated by a dissident stockholder and not recommended by the board, as long as the approval is granted in good faith and in accordance with the board's fiduciary duties. Accordingly, you may not be able to require us to purchase your notes as a result of a change in the composition of the directors on our board unless a court were to find that such approval was not granted in good faith or violated the board's fiduciary duties. The court also observed that certain provisions in indentures, such as continuing director provisions, could function to entrench an incumbent board of directors and could raise enforcement concerns if adopted in violation of a board's fiduciary duties. If such a provision were found unenforceable, you would not be able to require us to purchase your notes upon a change of control resulting from a change in the composition of our board. See Description of Notes Change of Control.

Risks associated with changes in our credit ratings or the debt markets on the market price of the notes.
The price for the notes will depend on a number of factors, including:

our credit rating with credit rating agencies;

the prevailing interest rates being paid by other companies similar to us,

the market price of AK Holding's common shares;

the market price of our other notes;

our financial condition, operating performance and future prospects; and

the overall condition of the financial markets and global and domestic economies.

The condition of the financial markets and prevailing interest rate have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the notes. In addition, credit rating agencies continually review their ratings for companies that they follow, including us. The credit rating agencies also evaluate the industries in which we operate as a whole and may change their credit rating for us based on their overall view of such industries. A negative change in our rating could have an adverse effect on the price of the notes.

Lenders under our Credit Facility, which is secured by a first priority lien on our inventory and accounts receivable, have rights senior to the rights of the holders of the notes with respect to the ABL Collateral. Obligations under our Credit Facility are, subject to certain exceptions and permitted liens, secured by a first-priority lien on certain of our accounts receivables and inventory. The notes and guarantees of the Guarantors will not be secured by a lien on the ABL Collateral. Any rights to payment and claims by the holders of the notes will, therefore, be effectively junior to any rights to payment or claims by our creditors under our Credit Facility with respect to distributions of the ABL Collateral. Only when our

obligations under the ABL Facility are satisfied in full will the proceeds of these assets be available, subject to other permitted liens, to satisfy obligations under the notes and guarantees of the Guarantors. The notes will also be effectively junior in right of payment to any other indebtedness collateralized by a higher-priority lien on our assets, to the extent of the realizable value of such collateral.

The proceeds from the sale of the collateral securing the notes may not be sufficient to satisfy all our obligations under the notes. No appraisal of the fair market value of the collateral has been made in connection with this offering and the value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the

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collateral. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. The value of the assets pledged as collateral for the notes could be impaired in the future as a result of changing economic conditions, competition or other future trends. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, no assurance can be given that the proceeds from any sale or liquidation of the collateral will be sufficient to pay our obligations under the notes, in full or at all. There also can be no assurance that the collateral will be saleable and, even if saleable, the timing of its liquidation would be uncertain. To the extent that liens, rights or easements granted to third parties encumber our assets, such third parties have or may exercise rights and remedies with respect to the property subject to such liens that could adversely affect the value of the collateral and the ability of the collateral agent to foreclose on the collateral. The mortgages that currently secure the existing notes described in Use of Proceeds (the Existing Mortgages) also secure Additional Secured Obligations (as defined in the Existing Mortgages), which include the notes, however, we intend to record a mortgage amendment and obtain endorsements to the existing title insurance policies (the Existing Title Policies) insuring the liens of the Existing Mortgages. Alternatively, new mortgages will be recorded and title insurance policies obtained. We may not be able to confirm prior to the closing of this offering that the liens of the Existing Mortgages remain in full force and effect or to record and perfect new liens on all of the collateral securing the notes. Although the indenture will contain a covenant requiring us to use commercially reasonable efforts to perfect the lien on certain of our assets as promptly as practicable following the issue date of the notes and in any event within 180 days after the issue date, no assurance can be given that such liens will be perfected on a timely basis. Accordingly, there may not be sufficient collateral to pay all or any of the amounts due on the notes. Any claim for the difference between the amount, if any, realized by holders of the notes from the sale of the collateral securing the notes and the obligations under the notes will rank equally in right of payment with all of our other unsecured unsubordinated indebtedness and other obligations, including the 2020 Notes, the 2021 Notes, the 2022 Notes, the Exchangeable Notes and trade payables. The indenture permits us to incur additional indebtedness secured by a lien that ranks equally with the notes. Any such indebtedness may further limit the recovery from the realization of the value of such collateral available to satisfy holders of the notes.

We do not expect that amendments to the existing mortgages that secured the existing secured notes, the Existing Mortgages or new mortgages on all of our owned real properties that are intended to secure the notes will be delivered and recorded at the time of the issuance of the notes. In addition, endorsements to the title policies issued in connection with the Existing Mortgages (the Existing Title Policies) or new title insurance policies insuring the mortgage liens in favor of the noteholders may not be delivered at the time of the issuance of the notes. No updates to the land surveys obtained in connection with the Existing Mortgages will be obtained in connection with the issuance of the notes. Any issues that we are not able to resolve in connection with the delivery and recordation of the amendments to Existing Mortgages or new mortgages, the delivery of the endorsements to the Existing Title Policies or new title insurance policies or changes to the properties not being depicted on updated surveys may impact the value of the collateral. Delivery and recordation of such amendments or mortgages after the issue date of the notes increases the risk that the liens granted by the Existing Mortgages, as amended, or new mortgages could be avoided. One or more of these mortgages may constitute a significant portion of the value of the collateral securing the notes. We expect that some or all of the amendments to the Existing Mortgages or new mortgages on some of the properties intended to secure the notes will not be filed or recorded at the time of the issuance of the notes. The properties constitute a significant portion of the value of the collateral intended to secure the notes. In addition, endorsements to the Existing Title Policies or new mortgagee title insurance policies may not be in place at the time of the issuance of the

notes to insure against, among other things, losses suffered as a result of (i) the entity represented by us to be the fee owner thereof not holding valid fee title to the properties, (ii) such title being encumbered by unpermitted liens and (iii) the invalidity of the mortgage granted

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to the collateral agent for its benefit, and for the benefit of the trustee and the holders of the notes; provided, however, that title insurance policies were obtained for all existing mortgages in 2013-2015, evidencing valid title in the company or its subsidiaries and no unpermitted liens. There will be no independent assurance prior to issuance of the notes that all properties contemplated to be mortgaged as security for the notes will be subject to a valid and enforceable lien, or that we hold the real property interests we represent we hold, or that there will be no lien encumbering such real property interests other than those permitted by the indenture. Moreover, no updates to the land surveys obtained by the collateral agent in connection with the Existing Mortgages will be delivered at the time of the issuance of the notes. As a result, there is no independent assurance that, among other things, no change in the relevant properties has occurred since the date of the latest update to the existing surveys such that there are no encroachments, adverse possession claims, zoning or other restrictions exist with respect to the properties which could result in a material adverse effect on the value or utility of such properties; however, we expect to provide survey coverage in the title insurance based on affidavits of the company or its subsidiaries. The title insurance process could reveal certain issues that we will not be able to resolve. If we are unable to resolve any issues raised in connection with amending the Existing Mortgages or obtaining new mortgages or endorsing the Existing Title Policies or obtaining new title insurance policies, the mortgages and title insurance policies will be subject to such issues. Such issues could have a significant impact on the value of the collateral or any recovery under the title insurance policies. If we are unable to obtain any mortgage amendment or title insurance endorsement on any of the real property intended to constitute collateral for the notes, the value of the collateral securing the notes may be significantly reduced. We are required to use commercially reasonable efforts to record amendments to the Existing Mortgages or new mortgages and to obtain endorsements to the Existing Title Policies or new title insurance on the properties as promptly as practicable and in any event within 180 days following the Closing Date. Any future pledge of collateral in favor of the collateral agent for its benefit and for the benefit of the trustee and the holders of the notes, including pursuant to the mortgages, which we are not required to deliver to the collateral agent until 180 days after the Closing Date, and the other security documents delivered after the date of the indenture governing the notes, could be avoidable in bankruptcy. If we were to become subject to a bankruptcy proceeding after the issue date of the notes, any mortgage or security interest in other collateral delivered after the issue date of the notes would face a greater risk than security interests in place on the issue date of being avoided by the pledgor (as debtor in possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such mortgage or other security interest is avoided as a preference, you would lose the benefit of the collateral pledged pursuant to such mortgage or security interest. In addition, we may not be required to obtain title insurance for future mortgages if we already have title insurance on mortgaged property with a value (as determined by us) equal to the amount of the notes.

State law may limit the ability of the collateral agent, the trustee and the holders of the notes to foreclose on the real property and improvements included in the collateral. The notes will be secured by, among other things, liens on owned real property and improvements located in the States of Ohio, Indiana and Michigan and the Commonwealths of Kentucky and Pennsylvania. The laws of those states may limit the ability of the collateral agent, the trustee and the holders of the notes to foreclose on the improved real property collateral located in those states. Laws of those states govern the perfection, enforceability and foreclosure of mortgage liens against real property interests which secure debt obligations such as the

notes. These laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property. Debtors may have

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the right to reinstate defaulted debt (even if it has been accelerated) before the foreclosure date by paying the past due amounts and a right of redemption after foreclosure. Governing laws may also impose security first and one form of action rules which can affect the ability to foreclose or the timing of foreclosure on real and personal property collateral regardless of the location of the collateral and may limit the right to recover a deficiency following a foreclosure. The holders of the notes, the trustee and the collateral agent also may be limited in their ability to enforce a breach of the no liens covenant. Some decisions of state courts have placed limits on a lender's ability to accelerate debt secured by real property upon breach of covenants prohibiting the creation of certain junior liens or leasehold estates may need to demonstrate that enforcement is reasonably necessary to protect against impairment of the lender's security or to protect against an increased risk of default. Although the foregoing court decisions may have been preempted, at least in part, by certain federal laws, the scope of such preemption, if any, is uncertain. Accordingly, a court could prevent the trustee and the holders of the notes from declaring a default and accelerating the notes by reason of a breach of this covenant, which could have a material adverse effect on the ability of holders to enforce the covenant.

Certain laws and regulations may impose restrictions or limitations on foreclosure. Our obligations under the notes are secured only by the collateral described in this offering memorandum. The trustee's ability to foreclose on the collateral on your behalf may be subject to perfection, priority issues, state law requirements and practical problems associated with the realization of the trustee's security interest or lien in the collateral, including cure rights, foreclosing on the collateral within the time periods permitted by third parties or prescribed by laws, obtaining third party consents, making additional filings, statutory rights of redemption and the effect of the order of foreclosure. We cannot assure you that the consents of any third parties and approvals by governmental entities will be given when required to facilitate a foreclosure on such assets. Therefore, we cannot assure you that foreclosure on the collateral will be sufficient to make all payments on the notes. In addition, our business requires numerous registrations, licenses and permits. Continued operation of our steelmaking and finishing plants that are significant to the value of the collateral for the notes depends on the maintenance of such registrations, licenses and permits. Our business is subject to substantial regulation and registration, license and permit requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such registrations, licenses and permits may be prohibited and may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of such registrations, licenses and permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary or permanent shutdown of operations may result and the value of the collateral may be significantly decreased.

Federal, state and local environmental laws may decrease the value of the collateral securing the notes and may result in you being liable for environmental cleanup costs at our facilities. The notes are secured by liens on real property that may be subject to both known and unknown environmental risks, and these risks may reduce or eliminate the value of the real property pledged as collateral for the notes and the guarantees. Moreover, under some federal and state environmental laws, a secured lender may in some situations become subject to its debtor's environmental liabilities, including liabilities arising out of contamination at or from the debtor's properties. Such liability can arise before foreclosure, if the secured lender

becomes sufficiently involved in the management of the affected facility. Similarly, when a secured lender forecloses and takes title to a contaminated facility or property, the lender could become subject to such liabilities. Before taking some actions, the collateral agent for the notes may request that you provide for its reimbursement for any of its costs, expenses and liabilities. Cleanup costs could become a liability of the collateral agent for the notes, and, if you agree to provide for the collateral agent's costs, expenses and liabilities, you could be required to help repay those costs. You may agree to

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indemnify the collateral agent for the notes for its costs, expenses and liabilities before you or the collateral agent know what those amounts ultimately will be. If you agree to this indemnification without sufficient limitations, you could be required to pay the collateral agent an amount that is greater than the amount you paid for the notes. In addition, rather than acting through the collateral agent, you may in some circumstances act directly to pursue a remedy under the indenture. If you exercise that right, you could be considered to be a lender and be subject to the risks discussed above.

Rights of holders of the notes in the collateral may be adversely affected by bankruptcy proceedings. The right of the collateral agent for the notes to repossess and dispose of the collateral securing the notes upon the occurrence of an event of default is likely to be significantly impaired by federal bankruptcy law if bankruptcy proceedings are commenced by or against AK Steel or any Subsidiary Guarantor prior to, or possibly even after, the collateral agent has repossessed and disposed of the collateral. Upon the commencement of a case for relief under Title 11 of the U.S. Bankruptcy Code, a secured creditor, such as the collateral agent for the notes, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of its security repossessed from a debtor, without bankruptcy court approval. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and to use collateral and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given adequate protection. The meaning of the term adequate protection may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional security, if and at such time as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the notes could be delayed following commencement of a bankruptcy case, whether or when the collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirements of adequate protection. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the notes, the indebtedness under the notes would be undersecured and the holders of the notes would have unsecured claims as to the difference. Federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys fees on undersecured indebtedness during the debtor's bankruptcy case.

The collateral is subject to casualty risks. We intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the pledged collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the notes and the guarantees.

Risks related to the potential permanent idling of facilities that could impact the value of the collateral securing the notes. We have embarked on a strategic review of our business, which includes evaluating each of our plants and operating units to assess their viability and strategic benefits. As part of this review, we may idle whether temporarily or permanently certain of our existing operating units or facilities in order to exit participation in markets where we determine that our returns are not acceptable.

For example, in December 2015 we temporarily idled the Ashland Works blast furnace and steelmaking operations (the Hot End) in order to mitigate our exposure to the carbon steel spot market. If we decide to permanently idle the Ashland Works Hot End or any other operating units or facilities, we are likely to incur significant cash expenses,

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including those relating to labor benefit obligations, take-or-pay supply agreements and accelerated environmental, including remediation, costs, as well as substantial non-cash charges for impairment of those assets and the effects on pension and OPEB liabilities. If we elect to permanently idle material facilities or assets, it could negatively impact the value of the collateral securing the notes and adversely affect our operations, financial results and cash flows.

Absent the occurrence and continuance of an event of default under the indenture governing the notes, we have control over the collateral, and the sale of particular assets by us in compliance with the indenture could reduce the pool of assets securing the notes. Absent the occurrence and continuance of any event of default under the indenture governing the notes, the indenture and the security documents relating to the collateral allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes.

There are circumstances other than repayment, defeasance or discharge of the notes under which the collateral securing the notes will be released automatically without your consent or the consent of the trustee or collateral agent. Under various circumstances, collateral securing the notes will be released automatically, including a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture governing the notes.

Any future pledge of collateral might be avoidable in bankruptcy. Any future pledge of collateral in favor of the collateral agent for its benefit and for the benefit of the trustee and the holders of the notes, including pursuant to mortgages and other security documents delivered after the date of the indenture governing the notes, might be avoidable by the pledgor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than they would have received in a hypothetical liquidation under Chapter 7 of the U.S. Bankruptcy Code if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any such mortgage or other security interest is avoided as a preference, you would lose the benefit of the collateral pledged pursuant to such mortgage or security document.

A public trading market for the notes may not be maintained. We cannot provide you with any assurances regarding your ability to sell your notes or the price at which you may be able to sell your notes. The notes may trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments and the market for similar securities. The notes will not be listed on a national securities exchange. Certain of the underwriters currently make a market in the existing notes and have informed us that they intend to make a market in the notes. However, they are not obligated to do so and may discontinue market-making activities at any time without notice. We cannot assure you that a liquid market for the notes will continue or be maintained.

For risks related to our business, please see Item 1A to our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q incorporated by reference herein.

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USE OF PROCEEDS

We estimate that the net proceeds from the issuance and sale of the notes will be approximately \$353.1 million after deducting the underwriters' discount and commissions, estimated offering expenses payable by us and premium for the repurchase and/or redemption of the existing secured notes. We intend to use the net proceeds from this offering, together with cash on hand and/or borrowings under our Credit Facility, to pay the consideration for the Cash Tender Offer and accrued and unpaid interest. AK Steel intends to redeem any of the existing secured notes that remain outstanding after the consummation of the Cash Tender Offer in accordance with the terms of the indenture governing the existing secured notes. The closing of the Cash Tender Offer is contingent upon the closing of this offering and the closing of this offering is contingent on the repayment or discharge of the existing secured notes. The existing secured notes have an interest rate of 8.750% and mature in December 2018. See Capitalization.

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The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2016 on an actual basis, on a pro forma basis for the Equity Offering and on a pro forma as adjusted basis to give effect to this offering and the application of the net proceeds as described under **Use of Proceeds** and assumes 100% of the existing secured notes are tendered pursuant to the Cash Tender Offer, on or prior to the expiration date.

		As of March 31, 2016	
	Actual	Pro Forma for Equity Offering	Pro Forma as adjusted
(dollars in millions unless otherwise indicated)			
Cash and cash equivalents(1)(2)	\$ 113.0	\$ 113.0	\$ 113.0
Short-term debt:			
Current portion of long-term debt	\$	\$	\$
Long-term debt (excluding current portions):			
Credit Facility(2)	520.0	271.0	297.8
8.750% Senior Secured Notes due December 2018	380.0	380.0	
5.00% Exchangeable Senior Notes due November 2019 (effective rate of 10.8%)	150.0	150.0	150.0
7.625% Senior Notes due May 2020	529.8	529.8	529.8
7.625% Senior Notes due October 2021	406.2	406.2	406.2
8.375% Senior Notes due April 2022	290.2	290.2	290.2
Notes offered hereby(3)			380.0
Industrial Revenue Bonds Due 2020 through 2028	99.3	99.3	99.3
Research and Innovation Center capital lease	9.6	9.6	9.6
Unamortized debt discount/premium and debt issuance costs	(48.7)	(48.7)	(67.1)
Total debt	\$ 2,336.4	\$ 2,087.4	\$ 2,095.8
Equity:			
Preferred stock, authorized 25,000,000 shares	\$	\$	\$
Common stock, authorized 300,000,000 shares of \$.01 par value each (issued 178,924,901 shares on an actual basis and 238,724,901 shares pro forma for the Equity Offering; outstanding 178,377,287 shares on an actual basis and 238,177,287 shares pro forma for the Equity Offering)	1.8	2.4	2.4
Additional paid-in capital	2,268.8	2,517.2	2,517.2
Treasury stock, common shares at cost, 547,614 shares in 2016	(2.3)	(2.3)	(2.3)
Accumulated deficit	(3,070.6)	(3,070.6)	(3,079.0)
Accumulated other comprehensive income (loss)	(188.2)	(188.2)	(188.2)
Total AK Holding stockholders equity (deficit)	(990.5)	(741.5)	(749.9)
Noncontrolling interests	378.9	378.9	378.9

Total equity (deficit)	(611.6)	(362.6)	(371.0)
Total capitalization	\$ 1,724.8	\$ 1,724.8	\$ 1,724.8

- (1) Includes cash and cash equivalents of approximately \$8.0 million related to variable interest entities, for their operation or for distribution to their equity owners.
- (2) As of June 9, 2016, AK Steel's cash and cash equivalents and borrowings under the Credit Facility were approximately \$41.6 million and \$195.0 million, respectively.
- (3) Assumes the issuance of notes at par.

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The following table sets forth information regarding our ratio of earnings to fixed charges for the historical periods shown. For purposes of determining the ratio of earnings to fixed charges, earnings consist of income from continuing operations before income taxes with applicable adjustments. Fixed charges consist of capitalized interest credit, interest factor in rent expense and other interest and fixed charges.

Three months ended March 31,		Year Ended December 31,			
2016	2015	2014	2013	2012	2011
NM*	NM*	NM*	NM*	NM*	NM*

* For the three months ended March 31, 2016 and the years ended December 31, 2015, 2014, 2013, 2012 and 2011, earnings were less than fixed charges by \$14.5 million, \$420.3 million, \$74.1 million, \$39.9 million, \$252.1 million and \$243.6 million, respectively.

Table of Contents**DESCRIPTION OF OTHER INDEBTEDNESS**

The following is a summary, believed to be accurate, of the terms we consider material of the documents governing our material indebtedness, but reference is made to the actual documents governing such indebtedness, which have been filed with the SEC. All such summaries are qualified in their entirety by this reference. Additionally, capitalized terms used in this Description of Certain Indebtedness section but not otherwise defined, herein are as defined in the relevant document referenced. You should review such documents for a complete understanding of their terms and conditions. See Where You Can Find More Information and Incorporation By Reference.

AK Steel's Credit Facility

AK Steel is the borrower under a \$1.5 billion asset-based revolving credit facility with a group of lenders (the Credit Facility) that expires in March 2019 and is guaranteed by AK Steel's direct parent company, AK Holding, and by AK Steel's direct subsidiaries, AK Tube and AK Steel Properties. The Credit Facility consists of a \$1.45 billion asset-based revolving credit facility (the Tranche A Facility) and a \$50.0 million first-in, last-out asset-based revolving credit facility (the Tranche B Facility), which Credit Facility is provided pursuant to that certain Amended and Restated Loan and Security Agreement, dated as of March 17, 2014 (as amended by that certain First Amendment to Amended and Restated Loan Agreement, dated as of September 16, 2014, the Credit Agreement). The Tranche A Facility includes a \$100 million swingline subfacility and a \$400 million letter of credit subfacility. The Tranche B Facility allows AK Steel to maximize its eligible collateral at higher advance rates. The commitments under the Credit Facility may be increased by up to \$200.0 million at AK Steel's request, subject to the terms and conditions set forth in the Credit Agreement. The Credit Facility contains affirmative and negative covenants including, without limitation, restrictions on, among other things, distributions and dividends, acquisitions and investments, indebtedness, liens and affiliate transactions. Availability is calculated as the lesser of the total commitments under the Credit Facility and eligible collateral after advance rates, less outstanding revolver borrowings and letters of credit.

The obligations under the Credit Facility are secured by the inventory and accounts receivable of AK Steel, AK Steel Properties and AK Tube, and availability under the Credit Facility fluctuates monthly based on the varying levels of eligible collateral. The Credit Facility requires maintenance of a minimum fixed charge coverage ratio of 1.00 to 1.00 during any period commencing on the day that availability under the Credit Facility is less than the greater of 10.0% of the aggregate amount of commitments or \$150.0 million and continuing until availability under the Credit Facility has been greater than the greater of 10.0% of the aggregate amount of commitments or \$150.0 million for the preceding 30 consecutive days.

Borrowings under the Credit Facility bear interest at the Base Rate (as defined below) or, at AK Steel's option, LIBOR (as defined below), plus an additional interest rate margin that is determined by the average daily availability of borrowings under the Credit Facility. The additional interest rate margin for borrowings under the Tranche A Facility ranges from 0.50% to 1.00% per annum in the case of Base Rate borrowings and from 1.50% to 2.00% per annum in the case of LIBOR borrowings. For borrowings under the Tranche B Facility, the additional interest rate margin ranges from 1.75% to 2.25% per annum in the case of Base Rate borrowings and from 2.75% to 3.25% per annum in the case of LIBOR borrowings. In addition, AK Steel pays a commitment fee on the undrawn commitments under the Credit Facility from time to time according to the average daily balance of borrowings (which balance also includes outstanding letters of credit) under the Credit Facility during any month. This commitment fee on undrawn commitments applies at a rate of 0.375% per annum. AK Steel uses the Credit Facility for working capital and other general corporate purposes and does not expect the Credit Facility's restrictions to affect or limit its ability to conduct its business in the ordinary course. Base Rate means, for any day, a per annum rate equal to the greater of (a) the prime rate for such day; (b) the federal funds rate for such day, plus 0.50%; or (c) LIBOR for a 30-day interest period as determined on such day, plus 1.0%. LIBOR means, for any interest period, the per annum rate of interest

determined two business days prior to commencement of such interest period, for a term equivalent to such interest period, equal to the London

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Interbank Offered Rate, or comparable or successor rate, as published on the applicable Reuters screen page (or other equivalent commercially available source). If the Board of Governors of the Federal Reserve System imposes a reserve percentage with respect to LIBOR deposits, then LIBOR shall be the foregoing rate, divided by 1 minus the reserve percentage.

Senior Secured Notes

AK Steel has outstanding \$380.0 million aggregate principal amount of 8.75% Senior Secured Notes due December 2018 (the *Secured Notes*). AK Holding and AK Steel's direct subsidiaries, AK Tube LLC and AK Steel Properties, Inc. (together, the *Subsidiary Guarantors*) fully and unconditionally, jointly and severally, guarantee the payment of interest, principal and premium, if any, on the Secured Notes. Substantially all property, plant and equipment of AK Steel and the Subsidiary Guarantors are pledged as collateral for the Secured Notes. The book value of such collateral as of March 31, 2016 was approximately \$1.55 billion.

The indenture governing the Secured Notes (the *Secured Notes Indenture*) includes covenants with customary restrictions on (a) the incurrence of additional debt by certain AK Steel subsidiaries, (b) the incurrence of liens by AK Steel and AK Holding's other subsidiaries, (c) the amount of sale/leaseback transactions, (d) the use of proceeds from the sale of collateral, and (e) the ability of AK Holding and AK Steel to merge or consolidate with other entities or to sell, lease or transfer all or substantially all of AK Holding's and AK Steel's assets to another entity. The Secured Notes Indenture also contains customary events of default. AK Steel may redeem the Secured Notes at a price equal to 104.375% of par until December 1, 2016, 102.188% thereafter until December 1, 2017, and 100.0% thereafter, together with all accrued and unpaid interest to the date of redemption. The Secured Notes Indenture also provides that upon a change of control, as defined in the Secured Notes Indenture, AK Steel is required to make an offer to purchase such notes at a price equal to 101% of the principal amount of the notes on the date of purchase, plus accrued and unpaid interest.

Concurrently with this offering, AK Steel launched a Cash Tender Offer for any and all of its currently outstanding existing Secured Notes. AK Steel is offering to repurchase the existing Secured Notes at a purchase price of \$1,047.50 for each \$1,000 principal amount of existing Secured Notes validly tendered and accepted by us on or before the Cash Tender Offer expiration time. AK Steel intends to use the net proceeds from this offering, together with cash on hand, to pay the consideration for the Cash Tender Offer and accrued and unpaid interest. AK Steel intends to redeem any of the existing Secured Notes that remain outstanding after the consummation of the Cash Tender Offer in accordance with the terms of the indenture governing the existing Secured Notes. The closing of the Cash Tender Offer is contingent upon the closing of this offering.

Senior Unsecured Notes***Exchangeable Notes***

AK Steel has outstanding \$150.0 million aggregate principal amount of 5.00% Exchangeable Senior Notes due November 2019 (the *Exchangeable Notes*). AK Steel may not redeem the Exchangeable Notes prior to their maturity date. The indenture governing the Exchangeable Notes (the *Exchangeable Notes Indenture*) provides noteholders with an exchange right at their option before August 15, 2019, if the closing price of our common stock is greater than or equal to \$7.02 per share (130% of the exchange price of the Exchangeable Notes) for at least 20 trading days during the last 30 consecutive trading days of a calendar quarter.

After August 15, 2019, holders may exchange their Exchangeable Notes at any time. Upon exchange, AK Steel will be obligated to (i) pay an amount in cash equal to the aggregate principal amount of the Exchangeable Notes to be

exchanged and (ii) pay cash, deliver shares of our common stock or a combination thereof, at AK Steel's election, for the remainder, if any, of the exchange obligation in excess of the aggregate principal amount of the Exchangeable Notes being exchanged. Holders may exchange their Exchangeable Notes into shares of our common stock at their option at an initial exchange rate of 185.1852 shares of our common

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stock per \$1,000 principal amount of Exchangeable Notes. The initial exchange rate is equivalent to a conversion price of approximately \$5.40 per share of common stock, which equates to 27.8 million shares to be used to determine the aggregate equity consideration to be delivered upon exchange, subject to adjustment for certain dilutive effects from potential future events. Holders may exchange their Exchangeable Notes prior to August 15, 2019 only under certain circumstances.

The Exchangeable Notes Indenture does not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries. If we undergo a fundamental change, as defined in the Exchangeable Notes Indenture (which, for example, would include various transactions pursuant to which the we would undergo a change of control), holders may require AK Steel to repurchase the Exchangeable Notes, in whole or in part, for cash at a price equal to par plus any accrued and unpaid interest. In addition, in the event we undergo a make-whole fundamental change, as defined in the Exchangeable Notes Indenture, prior to the maturity date, in addition to requiring AK Steel to repurchase the Exchangeable Notes in whole or in part for cash at a price equal to par plus any accrued and unpaid interest, the exchange rate will be increased in certain circumstances for a holder who elects to exchange its notes in connection with such event.

Based on the initial exchange rate, the Exchangeable Notes are exchangeable into a maximum of 37.5 million shares of our common stock. However, such maximum amount of shares would be exchanged only if, as a result of the occurrence of a make-whole fundamental change described above, AK Steel elects to satisfy the higher exchange rate by delivering to the holders shares of our common stock in consideration therefor.

Other Senior Unsecured Notes

AK Steel has outstanding \$529.8 million aggregate principal amount of 7.625% Senior Notes due May 2020 (the 2020 Notes). AK Steel may redeem the 2020 Notes at a price equal to 102.542% until May 15, 2017, 101.271% thereafter until May 15, 2018, and 100.0% thereafter, together with all accrued and unpaid interest to the date of redemption.

AK Steel has outstanding \$406.2 million aggregate principal amount of 7.625% Senior Notes due October 2021 (the 2021 Notes). Before October 1, 2017, AK Steel may redeem the 2021 Notes at a price equal to par plus a make-whole premium and all accrued and unpaid interest to the date of redemption. After that date, the 2021 Notes are redeemable at 103.813% until October 1, 2018, 101.906% thereafter until October 1, 2019, and 100.0% thereafter, together with all accrued and unpaid interest to the date of redemption.

AK Steel has outstanding \$290.2 million aggregate principal amount of 8.375% Senior Notes due April 2022 (the 2022 Notes). Prior to April 1, 2017, AK Steel may redeem the 2022 Notes at a price equal to par plus a make-whole premium and all accrued and unpaid interest to the date of redemption. Subsequent to that date, they are redeemable at 104.188% until April 1, 2018, 102.792% thereafter until April 1, 2019, 101.396% thereafter until April 1, 2020, and 100.0% thereafter, together with all accrued and unpaid interest to the date of redemption.

The Exchangeable Notes, the 2020 Notes, the 2021 Notes, the 2022 Notes and the unsecured IRBs discussed below (collectively, the Senior Unsecured Notes) are equal in right of payment. AK Holding and the Subsidiary Guarantors (other than with respect to the Exchangeable Notes) fully and unconditionally, jointly and severally, guarantee the payment of interest, principal and premium, if any, on the Senior Unsecured Notes. The indentures governing the 2020 Notes, the 2021 Notes, the 2022 Notes and the IRBs include covenants with customary restrictions on (a) the incurrence of additional debt by certain AK Steel subsidiaries, (b) the incurrence of liens by AK Steel and AK Holding s other subsidiaries, (c) the amount of sale/leaseback transactions and (d) the ability of AK Holding and AK Steel to merge or consolidate with other entities or to sell, lease or transfer all or substantially all of AK Holding s and

AK Steel s assets to another entity. The indentures governing the

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2020 Notes, the 2021 Notes and the 2022 Notes provide that upon a change of control repurchase event, as defined in such indentures, and subject to certain conditions, AK Steel is required to make an offer to purchase such notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest to the date of the purchase. The indentures governing the Senior Unsecured Notes also contain customary events of default. The Senior Unsecured Notes rank junior in priority to the Secured Notes to the extent of the value of the assets securing the Secured Notes.

Revenue Bonds***Taxable Tax Increment Revenue Bonds***

In 1997, in conjunction with construction of our Rockport Works facility, the Spencer County (IN) Redevelopment District (the District) issued \$23.0 million in taxable tax increment revenue bonds. Proceeds from the bond issue were used for the acquisition of land and site improvements at the facility. The source of the District's scheduled principal and interest payments through maturity in 2017 is a designated portion of our real and personal property tax payments. AK Steel is obligated to pay any deficiency in the event its annual tax payments are insufficient to enable the District to make principal and interest payments when due. In 2015, AK Steel made deficiency payments totaling \$1.3 million. At December 31, 2015, the remaining semiannual payments of principal and interest due through the year 2017 total \$10.4 million. AK Steel includes potential payments due in the coming year under this agreement in its annual property tax accrual.

Tax-Exempt Industrial Revenue Bonds

AK Steel has outstanding \$73.3 million aggregate principal amount of fixed-rate tax-exempt industrial revenue bonds (the IRBs) consisting of: (i) \$36.0 million aggregate principal amount of 6.75% tax-exempt IRBs due June 1, 2024, issued by the Ohio Air Quality Development Authority (the OAQDA); (ii) \$30.0 million aggregate principal amount of 7.0% tax-exempt IRBs due June 1, 2028, issued by the City of Rockport, Indiana (the City of Rockport); and (iii) \$7.3 million aggregate principal amount of 6.25% tax-exempt IRBs due June 1, 2020, issued by the Butler County Industrial Development Authority in Butler County, Pennsylvania (the BCIDA), and collectively with the OAQDA and the City of Rockport, the Tax-Exempt Issuers). The weighted-average fixed interest rate of the IRBs is 6.8%. The IRBs are unsecured senior debt obligations of AK Steel that are equal in ranking with the Senior Unsecured Notes.

The IRBs were issued by the Tax-Exempt Issuers, who loaned the net proceeds of the respective issuances to us pursuant to the terms of loan agreements between us and each of the Tax-Exempt Issuers (the Loan Agreements). The Loan Agreements include covenants with customary restrictions on (a) the incurrence of additional debt by certain AK Steel subsidiaries, (b) the incurrence of liens, (c) the amount of sale/leaseback transactions and (d) the ability of AK Holding and AK Steel to merge or consolidate with other entities or to sell, lease or transfer all or substantially all of AK Holding's and AK Steel's assets to another entity. The Loan Agreements also contain customary events of default. In addition, the IRBs are subject to special mandatory redemption, at any time, at 100% of the principal amount plus accrued interest thereon, in the event that a final determination is made that interest payments on the IRBs are not excludable from holders' gross income for federal income tax purposes. AK Holding and the Subsidiary Guarantors guarantee AK Steel's obligations in connection with the IRBs.

In addition, AK Steel has outstanding \$26.0 million aggregate principal amount of variable-rate taxable industrial revenue bonds that are backed by letters of credit.

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DESCRIPTION OF NOTES

AK Steel will issue the notes under an indenture (the **Indenture**), dated as of June , 2016, among AK Steel, as issuer, AK Holding, AK Tube LLC and AK Steel Properties, Inc. as guarantors, and U.S. Bank National Association, as trustee (the **Trustee**). The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended.

The following is a summary of the material provisions of the Indenture insofar as relevant to the notes but such summary does not restate the Indenture in its entirety. You can find the definitions of certain capitalized terms used in the following summary under the subheading **Definitions**. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the notes. A copy of the Indenture has been filed as an exhibit to the registration statement of which this prospectus supplement forms a part.

For purposes of this **Description of Notes**, the terms **AK Steel**, **we**, **us** and **our** mean AK Steel Corporation and its successors under the Indenture, excluding its subsidiaries and parent and the term **AK Holding** means AK Steel Holding Corporation, a Delaware corporation, and its successors under the Indenture, excluding its subsidiaries.

General

The notes will be secured unsubordinated obligations of AK Steel, and will mature on , 2023. AK Steel will initially issue \$380 million of notes, but AK Steel may, without the consent of the Holders of the notes, issue additional notes (the **Additional Notes**) subject to compliance with the provision described under **Certain Covenants Limitation on Liens**, provided that if the Additional Notes are not fungible with the notes for U.S. federal income tax purposes, the Additional Notes will have a separate CUSIP number. None of these Additional Notes may be issued if an Event of Default (as defined under the subheading **Events of Default**) has occurred and is continuing with respect to the notes. The notes and any Additional Notes subsequently issued would be treated as a single class for all purposes under the Indenture.

Each note will bear interest at the rate of % per annum from the most recent interest payment date to which interest has been paid on the notes or, if interest has not been paid, from the issue date. Interest on the notes will be payable on and of each year beginning on , 2016. Interest will be paid to Holders of record at the close of business on or immediately preceding the interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months on a U.S. corporate bond basis.

The notes may be exchanged or transferred at the office or agency of AK Steel. Initially, the paying agent office of the Trustee will serve as such office. The notes will be issued only in fully registered form, without coupons, in denominations of \$2,000 of principal amount and multiples of \$1,000 in excess thereof. See **Book-Entry; Delivery and Form**. No service charge will be made for any registration of transfer or exchange of notes, but AK Steel may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

The notes will not be entitled to the benefit of any sinking fund.

Change of Control

AK Steel must commence, within 30 days of the occurrence of a Change of Control Repurchase Event, and consummate an Offer to Purchase for all notes then outstanding, at a purchase price equal to 101% of their principal amount, plus accrued interest, if any, to the Payment Date.

There can be no assurance that AK Steel will have sufficient funds available at the time of any Change of Control Repurchase Event to make any debt payment (including repurchases of notes) required by the

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foregoing covenant, as well as any other repayments pursuant to covenants that may be contained in loan facilities or other securities of AK Steel that might be outstanding at the time.

AK Steel will not be required to make an Offer to Purchase upon the occurrence of a Change of Control Repurchase Event if a third party makes an offer to purchase the notes in the manner, at the times and price, and otherwise in compliance with the requirements of the Indenture applicable to an Offer to Purchase for a Change of Control Repurchase Event, and purchases all notes validly tendered and not withdrawn in such offer to purchase.

Notwithstanding anything to the contrary herein, an Offer to Purchase upon the occurrence of a Change of Control Repurchase Event may be made in advance of a Change of Control, conditional upon such Change of Control Repurchase Event, if a definitive agreement is in place for the Change of Control at the time of making the Offer to Purchase pursuant to the Change of Control Repurchase Event.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of AK Steel and its Subsidiaries, taken as a whole. There is no precise, established definition of the phrase substantially all under applicable law. Accordingly, the ability of a Holder of the notes to require AK Steel to purchase its notes as a result of the sale, transfer, conveyance or other disposition of less than all of the assets of AK Steel and its Subsidiaries may be uncertain.

Holders may not be able to require us to purchase their notes in certain circumstances involving a significant change in the composition of the Board of Directors, including a proxy contest where the Board of Directors does not endorse the dissident slate of directors but approves them as continuing directors. In this regard, a decision of the Delaware Chancery Court (not involving our company or our securities) considered a change of control redemption provision of an indenture governing publicly traded debt securities substantially similar to the change of control described in clause (4) of the definition of Change of Control. In its decision, the court noted that a board of directors may approve a dissident shareholder's nominees solely for purposes of such an indenture, provided the board of directors determines in good faith that the election of the dissident nominees would not be materially adverse to the interests of the corporation or its stockholders (without taking into consideration the interests of the holders of debt securities in making this determination).

Optional Redemption

At any time prior to _____, 2019, we may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium, plus accrued and unpaid interest to the redemption date.

Applicable Premium means, with respect to any note on any redemption date, the greater of (1) 1.0% of the principal amount of such note and (2) the excess, if any of (a) the present value at such redemption date of (i) the redemption price of such note at _____, 2019 (such redemption price set forth in the table below), plus (ii) all required interest payments due on such note through _____, 2019 (excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the then outstanding principal amount of such note.

Treasury Rate means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to _____, 2019; provided, however, that if the period from the

redemption date to _____, 2019, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

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We may redeem the notes, in whole or in part, at any time on or after _____, 2019, at the redemption price for the notes (expressed as a percentage of principal amount) set forth below, plus accrued and unpaid interest to the redemption date, if redeemed during the twelve-month period commencing on _____ of the years indicated below:

Year	Redemption Price
2019	. %
2020	. %
2021 and thereafter	100.000%

In addition, at any time prior to _____, 2019, we may redeem up to 35% of the principal amount of the notes (including any Additional Notes) with the net cash proceeds of one or more sales of AK Holding's common stock (to the extent proceeds are contributed to us as equity) at a redemption price (expressed as a percentage of principal amount) of % , plus accrued and unpaid interest to the redemption date; provided that at least 65% of the aggregate principal amount of notes originally issued on the Closing Date remains outstanding after each such redemption and notice of any such redemption is mailed within 60 days of each such sale of common stock.

We will give not less than 30 days nor (except in connection with the satisfaction and discharge or defeasance of the Indenture) more than 60 days notice of any redemption. If less than all of the notes are to be redeemed, subject to DTC procedures, selection of the notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed, or, if the notes are not listed on a national securities exchange, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate. However, no note of \$2,000 in principal amount or less shall be redeemed in part. If any note is to be redeemed in part only, the notice of redemption relating to such note will state the portion of the principal amount to be redeemed. A new note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original note.

We may at any time and from time to time purchase notes in the open market, by tender offer, through privately negotiated transactions or otherwise.

Guarantees

Payment of the principal of, premium, if any, and interest on the notes will be guaranteed on an unsecured unsubordinated basis by AK Holding, our direct parent and by our subsidiaries AK Tube and AK Steel Properties.

In addition, we may be required to cause certain Subsidiaries to Guarantee the notes pursuant to the provision described under Certain Covenants Limitation on Subsidiary Debt. Any Subsidiary Guarantee will be released upon the release or discharge (other than a discharge through payment thereon) of the Indebtedness of such Subsidiary which resulted in the obligation to Guarantee the notes (except that this shall not apply to AK Tube and AK Steel Properties, which shall only be released pursuant to this provision if such Guarantor has no outstanding Indebtedness other than Indebtedness described in clauses (1), (2), (3) or (5) under Limitation on Subsidiary Debt or permitted under the last paragraph thereunder), the disposition of capital stock in compliance with the Indenture of such Subsidiary such that it no longer is a Subsidiary of AK Holding or upon defeasance or satisfaction and discharge of the notes. Finally, we may choose to cause any Subsidiary to Guarantee the notes and may cause such Note Guarantee to be released at any time, provided that after giving effect to such release, we would be in compliance with the provision described under Certain Covenants Limitation on Subsidiary Debt.

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Security

General

The notes and the Subsidiary Guarantees will be secured by a first priority Lien (subject to certain exceptions and permitted liens specified in the applicable Security Documents) on real property, plant and equipment (other than Excluded Property) that are owned or hereafter acquired by AK Steel and by the Subsidiary Guarantors (the Notes Collateral).

If (1) any real property, plant or equipment (other than Excluded Property) is acquired by AK Steel or a Subsidiary Guarantor that is not automatically subject to a perfected security interest under the Security Documents, (2) any real property, plant or equipment which was Excluded Property ceases to be Excluded Property or (3) any Subsidiary becomes a Subsidiary Guarantor, then AK Steel or such Subsidiary Guarantor will, as soon as reasonably practicable after such property's acquisition or it no longer being Excluded Property or such Subsidiary becoming a Subsidiary Guarantor, provide security over such property (or, in the case of a new Subsidiary Guarantor, provide security over all of its assets constituting Notes Collateral except Excluded Property) in favor of the Collateral Agent and deliver certain applicable documents to the Collateral Agent, including, in the case of real property, (or endorsements to existing title insurance), surveys and opinions in respect thereof to the extent required in the Indenture and the Security Documents within 180 days after such event.

The notes and the Note Guarantees will not be secured by the ABL Collateral and will effectively rank junior to all Indebtedness under the Credit Agreement to the extent of the value of such assets and may be effectively junior to other permitted liens on the Notes Collateral.

Certain security will not be put in place on the Issue Date or will not be perfected on the Issue Date. In particular, we will be required to use commercially reasonable efforts to provide security and record mortgages (or mortgage amendments to a mortgage) over real property and deliver corresponding documentation as promptly as practicable, but in any event no later than 180 days after the Issue Date.

The initial Notes Collateral will not include any of the following (collectively, Excluded Property):

- (i) all of AK Steel's and the Subsidiary Guarantors' right, title and interest in any leasehold interest in any real property (whether held on the Issue Date or acquired following the Issue Date);
- (ii) any lease, permit, license, contract, property rights or agreement to which AK Steel or any Subsidiary Guarantor is a party or any of its rights or interests thereunder, or any assets owned by AK Steel or any Subsidiary Guarantor subject to any such lease, permit, license, contract, property rights or agreement, if and for so long as the grant of such security interest shall constitute or result in (a) the abandonment, invalidation or unenforceability of any right, title or interest of AK Steel or any Subsidiary Guarantor therein or (b) in a breach or termination pursuant to the terms of, or a default under, any such lease, permit, license, contract, property rights or agreement that is not rendered unenforceable or otherwise deemed ineffective by the UCC or any other applicable law;
- (iii) fixed or capital assets owned by AK Steel or any Subsidiary Guarantor that are subject to a Lien described in clause (5) under Certain Covenants Limitation on Liens) if the contractual obligation pursuant to which such Lien is granted (or in the document providing for such capital lease) prohibits the creation of any other Lien on such fixed or capital assets;

(iv) any property or assets, the pledge of which would require governmental consent, approval, license or authorization (in each case, only to the extent such requirement is not rendered ineffective by any applicable law, including the UCC); and

(v) certain other exceptions described in the Security Documents.

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In addition, pursuant to the Security Documents, AK Steel is not required to take steps to perfect security interests in certain assets, including entering into and recording mortgages of any owned real property (together with any improvements thereon) with a greater of book or fair market value below \$10.0 million and vehicles.

AK Steel and the Guarantors will be able to incur additional indebtedness in the future that could share in the Notes Collateral on a pari passu basis (such obligations, Parity Lien Obligations) or a junior lien basis (Junior Lien Obligations). The amount of such indebtedness will be limited by the covenant disclosed under Certain Covenants Limitation on Liens. Under certain circumstances, the amount of such additional indebtedness could be significant.

Security Documents

Except as noted above in General with respect to mortgages over real property, on the Issue Date, AK Steel and the Collateral Agent will become party to one or more Security Documents defining the terms of the security interests that secure the notes and the Note Guarantees and any other future Parity Lien Obligations. These security interests will secure the payment and performance when due of all of the Obligations of AK Steel and the Subsidiary Guarantors under the Parity Lien Obligations, including the notes, the Indenture, the Note Guarantees and the Security Documents, as provided in the Security Documents.

Subject to the terms of the Security Documents, AK Steel and the Subsidiary Guarantors will have the right to remain in possession and retain exclusive control of the Notes Collateral (other than certain cash proceeds of the Notes Collateral that may be required to be deposited with the Collateral Agent in accordance with the provisions of the Security Documents and other than as set forth in the Security Documents), to freely operate the Notes Collateral and to collect, invest and dispose of any income therefrom.

The administrative agent under the Credit Agreement and the Collateral Agent will enter into a customary collateral access agreement giving the secured parties under the Credit Agreement the ability to enter and use the Notes Collateral under certain circumstances.

Collateral Trust Agreement

General

On the Issue Date, AK Steel, the Trustee, and the Collateral Agent will become party to the Collateral Trust Agreement. The Collateral Trust Agreement will set forth the terms on which the Collateral Agent (directly or through co-trustees or agents) will accept, hold, administer, enforce and distribute the proceeds of all Liens on the Notes Collateral held by it in trust for the benefit of Holders of the notes and all other future Parity Lien Obligations. The agent or other representative of the holders of any series of future Debt (together with the Trustee, the Authorized Representatives) intended to constitute Parity Lien Obligations will be required to execute a joinder to the Collateral Trust Agreement in order to confirm the agreement of the applicable secured parties to be bound by the terms thereof.

Equal and Ratable Sharing of Collateral

Pursuant to the Collateral Trust Agreement, each Authorized Representative (on behalf of itself and each holder of Obligations that it represents) will acknowledge and agree that, pursuant to the Security Documents, the security interest granted to the Collateral Agent under the Security Documents, shall for all purposes and at all times secure the Obligations in respect of the notes, the Note Guarantee, and any other Parity Lien Obligations on an equal and ratable basis.

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Enforcement of Liens; Voting

The Collateral Trust Agreement will provide that if an event of default shall have occurred and be continuing under the Indenture or any Parity Lien Obligation, and if the Collateral Agent shall have received a written direction from the Applicable Authorized Representative, unless inconsistent with applicable law, (a) the Collateral Agent shall have the right and power to institute and maintain such suits and proceedings as it may deem appropriate to protect and enforce the rights vested in it by the Collateral Trust Agreement and each Security Document and (b) the Applicable Authorized Representative shall have the right, by an instrument in writing executed and delivered to the Collateral Agent, to direct the time, method and place of conducting any such proceeding, or of exercising any trust or power conferred on the Collateral Agent, or for the appointment of a receiver, or for the taking of any action or remedial action authorized by the Collateral Trust Agreement. Upon the Issue Date, the Trustee will be the Applicable Authorized Representative, and the Trustee will instruct the Collateral Agent to take such action against the Notes Collateral as the Trustee may determine (or will follow the direction of the holders of a majority in principal amount of the outstanding notes in establishing such action).

The right of the Collateral Agent to repossess and dispose of the Notes Collateral upon the occurrence of an Event of Default under the Indenture:

in the case of Notes Collateral securing Liens permitted under the covenant described under Certain Covenants Limitation on Liens , is subject to applicable law and the terms of agreements governing such Liens;

with respect to any Notes Collateral, is likely to be significantly impaired by applicable bankruptcy law if a bankruptcy case were to be commenced by or against AK Steel or any Subsidiary Guarantor prior to the Collateral Agent having repossessed and disposed of the Notes Collateral; and

in the case of real property Notes Collateral, could also be significantly impaired by restrictions under state law.

Order of Application of Proceeds of Collateral

Any proceeds of any Notes Collateral foreclosed upon or otherwise realized upon pursuant to the Security Documents following and during the continuance of an Event of Default will be applied in the following order:

first, to the Collateral Agent to pay unpaid fees of the Collateral Agent and any costs and expenses due to the Collateral Agent in connection with the foreclosure or realization of such Notes Collateral;

second, to the Trustee and each other Authorized Representative (if any), equally and ratably (in the same proportion that such unpaid Parity Lien Obligations of the Trustee or such other Authorized Representative, as applicable, bears to all unpaid Parity Lien Obligations on the relevant distribution date) for application to the payment in full of all outstanding Parity Lien Obligations and other obligations secured by the Notes Collateral (other than obligations secured by the Notes Collateral paid

pursuant to the immediately preceding clause and contingent obligations secured by the Notes Collateral) that are then due and payable to the secured parties (which shall then be applied or held by the Trustee and each such other Authorized Representative in such order as may be provided in the applicable indenture or other instrument governing such Debt); and

finally, in the case of any surplus, to AK Steel or the Subsidiary Guarantors that pledged such Notes Collateral, or its successors or assigns.

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The application of proceeds provisions set forth immediately above are intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future holder of Parity Lien Obligations, the Trustee, each other present and future Authorized Representative and the Collateral Agent.

AK Steel has not conducted appraisals of the Notes Collateral in connection with the offering of the notes. The book value of the Notes Collateral as of March 31, 2016 was approximately \$1,548.4 million. Book value should not be considered a proxy for fair market value, and the amount realized in respect of the Notes Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. In addition, the fact that other Persons may have Liens senior to the Liens securing the notes in respect of Notes Collateral could have a material adverse effect on the amount that would be realized upon a liquidation of the Notes Collateral. Accordingly, there can be no assurance that proceeds of any sale of the Notes Collateral pursuant to the Indenture and the related Security Documents following an Event of Default would be sufficient to satisfy, or would not be substantially less than, amounts due under the notes. See **Risk Factors** **Risks Relating to the Notes** and this **Offering**. The liens securing the notes will provide holders of the notes with a secured claim only to the extent of the value of the assets that have been granted as security for the notes and we may be able to incur additional secured indebtedness. If the proceeds of any of the Notes Collateral were not sufficient to repay all amounts due on the notes, the Holders of the notes (to the extent not repaid from the proceeds of the sale of the Notes Collateral) would have only an unsecured claim against the remaining assets of AK Steel and the Subsidiary Guarantor. By its nature, some or all of the Notes Collateral will be illiquid and may have no readily ascertainable market value. Likewise, there can be no assurance that the Notes Collateral will be saleable, or, if saleable, that there will not be substantial delays in its liquidation. To the extent that Liens, rights or easements granted to third parties encumber assets located on property owned by AK Steel or the Subsidiary Guarantor, including the Notes Collateral, such third parties have or may exercise rights and remedies with respect to the property subject to such Liens that could adversely affect the value of the Notes Collateral and the ability of the Trustee or the Holders of the notes to realize or foreclose on Notes Collateral.

Release of Liens

The Liens on the Notes Collateral securing the notes and the Note Guarantees will be automatically released:

- (1) upon payment in full of principal, interest and all other Obligations on the notes or satisfaction and discharge of the Indenture or defeasance thereof (including covenant defeasance);
- (2) solely with respect of any class of Parity Lien Obligations in accordance with the terms thereof;
- (3) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Subsidiary Guarantor);
- (4) in connection with any disposition of Notes Collateral to any Person other than AK Steel or any Subsidiary Guarantor (but excluding any transaction subject to the covenant described under **Certain Covenants** **Consolidation, Merger and Sale of Assets** where the recipient becomes an obligor) that is permitted by the Indenture (with respect to the Lien on such Notes Collateral);
- (5) in whole or in part, with the consent of the Holders of the requisite percentage of notes in accordance with the provisions described under the caption **Modification and Waiver** ; and
- (6) with respect to any portion of the Notes Collateral, if such portion becomes Excluded Property.

Each of the releases described in clauses (1), (2) and (3) shall be effected automatically without the consent of the Holders or any action on the part of the Trustee or the Collateral Agent. Upon compliance by AK

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Steel with the conditions precedent required by the Indenture, the Trustee or the Collateral Agent shall promptly cause the applicable Notes Collateral to be released and re-conveyed to AK Steel.

The Trustee and the Collateral Agent will, promptly upon the request of AK Steel, do all reasonable things, presently or in the future, to effect and evidence the release of the security interests and liens upon the satisfaction of the conditions for such release described herein.

In addition, at the request of AK Steel or the applicable Subsidiary Guarantor, as the case may be:

if any part of the Notes Collateral is subject to any Lien permitted under the covenant described under Certain Covenants Limitation on Liens that is senior to the Liens securing the Notes Collateral as a matter of law, the Collateral Agent will be authorized to execute any document evidencing such subordination; and

if any part of the Notes Collateral is secured by a Lien of the type described in clause (5) under Certain Covenants Limitation on Liens, and the terms of the Lien prohibit the existence of a junior Lien on the applicable property, the Collateral Agent will be authorized to release the Lien on such Notes Collateral and execute any document evidencing such release; provided, that immediately upon the ineffectiveness, lapse or termination of any such restriction, AK Steel or the applicable Subsidiary Guarantor, as the case may be, will take all necessary actions in order to secure the Notes Collateral subject to such Permitted Lien in the same manner upon which it was secured prior to the imposition of the Permitted Lien.

AK Steel will comply with Section 314(d) of the Trust Indenture Act, relating to the release of property and to the substitution therefor of any property to be pledged as collateral for the notes. Any certificate or opinion required by Section 314(d) of the Trust Indenture Act may be made by an officer of AK Steel except in cases where Section 314(d) requires that such certificate or opinion be made by an independent engineer, appraiser or other expert. Notwithstanding anything to the contrary herein, AK Steel and the Subsidiary Guarantors will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act if they determine, in good faith based on advice of outside counsel, that under the terms of that section and/or any interpretation or guidance as to the meaning thereof of the Commission and its staff, including no action letters or exemptive orders, all or any portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released Notes Collateral. Without limiting the generality of the foregoing, certain no-action letters issued by the Commission have permitted an indenture qualified under the Trust Indenture Act to contain provisions permitting the release of collateral from Liens under such indenture in the ordinary course of an issuer's business without requiring the issuer to provide certificates and other documents under Section 314(d) of the Trust Indenture Act. In addition, under interpretations provided by the SEC, to the extent that a release of a Lien is made without the need for consent by the noteholders of the notes or the Trustee, the provisions of Section 314(d) may be inapplicable to the release. The Indenture generally permits the disposition of assets in the ordinary course of business as set forth under the definition of Notes Collateral Asset Sale.

As used above:

Applicable Authorized Representative means, until the occurrence of the Non-Controlling Authorized Representative Enforcement Date, the Authorized Representative of a class of Parity Lien Obligations secured by valid and perfected Liens on such Notes Collateral, the aggregate principal amount of which exceeds the aggregate principal amount of secured obligations of any other class of Parity Lien Obligations secured by valid and perfected Liens on such Notes Collateral. Following the Non-Controlling Authorized Representative Date, the Applicable Authorized Representative

shall be the Major Non-Controlling Authorized Representative .

Major Non-Controlling Authorized Representative means the Authorized Representative of a class of Parity Lien Obligations (other than the class of Parity Lien Obligations the Authorized Representative of which is

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the Applicable Authorized Representative), the aggregate principal amount of which exceeds the aggregate principal amount of secured obligations of any other class of Parity Lien Obligations (other than the class of Parity Lien Obligations the Authorized Representative of which is the Applicable Authorized Representative).

Non-Controlling Authorized Representative Enforcement Date shall mean the date that is 180 days (throughout which 180-day period such Authorized Representative was the Major Non-Controlling Authorized Representative) after the occurrence of both (a) an Event of Default (under and as defined in the applicable secured debt document) and (b) the Collateral Agent's and each other Authorized Representative's receipt of written notice from such Authorized Representative certifying that (i) such Authorized Representative is the Major Non-Controlling Authorized Representative with respect to the Notes Collateral and that an Event of Default has occurred and is continuing and (ii) the secured obligations with respect to which such Authorized Representative is the Authorized Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable documents; provided that the Non-Controlling Authorized Representative Enforcement Date shall be stayed and shall not occur (and shall be deemed not to have occurred for all purposes) with respect to the Notes Collateral (A) at any time the Collateral Agent has commenced and is diligently pursuing any enforcement action with respect to the Notes Collateral (or the Applicable Authorized Representative shall have instructed the Collateral Agent to do the same) or (B) at any time the grantor that has granted a security interest in such Notes Collateral is then a debtor under or with respect to (or otherwise subject to) any bankruptcy proceeding.

Disposition of Collateral; Collateral Proceeds Account

Pursuant to the Indenture and the Security Documents, AK Steel and the Subsidiary Guarantors will deposit in a segregated cash collateral account under the control of the Collateral Agent (an Asset Sales Proceeds Account): (1) cash proceeds from any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) of Notes Collateral having an aggregate fair market value of more than \$5.0 million, (2) any cash proceeds in excess of \$5.0 million of any Notes Collateral taken by eminent domain, expropriation or other similar governmental taking and (3) cash proceeds in excess of \$5.0 million of insurance upon any part of the Notes Collateral. The Collateral Agent will have a perfected security interest in and control of the account for the benefit of the Trustee and the noteholders and the holders of other Parity Lien Obligations. Proceeds of the account may only be released to AK Steel or the applicable Subsidiary Guarantor for use as permitted by clause (3) or (4) described under Certain Covenants Limitation on Notes Collateral Asset Sales. AK Steel and the Subsidiary Guarantors will be required to comply with the requirements described above with respect to dispositions of Notes Collateral before they may use the moneys in the Asset Sales Proceeds Account.

No Impairment of the Security Interests

Neither AK Steel nor any of its Restricted Subsidiaries will be permitted to take any action, or knowingly omit to take any action, which action or omission could reasonably be expected to have the result of materially impairing the security interest with respect to the Notes Collateral for the benefit of the Trustee and the noteholders.

The Indenture will provide that any release of Notes Collateral in accordance with the provisions of the Indenture and the Security Documents will not be deemed to impair the security under the Indenture, and that any engineer or appraiser may rely on such provision in delivering a certificate requesting release so long as all other provisions of the Indenture with respect to such release have been complied with.

Certain Covenants***Limitation on Liens***

AK Holding will not, and will not permit any of its Subsidiaries to, create, incur, issue, assume or Guarantee any Indebtedness secured by a Lien upon (a) any Notes Collateral, (b) any Principal Property of AK

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Steel or any Principal Property of a Subsidiary of AK Steel or (c) any shares of stock or other equity interests or Indebtedness of any Subsidiary of AK Steel that owns a Principal Property (whether such Principal Property, shares of stock or other equity interests or Indebtedness is now existing or owned or hereafter created or acquired) or any shares of stock or other equity interests or Indebtedness of AK Steel, except, in the case of any assets not constituting Notes Collateral, if the notes are secured equally and ratably with, or at AK Holding's option, prior to such Indebtedness, so long as such Indebtedness shall be so secured.

The foregoing restriction shall not apply to, and there shall be excluded from Indebtedness in any computation under such restriction, Indebtedness secured by:

(1) Liens on any property or assets existing at the time of the acquisition thereof by AK Steel or any of its Subsidiaries and not incurred in contemplation of such acquisition;

(2) Liens on property or assets of a Person existing at the time such Person is merged into or consolidated with AK Steel or any of its Subsidiaries or at the time of a sale, lease or other disposition of the properties and assets of such Person (or a division thereof) as an entirety or substantially as an entirety to AK Steel or any of its Subsidiaries; provided that any such Lien does not extend to any Principal Property owned by AK Steel or any of its Subsidiaries immediately prior to such merger, consolidation, sale, lease or disposition and not incurred in contemplation of such acquisition;

(3) Liens on property or assets of a Person existing at the time such Person becomes a Subsidiary of AK Steel and not incurred in contemplation of such acquisition;

(4) Liens in favor of AK Steel or any Subsidiary Guarantor;

(5) Liens on property or assets (including shares of Capital Stock or Indebtedness of any Subsidiary formed to acquire, construct, develop or improve such property) to secure all or part of the cost of acquisition, construction, development or improvement of such property, or to secure Indebtedness incurred to provide funds for any such purpose; provided that the commitment of the creditor to extend the credit secured by any such Lien shall have been obtained no later than 360 days after the later of (a) the completion of the acquisition, construction, development or improvement of such property or assets or (b) the placing in operation of such property or assets;

(6) Liens in favor of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision thereof, to secure partial, progress, advance or other payments;

(7) Liens in favor of the notes (other than Additional Notes) and the Note Guarantees;

(8) Liens existing on the date of the Indenture or any extension, renewal, replacement or refunding of any Indebtedness secured by a Lien existing on the date of the Indenture or referred to in clauses (1), (2), (3), (5), (7) or (9) or incurred pursuant to the next succeeding paragraph; provided that (A) any such extension, renewal, replacement or refunding of such Indebtedness shall be created within 360 days of repaying the Indebtedness secured by the Lien referred to in clauses (1), (2), (3), (5), (7) or (9) or within 30 days in the case of the next succeeding paragraph; (B) the principal amount of the Indebtedness secured thereby and not otherwise authorized by clauses (1), (2), (3), (5), (7) or (9) or the next succeeding paragraph shall not exceed the principal amount of Indebtedness plus any premium or fee or accrued and unpaid interest payable (any such principal in respect of premium, fees or interest, the Additional Refinancing Amount) in connection with any such extension, renewal, replacement or refunding, so secured at the time of such extension, renewal, replacement or refunding; and (C) any extension renewal, replacement or refunding of any Junior Lien Obligations are in the form of Junior Lien Obligations; and

(9) Liens on Notes Collateral securing Junior Lien Obligations, provided that the aggregate principal amount of Junior Lien Obligations so secured does not exceed, together with any Junior Lien Obligations

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incurred pursuant to clause (8) to extend, renew, replace or refund any Junior Lien Obligations incurred pursuant to this clause (9) (but excluding any Additional Refinancing Amount), (x) \$500.0 million or (y) if greater, an amount which after giving effect to the incurrence of such Junior Lien Obligations so secured, would not cause AK Holding's Fixed Charge Coverage Ratio to be less than 2.0 to 1.0.

Notwithstanding the restrictions described above, AK Holding and any of its Subsidiaries may create, incur, issue, assume or Guarantee Indebtedness secured by Liens if at the time of such creation, incurrence, issuance, assumption or Guarantee, after giving effect thereto and to the retirement of any Indebtedness which is concurrently being retired, the aggregate amount of all such Indebtedness secured by Liens which would otherwise be subject to such restrictions (other than any Indebtedness secured by Liens permitted as described in clauses (1) through (9) of the immediately preceding paragraph) plus the aggregate amount (without duplication) of (x) all Non-Guarantor Subsidiary Debt (other than Non-Guarantor Subsidiary Debt described in clauses (1) through (6) of the first sentence of the second paragraph under *Limitation on Subsidiary Debt* below) and (y) all Attributable Debt of AK Steel and any of its Subsidiaries in respect of Sale and Leaseback Transactions (with the exception of such transactions which are permitted under clauses (1) through (4) of the first sentence of the first paragraph under *Limitation on Sale and Leaseback Transactions* below) does not exceed an amount equal to (x) 15% of Consolidated Net Tangible Assets less (y) the aggregate principal amount of the notes offered hereunder outstanding at such time and the amount of (i) any Indebtedness incurred to extend, renew, replace or refund the notes secured by Liens pursuant to clause (8) above, (ii) any Indebtedness incurred pursuant to clause (8) above to refinance Indebtedness incurred pursuant to this paragraph and (iii) any Indebtedness incurred pursuant to clause (6) under *Limitation on Subsidiary Debt* to refinance Indebtedness incurred pursuant to the last paragraph of such covenant (but excluding any Additional Refinancing Amount).

In addition, AK Holding will not, and will not permit any of its Subsidiaries to create, incur, issue, assume or Guarantee any Indebtedness secured by a Lien on the ABL Collateral that is subordinated or junior to the Liens on the ABL Collateral securing the Bank Obligations, unless the notes are secured by such ABL Collateral equally and ratably with, or at AK Steel's option, prior to such Indebtedness.

Limitation on Subsidiary Debt

AK Steel will not permit any of its Restricted Subsidiaries that is not a Guarantor to create, assume, incur, Guarantee or otherwise become liable for or suffer to exist any Indebtedness (any Indebtedness of a non-Guarantor Subsidiary of AK Steel, *Non-Guarantor Subsidiary Debt*), without Guaranteeing the payment of the principal of, premium, if any, and interest on the notes on an unsubordinated basis.

The foregoing restriction shall not apply to, and there shall be excluded from Indebtedness in any computation under such restriction, *Non-Guarantor Subsidiary Debt* constituting:

- (1) Indebtedness of a Person existing at the time such Person is merged into or consolidated with any Restricted Subsidiary of AK Steel or at the time of a sale, lease or other disposition of the properties and assets of such Person (or a division thereof) as an entirety or substantially as an entirety to any Restricted Subsidiary of AK Steel and is assumed by such Restricted Subsidiary; provided that any Indebtedness was not incurred in contemplation thereof and is not Guaranteed by any other Subsidiary of AK Steel;
- (2) Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of AK Steel; provided that any Indebtedness was not incurred in contemplation thereof;
- (3) Indebtedness owed to AK Steel or any Guarantor;

(4) Indebtedness outstanding on the date of the Indenture or any extension, renewal, replacement or refunding of any Indebtedness existing on the date of the Indenture or referred to in clauses (1), (2) or (3) or incurred pursuant to the next succeeding paragraph; provided that any such extension, renewal, replacement or

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refunding of such Indebtedness shall be created within 360 days of repaying the Indebtedness referred to in this clause or clauses (1), (2) or (3) above or within 30 days in the case of the next succeeding paragraph and the principal amount of the Indebtedness shall not exceed the principal amount of Indebtedness plus any premium or fee payable in connection with any such extension, renewal, replacement or refunding, so secured at the time of such extension, renewal, replacement or refunding;

(5) Indebtedness in respect of a Receivables Facility; and

(6) Indebtedness in an amount of not more than \$5.0 million at any time outstanding.

Notwithstanding the restrictions described above, AK Steel and any of its Restricted Subsidiaries may create, incur, issue, assume or Guarantee Non-Guarantor Subsidiary Debt, without Guaranteeing the notes, if at the time of such creation, incurrence, issuance, assumption or Guarantee, after giving effect thereto and to the retirement of any Indebtedness which is concurrently being retired, the aggregate amount of all such Non-Guarantor Subsidiary Debt which would otherwise be subject to such restrictions (other than Non-Guarantor Subsidiary Debt which is described in clauses (1) through (6) of the immediately preceding paragraph) plus the aggregate amount (without duplication) of (x) all Indebtedness secured by Liens (not including any such Indebtedness secured by Liens described in clauses (1) through (9) of the second paragraph under the heading *Limitation on Liens*) and (y) all Attributable Debt of AK Steel and any of its Subsidiaries in respect of Sale and Leaseback Transactions (with the exception of such transactions which are permitted under clauses (1) through (4) of the first sentence of the first paragraph under

Limitation on Sale and Leaseback Transactions below) does not exceed an amount equal to (x) 15% of Consolidated Net Tangible Assets less (y) the aggregate principal amount of the notes offered hereunder outstanding at such time and the amount of (i) any Indebtedness incurred to extend, renew, replace or refund the notes secured by Liens pursuant to clause (8) of the second paragraph of the provision *Limitation on Liens*, (ii) any Indebtedness incurred pursuant to such clause (8) of such second paragraph to refinance Indebtedness incurred pursuant to the penultimate paragraph under the heading *Limitation on Liens* and (iii) any Indebtedness incurred pursuant to clause (6) above to refinance Indebtedness incurred pursuant to this paragraph (but excluding any Additional Refinancing Amount).

Limitation on Sale and Leaseback Transactions

AK Steel will not, and will not permit any of its Subsidiaries to, enter into any Sale and Leaseback Transaction unless:

(1) the Sale and Leaseback Transaction is solely with AK Steel or any of its Subsidiaries;

(2) the lease is for a period not in excess of 24 months, including renewals;

(3) AK Steel or such Subsidiary would (at the time of entering into such arrangement) be entitled as described in clauses (1) through (9) of the second paragraph under the heading *Limitation on Liens*, to create, incur, issue, assume or guarantee Indebtedness secured by a Lien on such property or assets in the amount of the Attributable Debt arising from such Sale and Leaseback Transaction;

(4) AK Steel or such Subsidiary, within 360 days after the sale of property or assets in connection with such Sale and Leaseback Transaction is completed, applies an amount equal to the greater of (A) the net proceeds of the sale of such Principal Property or (B) the fair market value of such Principal Property to (i) the retirement of notes, other Funded Debt of AK Steel ranking on a parity with the notes or Funded Debt of a Subsidiary of AK Steel or (ii) the purchase of property or assets used or useful in its business or to the retirement of long-term indebtedness; or

(5) the Attributable Debt of AK Steel and its Subsidiary in respect of such Sale and Leaseback Transaction and all other Sale and Leaseback Transactions entered into after the Closing Date (other than any

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such Sale and Leaseback Transaction as would be permitted as described in clauses (1) through (4) of this sentence), plus the aggregate principal amount (without duplication) of (x) Indebtedness secured by Liens then outstanding (not including any such Indebtedness secured by Liens described in clauses (1) through (9) of the second paragraph under the heading *Limitation on Liens*) which do not equally and ratably secure the notes (or secure notes on a basis that is prior to other Indebtedness secured thereby) and (y) Non-Guarantor Subsidiary Debt (with the exception of Non-Guarantor Subsidiary Debt which is described in clauses (1) through (6) of the second paragraph under the heading *Limitation on Subsidiary Debt*), would not exceed an amount equal to (x) 15% of Consolidated Net Tangible Assets less (y) the aggregate principal amount of the notes offered hereunder outstanding at such time and the amount of (i) any Indebtedness incurred to extend, renew, replace or refund the notes secured by Liens pursuant to clause (8) of the second paragraph of the provision *Limitation on Liens*, (ii) any Indebtedness incurred pursuant to such clause (8) of such second paragraph to refinance Indebtedness incurred pursuant to the penultimate paragraph under the heading *Limitation on Liens* and (iii) any Indebtedness incurred pursuant to clause (6) under *Limitation on Subsidiary Debt* to refinance Indebtedness incurred pursuant to the last paragraph of such covenant (but excluding any Additional Refinancing Amount).

Limitation on Notes Collateral Asset Sales

AK Holding will not, and will not permit any Restricted Subsidiary to, make any Notes Collateral Asset Sale unless the following conditions are met:

- (1) The Notes Collateral Asset Sale is for at least fair market value (such fair market value to be determined on the date of contractually agreeing to such asset sale), as determined in good faith by the Board of Directors.
- (2) At least 75% of the consideration consists of cash or Cash Equivalents or assets described in clause (3) below of the type constituting Notes Collateral received at closing; provided, however, the non-cash consideration received is pledged as Notes Collateral under the Security Documents substantially simultaneously with such sale, in accordance with the requirements set forth in the Indenture. For purposes of this clause (2), (a) the assumption by the purchaser of Indebtedness or other obligations (other than Subordinated Indebtedness) of AK Steel or a Guarantor pursuant to a customary novation agreement and (b) instruments or securities received from the purchaser that are promptly, but in any event within 90 days of the closing, converted by AK Steel or a Guarantor to cash, to the extent of the cash actually so received, shall be considered cash received at closing).
- (3) Within 365 days after the receipt of any Net Cash Proceeds from a Notes Collateral Asset Sale, the Net Cash Proceeds may be used (x) to acquire all or substantially all of the assets of a Permitted Business or a majority of the Voting Stock of another Person that thereupon becomes a Restricted Subsidiary engaged in a Permitted Business, (y) to make capital expenditures or otherwise acquire long-term assets that are to be used in a Permitted Business; provided that any assets acquired pursuant to subclauses (x) or (y) of a type constituting Notes Collateral are pledged as Notes Collateral under the Security Documents substantially simultaneously with such acquisition in accordance with the requirements of the Indenture, or (z) to repay Indebtedness secured by parity Liens on the Notes Collateral; provided that if AK Steel shall so reduce Obligations under Indebtedness secured by parity Liens on the Notes Collateral pursuant to this clause (3), AK Steel will equally and ratably reduce Obligations under the notes as provided under *Optional Redemption*, through open market purchases (provided that such purchases are at or above 100% of the principal amount thereof) and/or by making an Offer to Purchase to all Holders of notes at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to but excluding the date of purchase.
- (4) The Net Cash Proceeds of a Notes Collateral Asset Sale not applied pursuant to clause (3) within 365 days of the Notes Collateral Asset Sale constitute *Excess Proceeds*. *Excess Proceeds* of less than \$15.0 million will be carried forward and accumulated. When accumulated *Excess Proceeds* equals or exceeds such amount, AK Holding must,

within 30 days, make an Offer to Purchase notes having a principal amount equal to

(A) accumulated Excess P