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ITEM 7. Financial St P

Subsequent to the sale of substantially all of its assets to Severstal North America, Inc. on January 30, 2004, Rouge Industries, Inc. repaid the \$10 million secured loan plus accrued interest. Severstal also assumed the Company's pellet sales contract with Rouge with minimal modifications.

Outlook

Steel industry fundamentals in North America remain strong, with solid demand and good pricing. Domestic steel mills are operating oA

problems with productivity, labor disputes, weather conditions, fluctuations in ore grade, tons mined, changes in cost factors including energy and labor productivity



