

REDEFINING

Worthington Industries 1999 Summary Annual Report

INDUSTRY

LEADERSHIP

## Building on Strengths | Redefining Industry Leadership

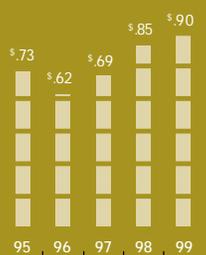
Worthington Industries has established a tradition of leadership in value-added steel processing and metals related industries. We believe that leadership is about action – not simply position. Operating under a long-standing Philosophy based on the Golden Rule, with earning money for our shareholders the first corporate goal, we are building on our strengths and redefining industry leadership in the markets we serve.

FINANCIAL HIGHLIGHTS	May 31		Percent Change
	1999	1998	
<i>In thousands, except per share</i>			
<b>For The Year</b>			
Net Sales	\$1,763,072	\$ 1,624,449	+ 9%
Earnings From Continuing Operations	83,633	82,304	+ 2%
Per Share (Diluted)	.90	.85	+ 6%
Earnings Before Interest, Taxes, Depreciation and Amortization	239,964	197,821	+ 21%
Per Share (Diluted)	2.58	2.04	+ 26%
Cash Dividends Declared	52,343	51,271	+ 2%
Per Share	.57	.53	+ 8%
Capital Expenditures (including acquisitions)	\$ 141,813	\$ 309,412	- 54%
<b>At Year End*</b>			
Net Working Capital	\$ 196,530	\$ 232,964	- 16%
Net Fixed Assets	871,347	933,158	- 7%
Total Assets	1,686,951	1,842,342	- 8%
Shareholders' Equity	689,649	780,273	- 12%
Per Share	\$ 7.67	\$ 8.07	- 5%
Shares Outstanding	89,949	96,657	- 7%

\* Includes the Custom Products and Cast Products business segments in 1998 that were divested in 1999



Net Sales (in millions)  
YEAR ENDED MAY 31



Earnings Per Share From Continuing Operations (Excluding Rouge)  
YEAR ENDED MAY 31



Earnings Per Share From Continuing Operations Before Interest, Taxes, Depreciation and Amortization (Excluding Rouge)  
YEAR ENDED MAY 31

## STEEL PROCESSING

America's largest independent processor  
of flat-rolled steel



# REDEFINING

## PRESSURE CYLINDERS

The world's leading supplier of pressure cylinder vessels



# INDUSTRY

## METAL FRAMING

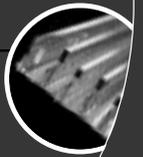
The only metal framing manufacturer with national operations  
and distribution



# LEADERSHIP

## JOINT VENTURES

Innovative partnerships that complement our focus on steel





To Our Shareholders | In fiscal 1999, your Company worked aggressively to fulfill the strategic goals set in the previous year. We have concentrated our focus on our core strengths in steel processing and metals-related businesses. We are committed to strategically build upon our established leadership position in every major market we serve – processed steel products, pressure cylinders, and metal framing.

We believe our industries are becoming more competitive. We must therefore improve our efficiencies, reduce our costs, and optimize our asset usage to maintain our position of industry leadership. The goal of our strategic focus is to redefine the standards of excellence we have set in our businesses and to position the Company for superior long-term financial performance. We intend to redefine industry leadership and continue to be the Company others strive to emulate.

Key Strategic Actions During Fiscal '99 |

- **Divesting seven businesses which were not in our core industries;**
- **Restructuring the management organization of Worthington Steel, to better align, control, and leverage its resources;**
- **Continuing the global expansion of Worthington Cylinders by acquiring three production facilities in Europe;**
- **Launching two new product lines at Dietrich, enhancing our ability to supply steel products to fully frame buildings;**
- **Developing a leadership team working under a common vision;**
- **Reorganizing or outsourcing key functions across the Company;**
- **Repurchasing 6.8 million shares of Worthington stock.**

Fiscal 1999 was the 44th consecutive year in which Worthington Industries earned a profit. We have done so every year since Worthington was founded. The Company's financial performance for this fiscal year met our expectations with increases in both sales and earnings from continuing operations. Sales from continuing operations were up nine percent from fiscal '98 at \$1.8 billion. Earnings from continuing operations were \$84 million. Earnings per share were \$.90, up six percent over last year. These results were accomplished despite several obstacles, the largest being unusually depressed cold-rolled steel pricing, leading to

By redefining industry leadership, we  
are well-positioned to drive shareholder  
value into the 21st century.

# LEADERSHIP

greater than expected start-up losses at our Decatur facility. We were also able to overcome the negative impact from the strike at General Motors in our first quarter and the costs associated with the Y2K readiness program. I am proud of the team for meeting our previously announced expectations for the year.

We increased our dividend for the 31st consecutive year, something we have done every year since our initial public offering. Worthington is among an elite group of companies that has achieved such a dividend growth record.

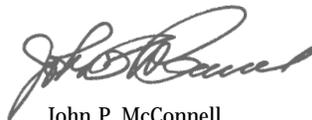
Fiscal 1999 saw many new faces entering key leadership positions within the Company. The most significant was the addition of John Christie as President and Chief Operating Officer, succeeding Don Malenick, who retired after 41 years with the Company. Prior to joining Worthington, John was President of JMAC, Inc., the McConnell family's investment company and Worthington's largest shareholder, where he acquired a strong understanding of our history, philosophy, and business strategy.

While we are excited and confident about John's future contributions, we will miss Don's leadership and knowledge of the business that helped get us to where we are today. On behalf of the Board of Directors and the entire Company, I thank Don for all of his leadership, hard work, and loyalty throughout the years. We appreciate the time Don spent with John Christie to achieve a smooth and successful transition.

We are honored that for the second consecutive year, *Fortune* magazine selected Worthington Industries among the "100 Best Places to Work." Having been included in both editions of Robert Levering's book, **The 100 Best Companies to Work for in America**, Worthington Industries is among a small number of companies to be recognized in all four versions of the survey. These surveys recognize what we have worked hard to create – one of the nation's strongest employer/employee relationships. We will continue to work hard to build on that legacy.

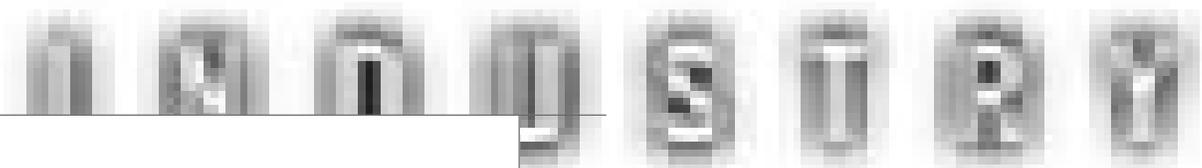
As we begin fiscal 2000, rewarding the loyalty and support of our shareholders remains our top priority. With our divestitures behind us, we will drive the new steel organization forward and take full advantage of the other initiatives launched during the year. By redefining industry leadership, we are well-positioned to drive shareholder value into the 21st century.

Thank you for your continued support of Worthington Industries.



John P. McConnell  
Chairman and CEO





Strengthening the Best Team in the Industry | As stated in the Worthington Philosophy, “People are our most important asset.” Supporting that belief, Worthington Industries continued to build upon the best management team in the industry during fiscal 1999. There are new faces and Company veterans who will work together to take us into the next century and help redefine industry leadership.

John Christie was named President and Chief Operating Officer effective June 1, 1999 succeeding Don Malenick, who retired after more than 40 years of dedication to Worthington Industries. John’s background includes experience in international business development, marketing, strategic development, communications, and community relations. In the late 1980s, John became senior vice president of Battelle Memorial Institute, the world’s largest private research foundation, where he established contacts with top executives from hundreds of U.S. and foreign companies.

John Baldwin, who joined Worthington from Tenneco in 1997 as Treasurer, is leading the Company’s financial team as Vice President – Chief Financial Officer. John is overseeing the long-term profitable growth strategy of Worthington Industries.

Dick Berdik, a 25-year veteran at Dietrich Industries, completed his first full year as President of this key subsidiary. Extensive experience in the industry will help Dick position Dietrich for success in a market with strong growth potential.

Dale Brinkman, a 17-year veteran, was named Vice President – Administration and General Counsel. Dale has served as chief legal officer since 1982 and will now also oversee the administrative functions of the Company, including employee benefits and human resources.

Front, L to R: John Christie, President and COO; Ed Ferkany, Executive Vice President; Cathy Mayne Lyttle, Vice President – Communications

Back, L to R: Jonathan Dove, CIO; John Baldwin, Vice President – CFO; Mark Stier, Vice President – Human Resources; Dale Brinkman, Vice President – Administration and General Counsel; Bruce Ruhl, Vice President – Purchasing

Jonathan Dove, a veteran information technology executive, joined Worthington as Chief Information Officer in 1998.

Jonathan took charge of the Company’s Y2K remediation effort, and he is leading the Company’s talented group of information systems professionals on all systems operation and development.

Ed Ferkany, who has served for more than 25 years in sales and senior management positions, was named Executive Vice President. Ed is focusing on developing a corporate-wide customer satisfaction program and further integration of The Gerstenslager Company’s operation into the rest of the processed steel businesses.

Cathy Mayne Lyttle joined Worthington in 1999 as Vice President – Communications to strengthen the Company’s commitment to effective communication both internally and externally. With extensive experience with high-profile community organizations in Columbus, Ohio, Cathy will work to better focus and build the overall Worthington Industries brand.

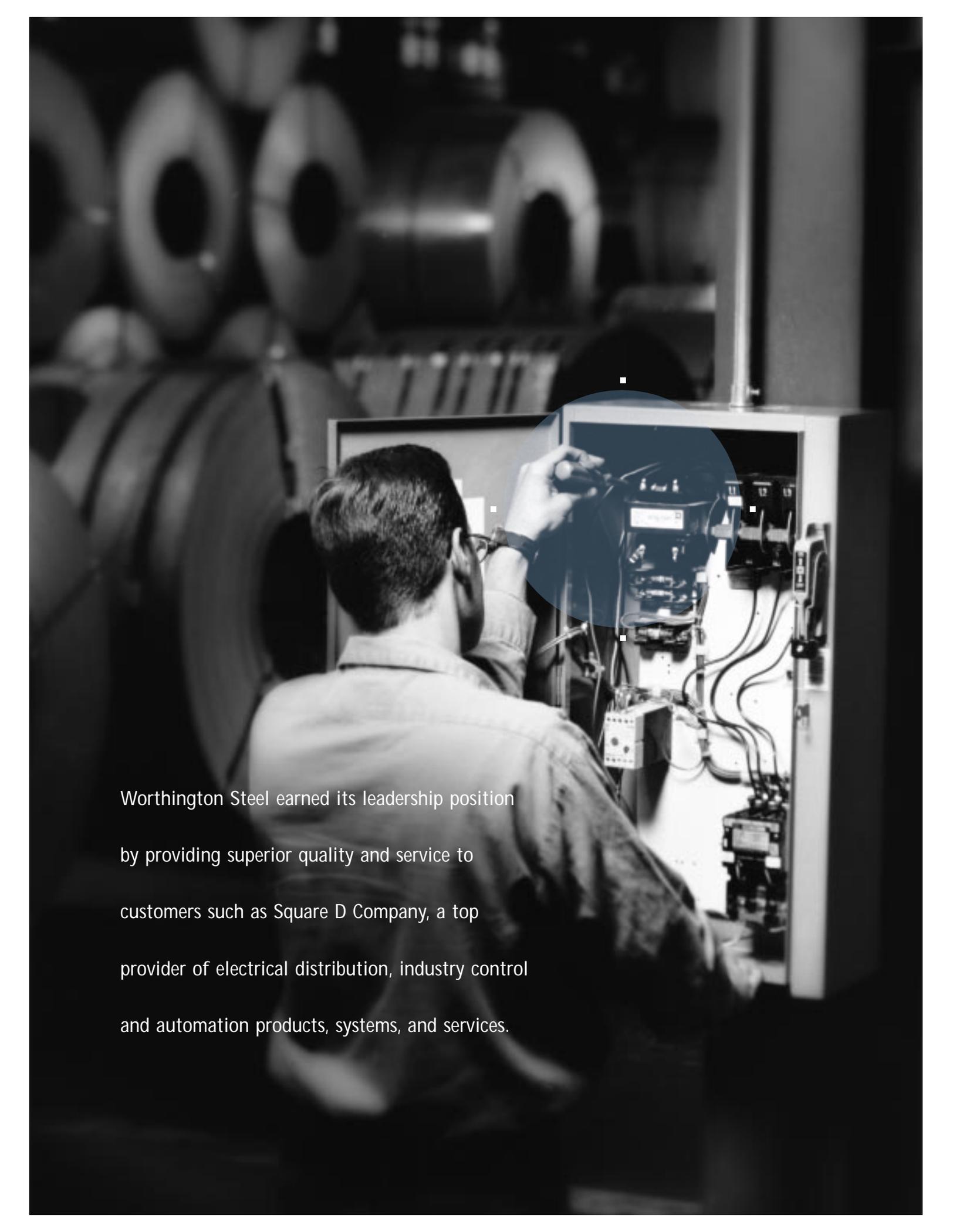
Ralph Roberts, with more than 25 years at Worthington and its’ joint ventures in sales and senior management positions, is President of Worthington Steel. Ralph is leading the major transformation of Worthington Steel designed to align assets, increase efficiencies, and reduce costs.

Bruce Ruhl, a 20-year employee, was named Vice President – Purchasing. Bruce is guiding the centralization of Purchasing to more effectively leverage the Company’s size in negotiating price and service with suppliers.

Mark Stier is Vice President – Human Resources. A 24-year employee of Worthington Industries, Mark most recently served as Vice President and General Manager of Worthington Steel – Porter.

Virgil Winland, President of Worthington Cylinders, has been leading Worthington Cylinders for the past nine years. Virgil, a 27-year Worthington veteran, is directing this business unit’s global strategy.

Shareholders, customers, suppliers, and employees will benefit from this strong leadership team, which blends individuals with decades of service to Worthington and newcomers with fresh ideas and insights.



Worthington Steel earned its leadership position by providing superior quality and service to customers such as Square D Company, a top provider of electrical distribution, industry control and automation products, systems, and services.



Ralph Roberts President, Worthington Steel

"Worthington Steel is driven to redefine industry leadership in chosen markets within the steel processing industry by providing innovative solutions that enhance value for our customers and exceed their expectations."



{ National Manufacturing's success hinges in part on Worthington's ability to provide four types of steel from five different plants. }



{ Our nickel-plated product powers Panasonic™ in producing the world's most complete line of batteries and accessories. }



{ MTD Products cuts down the competition by using our hot-rolled steel for blades on top-ranked mowers like the Cub Cadet™. }



{ The steel we provide for Monroe™ shock absorbers helps make the road a safer place. }

Processed Steel Products: Transformation to Leverage Resources |

The Worthington Steel Company, founded in 1955, essentially invented the steel processing industry as it exists today.

Worthington Industries' processed steel business is reinventing itself through a major organizational transformation launched in fiscal 1999 that will maximize assets, promote efficiency and provide a greater competitive advantage.

An established leader with more than 1,000 customers, Worthington Steel serves a broad range of markets, including: automotive; lawn and garden; construction; hardware, furniture and office equipment; electrical controls; leisure and recreation; appliances; and farm implements. Worthington Steel offers the widest range of services in the industry, from slitting and blanking, to hydrogen annealing, hot-dipped galvanizing, and nickel plating.

Worthington earned its leadership position as a custom processor of flat-rolled steel by providing superior quality and service. Worthington Steel provides value-added services that bridge the capabilities of major steel producers and the specialized expectations of steel end-users. The group's plants

and joint ventures are all QS-9000 certified (with the exception of the new Decatur facility, which is scheduled to receive certification in Fall 1999). Many customers have recognized Worthington Steel with the highest awards for quality and service.

While Worthington is the established leader, vast opportunities for profitable growth remain in the highly fragmented steel processing marketplace.

For more than 40 years, Worthington Steel grew in the steel processing industry by operating on a decentralized basis. As the network of plants grew, each plant operated as an independent profit center with unique capabilities to meet its customers' expectations. The transformation of Worthington Steel takes a very good company to a new level of operation with a new structure for industry leadership.

Effective June 1, 1999, Worthington Steel restructured its management organization along product lines, with plants pooling resources and capabilities to better serve customers. The Worthington Steel plants will operate across all business lines as one

RESTRUCTURING

With more than 1,000 customers,  
 Worthington serves a broad range of  
 markets and offers the widest range of  
 services in the steel processing industry.



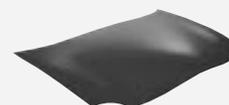
{ True Temper Sports, the world's largest producer of golf shafts, uses the steel we process and crafts it into the #1 shaft used on the PGA Tour. }



{ The automotive industry uses replacement body panels Gerstenslager makes for a large percentage of the cars on the road today. }



{ Sentry®, the world leader in fire-resistant and security containers, uses our steel to produce their newest Fire-Safe® safe line. }



{ Automotive repair shops use Gerstenslager replacement body panels for current and classic cars, going back as far as the 1965 Mustang. }

company. The new centralized, product-driven management structure allows Worthington Steel to streamline operations and provide innovative solutions for customers. Sales and operations are aligned strategically in support of goals for each product line. The national sales force is organized geographically rather than around specific manufacturing locations.

The newly formed organization at Worthington Steel will drive new efficiencies, lower costs, and maximum use of all of the division's assets. Worthington Steel is aligning its people, operations, and resources to develop indispensable partnerships with customers, employees, and suppliers.

Greenfield Operations Ramp Up Production | Designed to maximize productivity across all plants, the new approach will also capitalize on opportunities created by the new, larger steel plants in Delta, Ohio, and Decatur, Alabama. Both plants are strategically located next to key suppliers, North Star BHP Steel mini-mill and Trico, respectively.

The Delta plant, just finishing its third year of operation, has positioned Worthington as a premier supplier of galvanized steel to the construction industry. Galvanizing is a zinc coating process that significantly increases the corrosion protection of flat-rolled steel. Galvanized steel represents a growing segment of the flat-rolled steel industry and a market that offers significant growth opportunities for Worthington.

Decatur is Worthington Steel's largest steel processing plant and is located in the southeastern United States, the fastest-growing market in the country for flat-rolled steel. The plant began pickling and slitting operations in March 1998, three months ahead of schedule, and launched cold-rolling operations in August 1998, ten months early. Decatur dramatically expands Worthington's overall steel processing capabilities.

Gerstenslager Builds on Leadership in Automotive Aftermarket | In its second year as part of Worthington Industries, The Gerstenslager Company continues to deliver solid results and



**BUILD**  
 add a major dimension to the Company's steel processing capabilities. The clear leader in providing aftermarket body panels to the automotive industry, Gerstenslager expects further growth as automakers increase outsourcing.

Acquired in 1997, the Wooster, Ohio-based operation serves domestic and transplant automakers and medium- and heavy-duty truck manufacturers. Gerstenslager manages more than 3,000 sets of customer tooling to meet the aftermarket demand for hundreds of car models.

**Monroe Returns to Full Production** | Just over a year after a fire destroyed the pickling operations at Monroe, Ohio, and significantly damaged the rest of the facility, the rebuilt plant resumed full operation. The facility's pickling bay was completely rebuilt and now houses a new 72-inch push-pull pickling line. Pickling capacity is now 900,000 tons per year, a 50 percent increase from the plant's previous capacity. The plant's slitting and blanking operation also returned to full production earlier in 1998.

A key part of Worthington's focus on value-added steel processing, Gerstenslager stamps galvanized steel into auto components such as doors, fenders, and hoods.

Worthington Steel's other plants, as well as suppliers, played a key role in ensuring normal customer deliveries while the plant was rebuilt. Employees from the plant were temporarily relocated to other facilities, an example of the Company's commitment to its employees as part of the Worthington Philosophy.

**Looking Ahead** | An experienced management team with hundreds of years of combined experience is guiding a new management structure and a new era of Worthington Steel. Working as one company, Worthington Steel will redefine its industry by embracing and managing change to increase market share and seize a competitive advantage.



Worthington Cylinders offers the most complete line of pressure cylinder vessels, including LPG (liquefied petroleum gas) cylinders used for everything from gas barbeque grills and camping equipment to residential heating systems and industrial forklift trucks.



Virgil Winland President, Worthington Cylinders

"We are fulfilling our strategy of establishing global leadership in all of our major product lines. With our success overseas, we have proven that the Worthington Philosophy translates into many languages."



{ Our refrigerant cylinders help keep food cold and people cool around the world. }



{ Our high-pressure medical cylinders provide life-sustaining oxygen to hospitals and care centers worldwide. }



{ Our Balloon Time™ party kits lift spirits – and profits – at major retailers such as Costco, Kmart, Sam's Club, Toys R Us, and Wal-Mart. }



{ Worthington's aluminum forklift cylinders help move materials nationwide. }

Pressure Cylinders: Global Expansion | Worthington Cylinders,

the world's leading supplier of pressure cylinders, continued to pursue profitable global expansion through strategic acquisitions that provide the business with a strong base in Europe. Worthington Cylinders offers the most complete line of pressure cylinder vessels.

- LPG (liquefied petroleum gas) cylinders are used to hold fuel for everything from gas barbecue grills and camping equipment to residential heating systems and industrial forklift trucks. Outside North America, LPG cylinders hold fuel for commercial and residential cooking needs such as gas burners and stoves.
- Refrigerant cylinders are used to service commercial and residential air conditioning and refrigeration systems as well as automotive air conditioning systems.
- Industrial and specialty high-pressure, acetylene and composite cylinders are used to hold gases for various applications such as cutting and welding metals, breathing (medical, diving, firefighting), semiconductor production and beverage delivery, and compressed natural gas.

To broaden its international strategy, in 1999, Worthington Cylinders acquired two leading European producers of small- and medium-size LPG low-pressure cylinders: a wholly-owned operation in Portugal and 51 percent ownership of a joint venture in the Czech Republic. These operations provide strong bases in both Western and Eastern Europe to serve the cooking and heating markets. They complement Worthington Heiser, Europe's leading producer of high-pressure cylinders, which set new production records in its first full-year in the Worthington family. In total, Worthington Cylinders operates nine wholly-owned facilities and two joint ventures.

To increase efficiency, Worthington Cylinders is implementing a new information management system designed to streamline operations, reduce inventory, promote better capacity management, and improve already high on-time delivery performance. Worthington Cylinders also launched its e-commerce initiative ([www.worthingtoncylinders.com](http://www.worthingtoncylinders.com)), and made a promising start in selling products online.

With a strong presence on three continents, Worthington Cylinders is well-positioned to continue redefining industry leadership through global expansion.

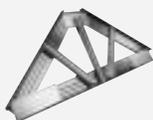


The only company in the industry with national operations, Dietrich operates 18 facilities throughout the U.S. – four times more than its largest competitor. There is a Dietrich plant within 300 miles of 85 percent of the nation's population.



Dick Berdik President, Dietrich Industries

"Both the commercial and residential construction markets provide enormous opportunities for us to grow and expand our leadership in the metal framing industry."



{ Our Sure Span® trusses are putting roofs over the heads of a growing number of families who prefer steel over wood in new home construction. }



{ Metal-framed walls are light, strong, non-combustible, and termite-free. }



{ Our TradeReady® Floor System's steel components are cost competitive, stronger, lighter, and easier to install than wooden frames. }



{ Our one-piece header opens the door to more profitable construction techniques for residential and commercial builders. }

**Metal Framing: Targeting Growth Markets** | America's largest manufacturer of steel framing materials, Dietrich Industries is an important segment of the Worthington Industries family of value-added, metals-related businesses. Acquired in 1996, the Pittsburgh-based subsidiary produces steel studs, floor joists, roof trusses, and other metal accessories for wholesale distributors and commercial and residential building contractors.

In fiscal 1999, Dietrich's core business of metal framing materials increased approximately 18 percent from the previous year. Operating margins also improved due to cost saving measures that increased productivity and reduced labor costs. In addition, Dietrich sold its garage door unit to better focus on core strengths in metal framing.

Looking ahead, Dietrich anticipates additional growth opportunities serving an established and growing commercial market and an emerging residential market. The use of steel in both markets is expected to grow significantly over the next ten years due to competitive advantages of metal framing over wood and masonry construction. Properly designed and manufactured, metal framing products are lighter and stronger, easier to install, and cost competitive.

To spur growth in the residential market, Dietrich is working closely with major builders, developers and related groups to develop solutions that promote market demand and overcome barriers to the use of steel framing. In 1999, Dietrich launched the Trade Ready® Floor System that is easy to install, cost competitive, and designed to reduce related construction costs. Trade Ready provides a clean, open run for other building trades to install plumbing, electrical conduit, and ductwork.

To make it easier than ever to choose steel framing, Dietrich unveiled an interactive CD that allows developers, architects, contractors, and builders to develop building specifications by accessing the industry's broadest line of metal framing products. This fun, exciting design tool can be used by a novice to finish a basement or by an expert designing a major office building.

Through these innovative products, as well as a continued focus on improving operating efficiencies, Dietrich is building upon its leadership position in the metal framing industry.

**TARGETING**



Joint Ventures: Providing Innovative Solutions | A key part of Worthington's focus on steel and metals-related businesses, the Company's seven joint ventures made a solid contribution in fiscal 1999 through earnings growth, geographic expansion and product diversity. Since the mid-1980s, Worthington has established joint ventures that enable the Company to enter new markets while sharing resources, operating expenses and risk. As a well-respected, established leader in targeted industries, Worthington is an ideal partner for companies seeking to help advance a technology, product, or service in the steel and metals-related industries.

Worthington Armstrong Venture (WAVE), a joint venture between Worthington and Armstrong World Industries, is strengthening its worldwide leadership in the production of suspended ceiling systems. WAVE produces metal ceiling grids that can be combined with Armstrong's ceiling boards as a complete package or sold individually. Worthington's metals manufacturing strengths combined with Armstrong's marketing and distribution capabil-

TWB Company, a joint venture of Worthington and four steelmakers, uses laser welding technology to provide innovative solutions for the auto industry.

ities position WAVE as a significant industry leader. WAVE's global strategy is based on developing low-cost regional grid-producing facilities. Plants are located domestically in Pennsylvania, Maryland, Nevada, and Michigan. WAVE also has plants internationally in France, China, the United Kingdom, and Spain.

TWB Company, a joint venture with Thyssen-Krupp, Rouge Industries, LTV Steel, and Bethlehem Steel, produces laser welded blanks for the automotive industry. Laser welding technology enables TWB to fuse steel shapes of different sizes, thicknesses, grades, and coatings into a single flat steel blank. Automakers use TWB's products to create lighter, stronger, and less costly metal components, such as inner door panels, interior body frames, and side rails.

Spartan Steel Coating, a joint venture with Rouge Industries and part of Worthington's processed steel business, made a

strong start in its first full year of operation. Located in Monroe, Michigan, Spartan is capable of producing 450,000 tons annually of light gauge hot-dipped galvanized steel, primarily for value-added automotive applications. It is intended that approximately 80 percent of Spartan's production will be toll processed for Rouge Industries. With its focus on coating light gauge cold-rolled steel, Spartan complements the galvanizing expertise at Worthington's Delta facility, which galvanizes hot-rolled steel.

Worthington Specialty Processing (WSP), a partnership with U.S. Steel, toll processes more than 500,000 tons of wide sheet steel annually for the auto industry. Worthington's first joint venture, established in 1986, WSP is located in Jackson, Michigan.

Acerex, Worthington's first steel processing facility located outside the United States, is located in Monterrey, Mexico. Acerex was established as a joint venture in 1995 with Hysla, Mexico's top steel producer, to serve the rapidly developing manufacturing sector in Mexico and the southwestern United States.

Rounding out the joint ventures are Worthington Cylinders operations in South America and Europe. Worthington S.A.,

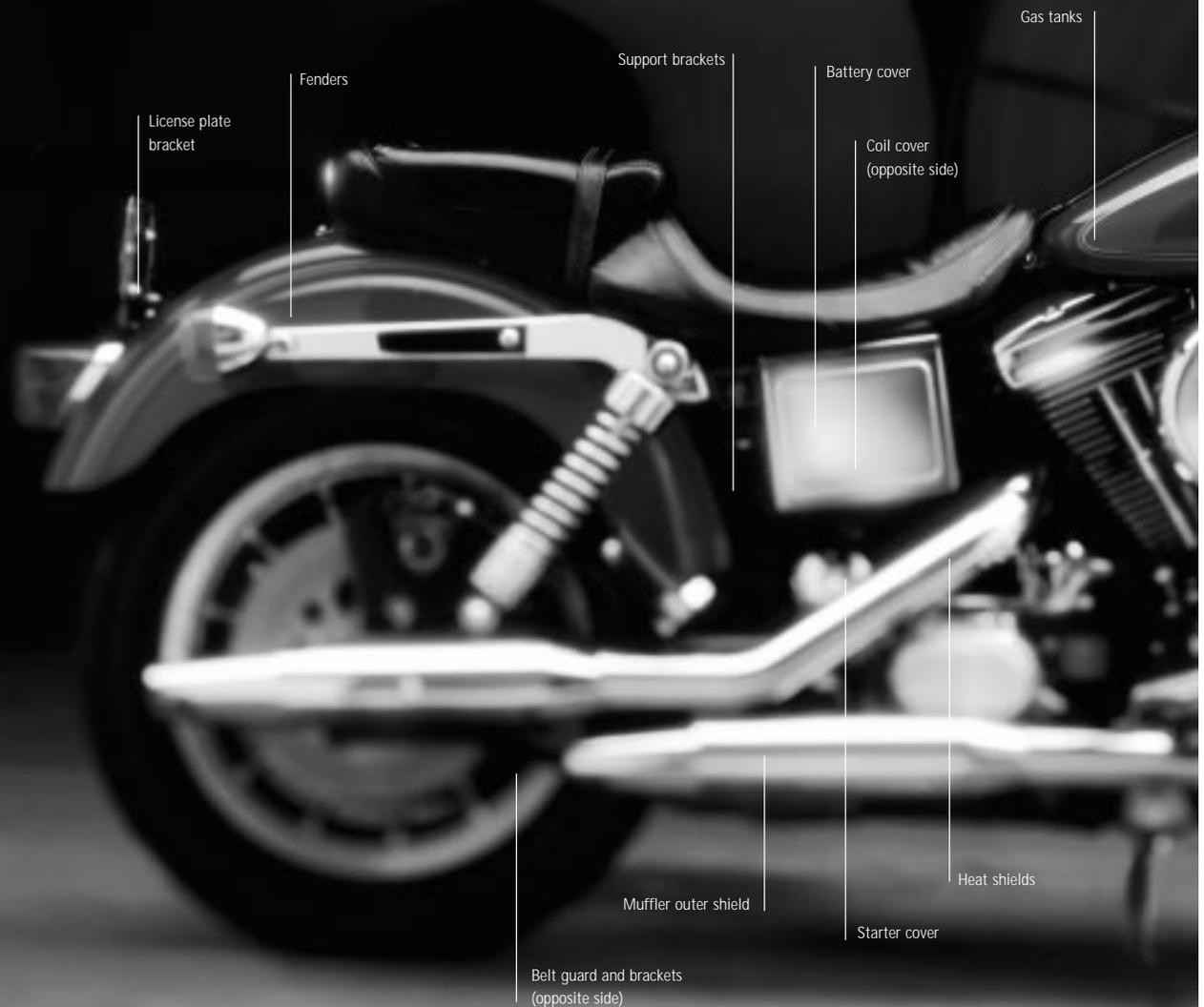
Worthington Cylinders' first joint venture, continues to perform well in Itu, Brazil, despite financial difficulties in that country. In May 1999, Worthington Cylinders purchased a majority interest in Gastec spol. a.r.o., the Czech Republic's leading pressure cylinder manufacturer. Worthington Gastec, a.s. produces a wide range of small-and medium-size LPG gas cylinders used for heating, cooling, and industrial applications. These two joint ventures complement the existing global expansion strategy for Worthington Cylinders and provide important positions in the growing markets of South America and Europe.

Through innovative solutions for customers, targeted industry partnerships and strategic global locations, joint ventures are part of Worthington Industries' strategy for redefining leadership in the steel and metals-related industries.

Joint ventures such as Worthington Armstrong Venture (WAVE) enable the Company to enter new markets while sharing resources, operating expenses, and risk. WAVE is a worldwide leader in manufacturing suspended ceiling systems.



Just under the surface of a legendary Harley-Davidson motorcycle, you'll find a variety of processed steel from Worthington Industries. In fiscal 1999, Worthington processed more than 6,000 tons of steel for this American-made business legend. Chrome-plated parts are made from our bright finish cold roll products. Our commercial-quality cold roll is fashioned into gas tanks and fenders. Harley also transforms our hot roll pickle and oiled strip products into support brackets and cross members for the frame. We are proud to be a part of this unique American success story.





Air cleaner covers

Steering head cap

Fender brackets

Horn cover  
(opposite side)

Cross members for frame

Financial Summary Report |

Significant investments

concentrated in Worthington's

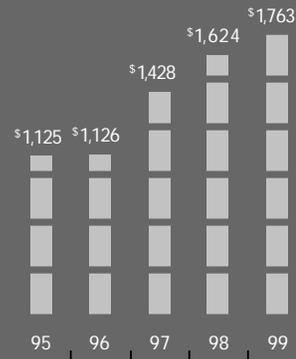
Continuing Operations have

produced solid gains in sales

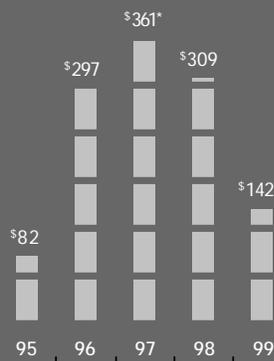
and operating income

1999

WORTHINGTON

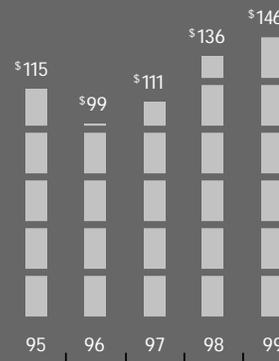


Net Sales (in millions)  
YEAR ENDED MAY 31



Capital Expenditures  
Including Acquisitions  
(in millions)  
YEAR ENDED MAY 31

\*Includes \$113 million of Company stock exchanged for Gerstenslager



Operating Income (in millions)  
YEAR ENDED MAY 31

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

	MAY 31		
	1999	1998	1997
IN THOUSANDS, EXCEPT PER SHARE			
Net Sales	\$ 1,763,072	\$ 1,624,449	\$ 1,428,346
Cost of Goods Sold	1,468,886	1,371,841	1,221,078
<b>Gross Margin</b>	294,186	252,608	207,268
Selling, General and Administrative Expense	147,990	117,101	96,252
<b>Operating Income</b>	146,196	135,507	111,016
Other Income (Expense):			
Miscellaneous Income	5,210	1,396	906
Interest Expense	(43,126)	(25,577)	(18,427)
Equity in Net Income of Unconsolidated Affiliates - Joint Ventures	24,471	19,316	13,959
<b>Earnings Before Income Taxes</b>	132,751	130,642	107,454
Income Taxes	49,118	48,338	40,844
<b>Earnings From Continuing Operations</b>	83,633	82,304	66,610
Discontinued Operations, Net of Taxes	(20,885)	17,337	26,708
Extraordinary Item, Net of Taxes	---	18,771	---
Cumulative Effect of Accounting Change, Net of Taxes	(7,836)	---	---
<b>Net Earnings</b>	\$ 54,912	\$ 118,412	\$ 93,318
Average Common Shares Outstanding (Diluted)	93,106	96,949	96,841
<b>Earnings Per Share (Diluted):</b>			
Continuing Operations	\$ 0.90	\$ 0.85	\$ 0.69
Discontinued Operations, Net of Taxes	(0.23)	0.18	0.27
Extraordinary Item, Net of Taxes	---	0.19	---
Cumulative Effect of Accounting Change, Net of Taxes	(0.08)	---	---
<b>Net Earnings</b>	\$ 0.59	\$ 1.22	\$ 0.96

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

	MAY 31		
	1999	1998	1997
IN THOUSANDS			
<b>Operating Activities</b>			
Net Earnings	\$ 54,912	\$ 118,412	\$ 93,318
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	78,490	61,459	51,388
Provision for Deferred Income Taxes	(18,087)	22,104	3,326
Equity in Undistributed Net Income of Unconsolidated Affiliates	(10,848)	(5,729)	(9,625)
Minority Interest in Net Loss of Consolidated Subsidiary	(2,664)	(553)	(27)
Net Loss on Sale of Assets	29,237	---	---
Cumulative Effect of Accounting Change	12,292	---	---
Extraordinary Gain	---	(29,795)	---
Changes in Assets and Liabilities:			
Current Assets	(35,023)	(46,262)	(69,996)
Other Assets	(366)	(1,319)	(2,801)
Current Liabilities	(665)	76,637	11,658
Other Liabilities	(3,554)	5,949	1,122
<b>Net Cash Provided By Operating Activities</b>	103,724	200,903	78,363
<b>Investing Activities</b>			
Investment in Property, Plant and Equipment, Net	(107,759)	(309,412)	(172,905)
Acquisitions, Net of Cash Acquired	(34,054)	---	(69,942)
Investments in Unconsolidated Affiliates	---	---	(5,420)
Proceeds From Sale of Assets	198,995	---	---
Proceeds From Property Insurance	---	38,683	---
<b>Net Cash Provided (Used) By Investing Activities</b>	57,182	(270,729)	(248,267)
<b>Financing Activities</b>			
Proceeds From (Payments On) Short-Term Borrowings, Net	(14,491)	86,600	50,000
Proceeds From (Payments On) Long-Term Borrowings, Net	(4,593)	(2,533)	142,126
Dividends Paid	(52,383)	(50,311)	(44,294)
Repurchase of Common Shares	(94,433)	(4,390)	(1,211)
Other, Net	8,847	37,036	12,915
<b>Net Cash Provided (Used) By Financing Activities</b>	(157,053)	66,402	159,536
Increase(Decrease) in Cash and Cash Equivalents	3,853	(3,424)	(10,368)
Cash and Cash Equivalents at Beginning of Year	3,788	7,212	17,580
<b>Cash and Cash Equivalents at End of Year</b>	\$ 7,641	\$ 3,788	\$ 7,212

All financial data was condensed from and should be read in conjunction with the audited financial statements filed as an appendix to the proxy statement for the 1999 Annual Meeting of Shareholders.

CONSOLIDATED CONDENSED BALANCE SHEETS

	MAY 31	
	1999	1998
	IN THOUSANDS	
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents	\$ 7,641	\$ 3,788
Accounts Receivable, Less Allowance	281,706	310,155
Inventories	257,010	288,911
Investment in Rouge	52,497	---
Income Taxes Receivable	---	5,429
Prepaid Expenses and Other Current Assets	25,401	34,712
<b>Total Current Assets</b>	624,255	642,995
Investment in Unconsolidated Affiliates	63,943	61,694
Intangible Assets	83,402	95,725
Other Assets	44,004	33,025
Investment in Rouge	---	75,745
Property, Plant and Equipment - Cost	1,131,761	1,315,668
Less Accumulated Depreciation	260,414	382,510
Property, Plant and Equipment - Net Book Value	871,347	933,158
<b>Total Assets</b>	\$ 1,686,951	\$ 1,842,342
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	\$ 161,264	\$ 176,752
Notes Payable	122,277	136,600
Accrued Compensation, Contributions to Employee Benefit Plans and Related Taxes	37,187	43,867
Dividends Payable	13,492	13,532
Other Accrued Items	35,482	37,800
Income Taxes	292	---
Current Maturities of Long-Term Debt	5,234	1,480
Debt Exchangeable for Common Stock	52,497	---
<b>Total Current Liabilities</b>	427,725	410,031
Other Liabilities	31,512	24,788
Conventional Long-Term Debt	365,802	363,870
Debt Exchangeable for Common Stock	---	75,745
Deferred Income Taxes	124,444	145,230
Minority Interest	47,819	42,405
<b>Equity</b>		
Shareholders' Equity		
Common Shares, Authorized -- 150,000,000 Shares, Issued and Outstanding-- 1999 --89,949,277 Shares; 1998 --96,656,759 Shares	---	968
Additional Paid-in Capital	111,474	116,696
Unrealized Loss on Investment	(5,563)	(5,563)
Foreign Currency Translation Adjustment	(2,921)	(2,812)
Retained Earnings	586,659	670,984
<b>Total Liabilities and Shareholders' Equity</b>	\$ 1,686,951	\$ 1,842,342

All financial data was condensed from and should be read in conjunction with the audited financial statements filed as an appendix to the proxy statement for the 1999 Annual Meeting of Shareholders.

REPORT OF INDEPENDENT AUDITORS

SHAREHOLDERS AND BOARD OF DIRECTORS, WORTHINGTON INDUSTRIES, INC.

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of Worthington Industries, Inc. and Subsidiaries as of May 31, 1999 and 1998 and the related consolidated statements of earnings, shareholders' equity and cash flows for each of the three years in the period ended May 31, 1999 ( not presented herein) and in our report dated June 18, 1999, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly presented in all material respects in relation to the consolidated financial statements from which it has been derived.

*Ernst + Young LLP*

Columbus, Ohio  
June 18, 1999

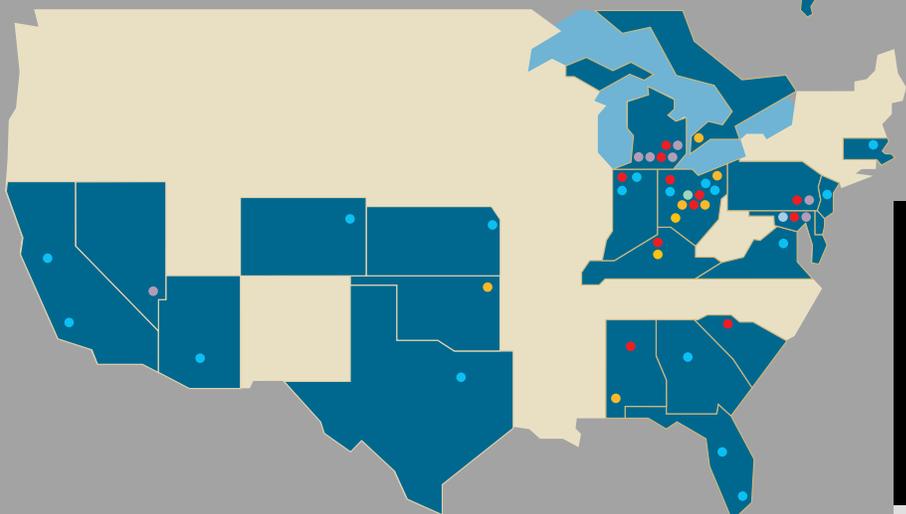
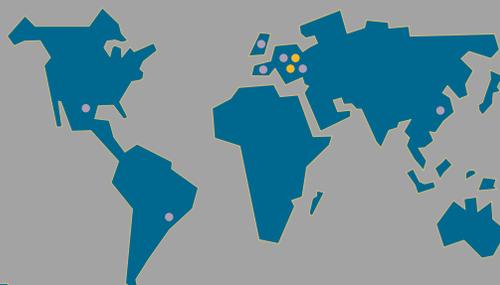
**FIVE YEAR SELECTED FINANCIAL DATA**

	MAY 31				
	1999	1998	1997	1996	1995
IN THOUSANDS, EXCEPT PER SHARE					
<b>Financial Results</b>					
Net Sales	\$ 1,763,072	\$ 1,624,449	\$ 1,428,346	\$ 1,126,492	\$ 1,125,495
Cost of Goods Sold	1,468,886	1,371,841	1,221,078	948,505	942,672
Gross Margin	294,186	252,608	207,268	177,987	182,823
Selling, General & Administrative Expense	147,990	117,101	96,252	78,852	67,657
Operating Income	146,196	135,507	111,016	99,135	115,166
Miscellaneous Income	5,210	1,396	906	1,013	648
Interest Expense	(43,126)	(25,577)	(18,427)	(8,687)	(6,673)
Equity in Net Income of Unconsolidated Affiliates - Joint Ventures	24,471	19,316	13,959	6,981	5,284
Equity in Net Income of Unconsolidated Affiliate - Rouge	---	---	---	21,729	32,111
Earnings From Continuing Operations Before Taxes	132,751	130,642	107,454	120,171	146,536
Income Taxes	49,118	48,338	40,844	46,130	55,190
Earnings From Continuing Operations	83,633	82,304	66,610	74,041	91,346
Discontinued Operations, Net of Taxes	(20,885)	17,337	26,708	26,932	31,783
Extraordinary Item, Net of Taxes	---	18,771	---	---	---
Cumulative Effect of Accounting Change, Net of Taxes	(7,836)	---	---	---	---
Net Earnings	54,912	118,412	93,318	100,973	123,129
Earnings Per Share (Diluted):					
Continuing Operations	0.90	0.85	0.69	0.76	0.94
Discontinued Operations, Net of Taxes	(0.23)	0.18	0.27	0.28	0.33
Extraordinary Item, Net of Taxes	---	0.19	---	---	---
Cumulative Effect of Accounting Change, Net of Taxes	(0.08)	---	---	---	---
Net Earnings	0.59	1.22	0.96	1.04	1.27
Continuing Operations (Without Rouge Equity)	0.90	0.85	0.69	0.62	0.73
Continuing Operations -					
Depreciation and Amortization	64,087	41,602	34,150	26,931	23,741
Earnings Before Interest, Taxes, Depreciation and Amortization	239,964	197,821	160,031	155,789	176,950
Capital Expenditures	98,404	297,516	160,846	97,346	45,416
Cash Dividends Declared *	52,343	51,271	45,965	40,872	37,212
Per Share *	\$ 0.57	\$ 0.53	\$ 0.49	\$ 0.45	\$ 0.41
Average Shares Outstanding (Diluted)	93,106	96,949	96,841	96,822	96,789
<b>Financial Position</b>					
Current Assets	\$ 624,255	\$ 642,995	\$ 594,128	\$ 505,104	\$ 474,853
Current Liabilities	427,725	410,031	246,794	167,585	191,672
Working Capital	196,530	232,964	347,334	337,519	283,181
Net Fixed Assets	871,347	933,158	691,027	544,052	358,579
Total Assets	1,686,951	1,842,342	1,561,186	1,282,424	964,299
Total Debt (Without DECS)	493,313	501,950	417,883	317,997	108,916
Shareholders' Equity	689,649	780,273	715,518	667,318	608,142
Per Share	7.67	8.07	7.40	6.91	6.30
Total Committed Capital	\$ 1,182,962	\$ 1,282,223	\$ 1,133,401	\$ 985,315	\$ 717,058
Shares Outstanding	89,949	96,657	96,711	96,505	96,515

All financial data was condensed from and should be read in conjunction with the audited financial statements filed as an appendix to the proxy statement for the 1999 Annual Meeting of Shareholders.

\* Excluding Gerstenslager.

Continuing Operations | Worthington Industries, based in Columbus, Ohio, operates 53 facilities in 11 countries and employs approximately 7,500 people.



- Steel Processing
- Pressure Cylinders
- Metal Framing
- Joint Ventures
- Other

Business Units |

**Processed Steel Products:**

**The Worthington Steel Company**  
 Columbus, Monroe & Delta, Ohio  
 Louisville, Kentucky  
 Rock Hill, South Carolina  
 Baltimore, Maryland  
 Jackson & Taylor, Michigan  
 Malvern, Pennsylvania  
 Porter, Indiana  
 Decatur, Alabama

**The Gerstenslager Company**  
 Wooster, Ohio

**Metal Framing:**

**Dietrich Industries, Inc.**  
 Hammond & LaPorte, Indiana  
 Hicksville, Warren & Aurora, Ohio  
 Atlanta, Georgia  
 Baltimore, Maryland  
 Lunenburg, Massachusetts  
 Colton & Stockton, California

Phoenix, Arizona  
 Wildwood & Miami, Florida  
 East Brunswick, New Jersey  
 Hutchins, Texas  
 Fredericksburg, Virginia  
 Denver, Colorado  
 Lenexa, Kansas

**Pressure Cylinders:**

**Worthington Cylinder Corporation**  
 Columbus, Jefferson & Westerville, Ohio  
 Claremore, Oklahoma  
 Citronelle, Alabama  
 Itu, Brazil  
 Kienberg, Austria  
 Tilbury, Ontario, Canada  
 Vale De Cambra, Portugal

**Other:**

**Worthington Machine Technology**  
 Columbus, Ohio

Joint Ventures |

**Worthington Armstrong Venture (WAVE)**  
*Suspended Ceilings*  
 Malvern, Pennsylvania  
 Sparrows Point, Maryland  
 Valenciennes, France  
 North Las Vegas, Nevada  
 Shanghai, China  
 Madrid, Spain  
 Team Valley, England  
 Benton Harbor, Michigan

**TWB Company, L.L.C.**  
*Laser Welded Blanks*  
 Monroe, Michigan

**Acerex S.A. de C.V.**  
*Steel Processing*  
 Monterrey, Mexico

**Spartan Steel Coating, L.L.C.**  
*Steel Processing*  
 Monroe, Michigan

**Worthington Specialty Processing (WSP)**  
*Steel Processing*  
 Jackson, Michigan

**Worthington S.A.**  
*Pressure Cylinders*  
 Itu, Brazil

**Worthington Gastec, a.s.**  
*Pressure Cylinders*  
 Hustopece, Czech Republic

Officers and Directors |

Corporate Officers

**John H. McConnell\***  
Chairman Emeritus & Founder  
Director, 1955

**John P. McConnell\***  
Chairman & Chief Executive Officer  
Director, 1975

**John S. Christie**  
President &  
Chief Operating Officer, 1999

**John T. Baldwin**  
Vice President &  
Chief Financial Officer, 1997

**Robert J. Borel**  
Vice President-Engineering, 1973

**Dale T. Brinkman**  
Vice President-Administration,  
General Counsel &  
Assistant Secretary, 1982

**Jonathan B. Dove**  
Chief Information Officer, 1998

**Edward A. Ferkany**  
Executive Vice President, 1974

**Cathy Mayne Lyttle**  
Vice President-  
Communications, 1999

**Bruce Ruhl**  
Vice President-Purchasing, 1978

**Michael R. Sayre**  
Corporate Controller, 1993

**Mark H. Stier**  
Vice President-  
Human Resources, 1975

**Gregory P. Youngblood**  
Treasurer, 1999

**Donal H. Malenick\***  
Past President  
Director, 1959

**William S. Dietrich**  
Chairman, Dietrich Industries  
Director, 1996

Subsidiary Officers

**Richard F. Berdik**  
President, 1996  
Dietrich Industries, Inc.

**Ralph V. Roberts**  
President, 1973  
The Worthington Steel Company

**Kenneth L. Vagnini**  
President, 1997  
The Gerstenslager Company

**Virgil L. Winland**  
President, 1971  
Worthington Cylinder Corporation

\* Member of Executive Committee  
† Member of Audit Committee  
†† Member of Compensation and Stock  
Option Committee  
Note: Year indicates initial year of  
affiliation with Worthington Industries

Outside Directors

**John B. Blystone††**  
Chairman, President & CEO  
SPX Corporation  
Director, 1997

**Charles R. Carson†**  
Retired Senior Vice President  
General Electric Company  
Director, 1986

**John F. Havens†††**  
Retired Chairman  
Banc One Corporation  
Director, 1988

**Peter Karmanos, Jr†**  
Chairman, CEO & Co-Founder  
Compuware Corporation  
Director, 1997

**Pete A. Klisares\***  
Past President  
Karrington Health, Inc.  
Director, 1991

**Robert B. McCurry††**  
Retired Senior Advisor to President  
Toyota Motor Sales, U.S.A. Inc.  
Director, 1972

**Charles D. Minor†**  
Counsel  
Vorys, Sater, Seymour and Pease  
Secretary and Director, 1962

**Gerald B. Mitchell††**  
Retired Chairman  
Dana Corporation  
Director, 1986

**James Petropoulos†**  
Owner  
James Petropoulos & Company  
Director, 1976

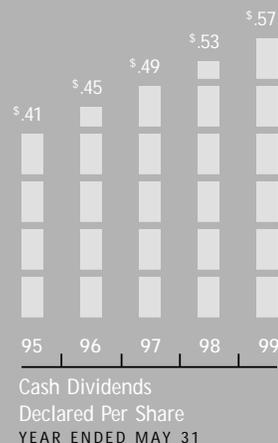
**Mary Fackler Schiavo†**  
Attorney  
Director, 1998

LEADERSHIP



Shareholder Information |

Quarterly Volume, Price and Dividend Information			
Fiscal 1998 Quarter Ended	Nasdaq Pricing		Dividend
	Low	High	
Aug 31	\$17.50	\$20.25	\$.13
Nov 30	\$17.38	\$20.88	\$.13
Feb 28	\$15.13	\$18.38	\$.13
May 31	\$16.94	\$19.56	\$.14
Fiscal 1999 Quarter Ended			
Aug 31	\$12.44	\$17.88	\$.14
Nov 30	\$10.38	\$14.25	\$.14
Feb 28	\$11.31	\$14.63	\$.14
May 31	\$11.06	\$15.13	\$.15



Cash Dividends Declared Per Share  
YEAR ENDED MAY 31

**Shareholder Inquiries**

Questions regarding dividend checks, dividend reinvestment, lost certificates, change of address or consolidation of accounts should be directed to the Company's transfer agent and registrar: BankBoston N.A. c/o EquiServe Shareholder Services Division Mail Stop: 45-01-20 P.O. Box 8040 Boston, MA 02266-8040 Phone: (800) 730-4001

**Share Trading**

The Company's common stock trades on The NASDAQ Stock Market under the symbol "WTHG" and is listed in most newspapers as "WorthnInd."

**10-K Report**

Shareholders may receive, without charge, Worthington Industries' Form 10-K as filed with the Securities and Exchange Commission. Please write to the Company's investor relations department for a copy.

**Internet Address**

Visit us on the Internet for the latest news at: [www.worthingtonindustries.com](http://www.worthingtonindustries.com)

**Dividend Reinvestment Plan**

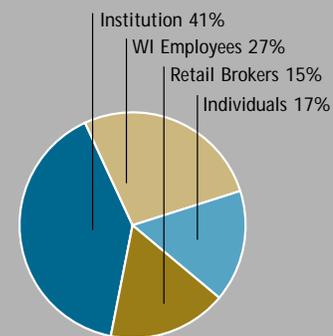
Worthington's shareholders of record may join the Company's dividend reinvestment plan. The plan is a convenient method for shareholders to increase their investment in the Company without paying brokerage commissions or service charges. A prospectus describing the plan and an authorization card may be obtained by contacting EquiServe.

**Share Splits**

Worthington shares were first offered to the public in 1968. As a result of the share dividends and splits, 100 original shares have grown to 14,344 shares as of May 31, 1999, with dividends reinvested.

**Safe Harbor Statement**

Certain statements contained herein constitute "forward looking statements" that are based on management's beliefs, estimates, assumptions and currently available information. Such forward looking statements include, without limitation, statements relating to future operating results, growth, stock appreciation, plant start-ups, capabilities, the impact of year 2000 and other non-historical information. Because they are based on beliefs, estimates and assumptions, forward looking statements are inherently subject to risks and uncertainties that could cause actual results to differ materially from those projected. See "Management's Discussion and Analysis" in the Company's 1999 Annual Report to Shareholders.



Shareholder's Ownership Profile  
MAY 31, 1999

The year 2000 statements contained herein are year 2000 readiness disclosures (as defined under the Year 2000 Information and Readiness Act) and shall be treated as such for all purposes permissible under such Act. These statements are based on management's analysis of all information obtained to date and use what management believes to be reasonable assumptions in estimating costs, project timing, and the occurrence of future events. There can be no assurance that actual costs will not exceed any stated estimates, that all possible year 2000 issues will be resolved by the stated times, or that there will be no adverse impact on the Company due to system failures caused by either internal or external year 2000 issues.



**Our Philosophy | Earnings:** The first corporate goal for Worthington Industries is to earn money for its shareholders and increase the value of their investment. • We believe that the best measurement of the accomplishment of our goal is consistent growth in earnings per share.

**Our Golden Rule:** We treat our customers, employees, investors and suppliers as we would like to be treated.

**People:** We are dedicated to the belief that people are our most important asset. • We believe people respond to recognition, opportunity to grow and fair compensation. • We believe that compensation should be directly related to job performance and therefore use incentives, profit sharing or otherwise, in every possible situation. • From employees we expect an honest day's work for an honest day's pay. • We believe in the philosophy of continued employment for all Worthington people. • In filling job openings every effort is expended to find candidates within Worthington, its divisions or subsidiaries. • When employees are requested to relocate from one operation to another, it is accomplished without financial loss to the individual.

**Customers:** Without the customer and his need for our products and services we have nothing. • We will exert every effort to see that the customer's quality and service requirements are met. • Once a commitment is made to a customer, every effort is made to fulfill that obligation.

**Suppliers:** We cannot operate profitably without those who supply the quality raw materials we need for our products. • From a pricing standpoint we ask only that suppliers be competitive in the marketplace and treat us as they do their other customers. • We are loyal to suppliers who meet our quality and service requirements through all market situations.

**Organization:** We believe in a divisionalized organizational structure with responsibility for performance resting with the head of each operation. • All managers are given the operating latitude and authority to accomplish their responsibilities within our corporate goals and objectives. • In keeping with this philosophy, we do not create corporate procedures. If procedures are necessary within a particular company operation, that manager creates them. • We believe in a small corporate staff and support group to service the needs of our shareholders and operating units as requested.

**Communication:** We communicate through every possible channel with our customers, employees, shareholders and the financial community.

**Citizenship:** Worthington Industries practices good citizenship at all levels. We conduct our business in a professional and ethical manner when dealing with customers, neighbors and the general public worldwide. • We encourage all our people to actively participate in community affairs. • We support worthwhile community causes.



Worthington Industries

1205 Dearborn Drive

Columbus, Ohio 43085

614.438.3210

NASDAQ Symbol-WTHG

[www.worthingtonindustries.com](http://www.worthingtonindustries.com)