

Inside This Issue

Two New Galvanizers Placed Into Service

Two new wire galvanizing machines recently put into operation will enable Northwestern to improve materials handling and provide a much better product for manufacturers' wire sales.

See the story on page 3.

Housekeeping Solution Leads To Savings

The 14-Inch Mill Team No. 1 set out to find a solution to a housekeeping problem and came away with a solution that not only will keep things tidy, but could potentially save the Company a great deal of money.

This story is on page 5.

Northwestern Reports \$10 Million Profit

A financial report appears on page 6 which shows a profit for the Company in the fiscal year just ended.

New Rollers Reduce Blemishes

New rollers placed on each strand of the continuous bloom and billet casting machines is expected to greatly reduce blemishes and rejects on bars in the caster department.

See story on page 7.

Over \$3.75 Million Paid Out

Profit Sharing Distribution Up 54%

As a direct result of the Company's gross profit before profit sharing of \$14,076,041 for the year ended July 31, 1987, our employees earned bonus compensation of \$3,754,350 in profit sharing. This is a 54.7% improvement over the prior fiscal year when \$2,435,905 was distributed to employees.

Profit sharing is paid out in the form of cash bonuses, the majority of which was distributed to employees during

September 1987. Employees sharing in the Steel Operations pool received \$3,481,122 while employees sharing in the Rock Falls Operations received \$273,228.

A comparative schedule showing the gross wage bases, the profits to be shared and the average percentage rates for both the individual pools, and in total for fiscal years 1987 and 1986 are listed below:

(continued on page 2)

Sterling Operations

	1987	1986
Total Wage Base	\$80,155,560	\$67,728,972
Profit Sharing Pool	\$ 3,481,122	\$ 2,120,297
Profit Sharing Percent	4.3429%	3.1306%

Rock Falls Operations

	1987	1986
Total Wage Base	\$6,723,130	\$4,686,616
Profit Sharing Pool	\$ 273,228	315,608
Profit Sharing Percent	4.0640%	6.7342%

Total Operations

	1987	1986
Total Wage Base	\$86,878,690	\$72,415,588
Profit Sharing Pool	\$ 3,754,350	\$ 2,435,905
Profit Sharing Percent	4.3214%	3.3638%

A more detailed summary of profit sharing percentage comparison for individual categories of employees follows.

	1987	1986
Local 63 USWA - Sterling	4.3429%	3.4543%
Local 3720 - Rock Falls	4.0640%	6.7342%
Local 236 USWA - Guards	4.3429%	3.4543%
Local 455 - Teamsters	4.3278%	3.2823%
Salaried - Sterling Operations	4.3429%	3.4543%
Salaried - Rock Falls Operations	4.0640%	6.7342%
Salaried - Office	4.3295%	3.2823%

Profit Sharing Distribution Up 54%

(continued from front page)

In 1986 profit sharing was distributed on the basis of W-2 wages, both for determining the pools and for distribution to individuals. In 1987 a change was made. While W-2 wages continued to be used to split the pools, hours worked (including vacation time off) replaced W-2 wages as a base for distributing profit sharing to Local 63 USWA employees and Local 236 United Plant Guard Workers. As a result every Local 63 employee received an individual distribution at the rate of 60.1394 cents per hour and Local 236 received 46.5691 cents per hour.

Another 1987 change was the combination of the Sterling-Wire Division and the Sterling Steel Division into one pool - Sterling Operations. In 1986 these pools were separate.

For all other employees the 1987 distribution was calculated in exactly the same manner as that used in 1986. Those employees, who receive profit sharing based on a percentage of income, can readily verify their in-

dividual share by multiplying their fiscal year wages (August 1986 through July 1987) times the appropriate percentage. In both years Salaried Office and Teamsters base wages were allocated 5% to the Rock Falls Operations Pool, and 95% to the Sterling Operations Pool(s).

After four previous years of near disastrous losses, the 3.36% average rate of profit sharing for fiscal 1986 and 4.34% in 1987 are indicative of the current direction of the Company. Assuming this trend continues, the potential exists for even greater profits to be shared by Northwestern employees.

Programs to improve quality and service to our customers are absolutely vital to continue Northwestern's progress in maintaining financial stability. All internal productivity and throughput need to be understood and supported by all employees.

For example, that as a result of every

\$1,000 cost reduction that is realized, the employees will gain a share of \$250; however every \$1,000 of excess cost that is incurred, due to mistakes, carelessness, or even poor communications with fellow employees, represents a \$250 lost opportunity for sharing profits.

The economics of the steel and wire business remains extremely difficult and will remain so, due to worldwide overcapacity and depressed market prices. Only low cost, effective operations will survive the shakeout currently taking place in the steel and wire business. The facts are that Northwestern achieved financial stability, earning a modest profit in fiscal 1986 and improving on this in 1987. Northwestern's employees share in the Company's success by receiving hard cash. Each employee has an opportunity to contribute to or detract from next year's profit sharing distribution!

Best Retirement Wishes

Best wishes for a long and happy retirement are extended to the following employees who have completed their years of service with Northwestern Steel and Wire Company.

Effective September 1, 1987

Jose Donna, Plant 2 Millwright, 21 years.

Charles Brall, Plant 4 Drawing Room, 17 years.



Congratulations to Marilyn Lowder, Accounting Department, on her 30 year anniversary at NSW. Fellow employees surprised Marilyn with this noon-time spread.

Editorial

Open Letter On Illinois' New Manufacturing Climate "Low"

As revealed by a recent Grant Thornton study, Illinois ranks *dead last* among the 48 contiguous states in terms of government-controlled factors affecting the manufacturing climate.

Small wonder that Illinois suffered a net loss of 322,220 manufacturing jobs from 1978 through 1985, more than any other state. Or, that in 1986 Illinois lost 46,000 additional manufacturing jobs, greater than an overflow crowd at Wrigley Field. Illinois' ranking at the bottom of the barrel is largely due to the hostile legislative atmosphere in Springfield: high workers' compensation (W/C) benefit levels, an overly generous state industrial commission, and an out-of-whack unemployment insurance system.

Illinois needs W/C reform now. It also needs a complete housecleaning of its industrial commission just as was recently accomplished in Michigan. Illinois needs to take the lawyers' profits out of the W/C system - perhaps 50% of its total cost - just as Wisconsin has done - while speeding up justice for injured workers. *It needs an overhaul of its unemployment insurance system (UI)* to bring down the extraordinary cost to Illinois employers.

If Illinois is to begin to restore the hundreds of thousands of lost manufacturing jobs, labor must play a positive role. It must work with management to declare an end to the costly labor-management wars of 100 years ago and *encourage the Illinois legislature to make Illinois competitive again.* It must work to help enact pro-jobs legislation.

There is small cause for rejoicing in the knowledge that at least Illinois cannot sink lower in the Grant Thornton rankings for government-controlled factors.

Ode To A Working Father At Northwestern

The following article was excerpted from a column appearing on Father's Day in the Amarillo, TX Sunday newspaper, written by Phillip Fiorini, Business Editor, and former Sterling resident. Phillip's father is Charles Fiorini, a sideloader operator at the 14-Inch Mill.

They're the heart and soul of the United States. They sweat in the fields, plants and factories working the day or night shifts. They are injured on the job one day and return the next, because it's the paycheck that puts food on the table, pays the mortgage and helps send their children to college.

They're the often-overlooked blue-collar workers.

My father is a laborer. His father was a laborer, too. And my father takes nothing for granted and wants nothing in return. He served in World War II and nearly lost his life because of it. He pays his taxes without a gripe. He's not bitter about anything.

Through his own subtle way, he gives praise to his existence every day, waking up with a smile on his face as he and Mom pack his lunch and he readies for work.

Work. It's something he's glad to be able to do. And something he'll probably do for a long time to come. And his expectations from this earth haven't changed a bit over the years. He wants only to be paid for his hard work, his long hours, his willingness to work overtime if needed. He wants to ensure there's never a doubt that the money will be there in case one of his seven children needs it.

He only asks for a couple weeks of vacation a year, and that is only so he can dabble in his first love, carpentry. For years, he's been roundaboutly building a house that was complete a long time ago.

My father, a small man with a wit that could make a mountain laugh, has worked several jobs at the mill and now runs a "side-loader" machine that stacks steel beams ready for shipment.

He's a union man and proud of it. Despite critics who say unions have forced wages up and crippled industries, my father believes he's getting paid justly for the hard work he does. In fact, his co-workers give him a hard time because of his age and a reluctance to do a mediocre job as is sometimes preferred in a union shop.

But that doesn't seem to bother him. Five and sometimes six days a week, he still puts in a hard eight hours and goes home. When needed, he's one of the first to volunteer for overtime, or "work over" as it's called.

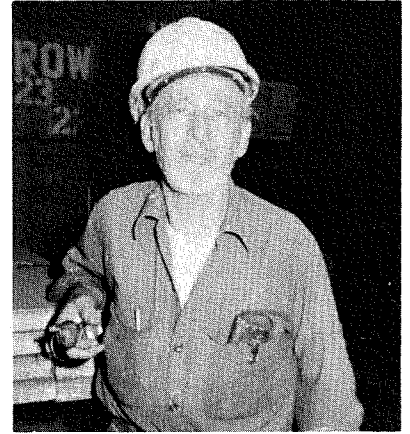
And he appears to love it - the work, that is. It's what drives my father, a man nearly 70 who shrugged off retirement five years ago and likely will work as long as he's able. Even when he's not working, he's on the move.

I just hope I can be half the man that my father and his father were.

This day of all days, Father's Day, I hope it's not too late to pay tribute to a great yet common man who has made my life unbelievably easy for me. No telling what it was like for him when he was growing up and embarking on his adult life. Too often, we take such things for granted, because the people

so close to us that give so freely and humbly never seek what they rightly deserve.

Thanks, Dad.



Charles Fiorini

NSW Employee Open House & Tour Set For Three Saturdays In October

Northwestern invites all employees of the Company's Sterling facilities and their spouses to an Open House and tour of the employee's plant of employment. Unfortunately, due to the huge number of people involved, tours only of the employee's home plant can be accommodated.

Following is the schedule of the plant tours:

Saturday, October 10 - Wire Division (Plant 1)

Saturday, October 17 - Primary Metals (Tour A)
12-Inch Mill (Tour B)

Saturday, October 24 - 24-Inch Mill (Tour A)
14-Inch Mill (Tour B)

Registration forms will be available from your supervisor and you will be given a choice of time for the tour. Each tour will take approximately 2 hours and they are scheduled for the following times on each of the above three dates:

9:00 a.m. - 11:00 a.m.

11:00 a.m. - 1:00 p.m.

1:00 p.m. - 3:00 p.m.

Proper dress for the ladies includes slacks or jeans and LOW-HEELED, comfortable walking shoes.

Tour groups will meet at the Sterling Coliseum for refreshments, bussed to the tour site, and then returned to the Coliseum.

Office personnel may select *one* of the above tours. Registration forms will be available from your supervisor.

Merlyn G. Brunts
Director of Human Resources

Northwestern's Personnel Files

Beth Grobstein

Beth joins Northwestern as a Metallurgist at the Company Lab.

As an assistant to **Lin Proeger**, Beth will inspect samples of rod from each heat of steel.

She is a Spring, 1987 graduate of the University of Illinois with a B.S. degree in Metallurgical Engineering.

Beth grew up in Coal City, IL and engineering runs in the family. Her father and two of her three sisters are engineers, including her oldest sister, Toni, who is a metallurgist for NASA.

Beth said she enjoys reading, walking and listening to music in her leisure time.



Best Retirement Wishes

Best wishes for a long and happy retirement are extended to the following employees who have completed their years of service with Northwestern Steel and Wire Company.

Effective August 1, 1987:

Maurice Buckingham, Wire Mill Millwright, 32 years.

John P. Conway, Vice President, Finance, Secretary and Treasurer, 36 years.

Edward Crebo, Electric Furnace, 27 Years.

Gerald E. Miller, West Plant Electrician, 32 years.

Pedro Cervantes, Nail Room, 28 years.

Robert L. Corbin, 24-Inch Mill, Furnace, 26 years.

Robert Eberly, West Plant Trial Crew, 30 years.

Donnell D. Tousley, Private Payroll, Vice President -Sales, Wire Product Division, 29 years.

New Page Numbers

The following page number assignments are made:

Bob Jones - No. 158

Annette Thompson - No. 174.

Ron Szakatits - No. 184.

Randy Johnson - No. 179.

Sammy Worrell -No. 110.

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David Oberbillig To Be New Vice President Of Sales — Wire Products Division

David Oberbillig has been named Vice President of Sales — Wire Products Division, succeeding D.D. (Bob) Tousley, who retired August 1.

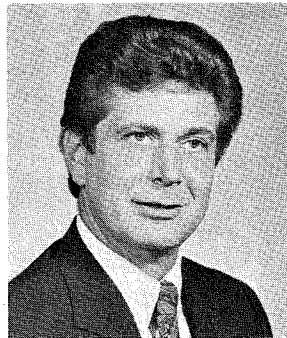
As Vice President, Oberbillig will be responsible for the Wire Products Sales Division and will report directly to **Robert M. Wilthew**, Northwestern's President and Chief Executive Officer.

Oberbillig, who has been with Northwestern Steel and Wire Company for over 21 years, began his career at Northwestern as a maintenance clerk at the West Plant.

He joined the Wire Products Sales Division in 1967 as a Sales Correspondent and has served in every capacity within the department.

"I am very pleased to have the opportunity to lead the Wire Products Sales Team in the future," Oberbillig said.

"I see two key factors in the resurgence of our Division. They are

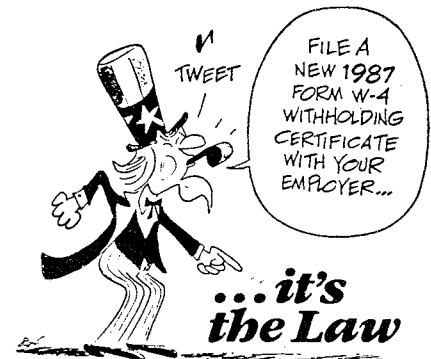


David Oberbillig

improved lines of communication and implementation of a management style with a team concept."

"We will continue to improve in these two areas but must also show improvement in all facets of our business. I feel this will enable us to reach the potential in both volume and profit for our Division."

The Oberbillig family circle includes Dave's wife Rebecca and two children, Brent (16) and Brooke (8).



Give your employer a new W-4 form AS SOON AS POSSIBLE so that your 1987 withholding can closely match your 1987 taxes. If you don't give your employer a new W-4 form before October 1, 1987, your employer may have to withhold more tax than necessary, which would lower your take home pay. You can get a W-4 form from your employer. These W-4 forms are for Federal Withholding only.

W-4 forms are available from the Employment or Payroll Departments, or ask your supervisor.

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Ed Maris Becomes Vice President - Finance, Secretary, Treasurer ⁵

The Board of Directors of Northwestern Steel and Wire Company has announced the election of **Edward G. Maris** to the office of Vice President - Finance, Secretary and Treasurer of the Company. He succeeds **John P. Conway**, who recently retired.

Maris has been with Northwestern since January, 1986, serving as Controller, and has over 25 years of experience in various financial positions in the metals industry. Prior to joining Northwestern, he had been associated with Titanium Metals Corporation of America.

"We are experiencing a very dramatic structural change of our industry. The fierce competition that we've seen is in many ways worse than that of the early '80's with no let up in sight," Maris said.

"The worldwide capacity overhang is very severe and the U.S. steel market is still the target of every producer in the world. Our product lines, of both the Steel and Wire Divisions, are under constant pricing pressure, which leaves only one route for us to go - to con-

tinue to lower costs in our organization by every means possible. It is simply a matter of paying constant attention to the fundamentals of doing business."

The Maris', who make their home in Sterling, are the parents of five children: Meghan Ann, a student at Newman; Tom, who is attending Ohio University Graduate School; Michael and Matt, students at West Virginia University; and John, who attends the University of Pennsylvania Medical School.



Edward G. Maris

Denny Redfield Becomes Manager Of Sales - Wire Products Division

Effective August 1, 1987, **D.R. (Denny) Redfield** has been named Manager of Sales - Wire Products Division.

In his new capacity Denny will continue to work directly with the salaried territorial salesmen and many of the national accounts. He will also direct

the activities of all the commissioned sales representatives.

Denny has been with Northwestern since January, 1965. Prior to joining the Wire Products Sales Division in 1973 as an Inside Sales Correspondent, he was Northwestern's Truck Dispatcher.

In 1981 Denny became a Territorial Salesman and relocated to Kansas City, MO. He serviced accounts in Kansas, Western Missouri, and Northeastern Oklahoma.

In January, 1985, Denny was promoted to Assistant Manager of Sales, and has held that position until his recent promotion to Manager of Sales.

"Since joining the Wire Division management team in 1985, we have faced and overcome many obstacles. We're all aware that there are many challenges ahead of us and I feel that with the new management team, we will meet these challenges and see continued growth and profitability for Northwestern," Redfield said.

Redfield and his wife Pat, have three sons - Jeff, 21, who attends Illinois State University; Ross 10, and Ryan 6.

Jim Treacy Named Assistant Manager Of Sales - Wire Products Division

Jim Treacy has been named Assistant Manager of Sales -- Wire Products Division, effective August 1.

Most recently serving as Western Regional Manager for the Wire Products Division, Treacy traveled Iowa and Nebraska and managed the territory covered by Northwestern outside salesmen, **Jim Gebhardt, Gary Maycher, Dan Kindle, Duane Goetsch, and Elden Schalk.**

This region consisted of Minnesota, North Dakota, South Dakota, Wisconsin, Missouri, and Kansas.

As Assistant Manager of Sales, Treacy will continue to work with the inside and outside salesmen.

He joined Northwestern in 1970 as a sales correspondent and was promoted to outside salesman in 1976.

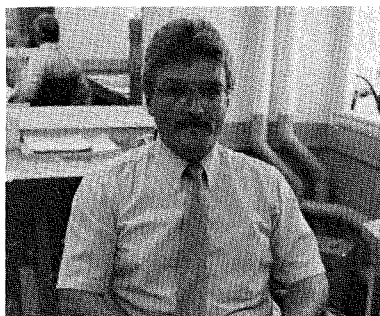
Treacy said he is looking forward to working with the Wire Products Division's new management team.

"There have certainly been a number of changes since I left to become an outside salesman. The way

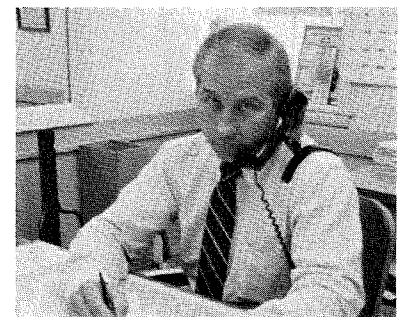
we produce steel and the way we manage the Company has all changed for the better, to keep Northwestern Steel and Wire a viable company for the next 100 years."

Jim and his wife, Jinny, have four children, Jamie, a senior at the University of Iowa, Jennifer, a sophomore in high school, and twins Journey and Jeej, 9 and in the fourth grade.

They are currently residing in New Hampton, Iowa and hope to be moving to the area soon.



James Treacy



Denny Redfield

What's New At NSW

14-Inch Mill Shut-Down

Northwestern's 14-Inch Mill experienced a scheduled two-week down turn beginning July 26 for the purpose of installing the final phase of the A.S.E.A. Speed control system.

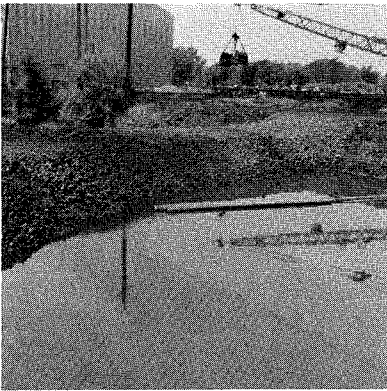
The computerized roll line speed control system will allow for uniform rolling on each of the mill stands and will reduce the number of cobbles.

Also accomplished during the shut down period was cooling bed gear case repair.

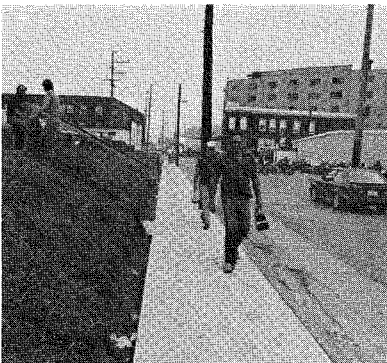
The mill restarted in early August.



Workmen from the Chicago & Northwestern railroad tear out the old tracks which criss-crossed Wallace Street in front of Northwestern Steel's East Plant Loading Dock.



Shown is the new dike at the pollution control pond next to the 24-Inch Mill. The dike will facilitate management of mill scale residue in the pond.



New sidewalks have been installed along Wallace Street along the railing in front of the Office Annex Building and on the North side of Wallace Street across from the East Plant Rod Storage Yard.

12-Inch Mill "C"-Hook And Billet Yard Projects

The "C"-Hook project to service a second rod compactor at the 12-Inch Mill is proceeding as per schedule. Tie-in began on July 26 and a mid-August start up was planned.

Twenty-seven new "C"-Hooks will be added to the present nine which are used to haul rod from the rod train to the compactors.

The new system will help keep the mill rolling at an efficient level. Presently, rolling is often interrupted when the single compactor gets bogged down or if there is a breakdown. It will also allow more time to take samples of the wire to make sure that it meets specifications, which will assure high quality rod production.

24-Inch Mill Walking Beam Furnace

The proposed new 24-Inch Mill Walking Beam Furnace was recently approved. More information regarding the furnace will appear in the next issue of *The Lightning Bolt*.

46-Inch Mill

The No. 1 Reheat Furnace has had some rework to its west wall and will be operational for start up some time in August.

Old Tracks Removed

Motorists will find smoother driving along Wallace Street now that unused Chicago & Northwestern railroad tracks have been torn out. The old tracks, which were at least 70 years old, criss-crossed Wallace Street in front of Northwestern Steel's East Plant Loading Dock and hindered thru traffic as well as trucks attempting to negotiate backing into the loading dock area.

New Sidewalks

New sidewalks have been installed along Wallace Street in separate locations. The sidewalk and railing in front of the Office Annex Building was replaced, as was the sidewalk on the North side of Wallace Street across from the East Plant Rod Storage Yard.

New Dike At Pollution Control Pond

A new dike at the pollution control pond next to the 24-Inch Mill will facilitate management of mill scale residue in the pond.

The dike will separate the pond and help contain residue material in only one portion of the pond.

The solid residue can then be removed through the use of a crane. Currently, the residue must be dredged out only when the mill is down.



Ed Sanders, Northwestern Wire Products Territorial Salesman (far right), accepts a plaque for being an "Outstanding Vendor" from Jim Hammett, Buyer for First Quality Farm and Fleet recently. Sanders and Mike Dunn, Northwestern Wire Products Sales Inside Salesman, (left) attended the "Discover" Show in Muskegon, MI where only 25 of about 1,800 of First Quality Farm and Fleet's vendors received the award.

New Rollers Solution To Blemishes On Bars Produced On Casting Machines

Based on a study by the Caster Team No. 1 Quality Improvement Team, it was determined that the addition of rollers on each strand of Northwestern's billet and bloom continuous casting machines greatly reduces scratches, gouges, and blemishes on bars being run through the machines.

The problem was posed to the Team by the Caster Steering Committee. The Team determined that the majority of the scratches and gouges were on the bottom of the bars run through the casters.

Suspecting that rollers might be the solution to the problem, the Team set up a set of stainless steel rollers and a set of iron rollers on the No. 8 strand of the billet machine on a trial basis. It will be determined at a later date which kind of rollers will best suit Northwestern's needs.

The Team also developed Standard Operating Procedures for checking the rollers and keeping the area clean.

The following benefits will be derived through the use of the rollers:

1. Fewer questionable bars going to the various mills.
2. Fewer rejects, less time delay and maintenance.
3. Elimination of approximately two

hours per month in lost production with increased roll guide adjustment, cutting and trimming, and handling efficiencies.

4. Saving 25% of total seam diverts by eliminating scratches and gouges on the bottom side of cast billets, making possible in excess of 2,000 tons of diverts being made available for prime outside shipments.

5. 25% fewer rejects because of scabby lap and lap.

6. 15% reduction of caster turn-around time.

Team co-leader **Pete Barajas**, a Torchman in the Caster Department, said he was impressed with the QIP Team process. "I really had my doubts in the beginning. The problem didn't seem like much at the beginning. But we went from looking at a few nicks on some of our products to solving a major problem in our department."

"There was a tremendous amount of cooperation going on. This Team is very dedicated and all the team members are very close," he said.



Northwestern Honored As Outstanding Vendor

Northwestern Steel and Wire Company was recently awarded a plaque for being an "Outstanding Vendor and Partner in Progress" by First Quality Farm and Fleet Stores.

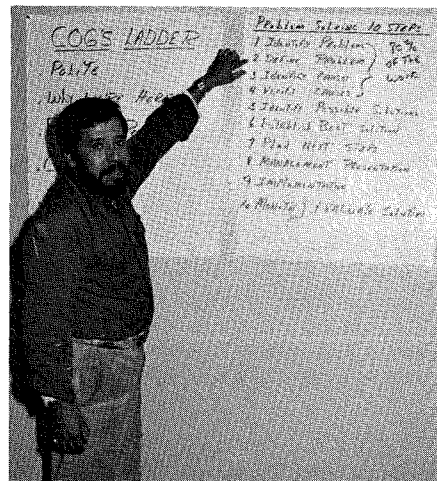
The plaque was awarded to **Ed Sanders**, Northwestern Wire Products Territorial Salesman, and **Mike Dunn**, Northwestern Wire Products Inside Salesman, at a vendor dinner in Muskegon, MI recently as part of the hardware store chain's "Discover" Show.

Only 25 of First Quality Farm and Fleet's 1,800 vendors were honored with the award.

The purpose of the Show was to bring the First Quality Farm and Fleet employees in touch with their major vendors and allow them to ask questions regarding the products they handle. The Show also allowed vendors the opportunity to help these employees with selling tips and product knowledge.

One facet of Northwestern's service that many First Quality Farm and Fleet employees commented on, according to Sanders, was the job done by the Company truck drivers.

"Our drivers are as much sales people as we are and they are to be commended for the job they are doing," Sanders said. "The award given us by Quality reflects on everyone at NSW for their efforts. Believe me, it sure makes the salesman's job a lot easier."



Pete Barajas, Team Co-Leader of the Caster Team No. 1 Quality Improvement Team, points out the steps involved in solving QIP problems.

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(continued from front page)

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