

Inside This Issue

O'Neal Steel - One Of The Top Service Centers

O'Neal Steel, one of the leaders in the Steel Service Center Business is one of Northwestern's valued customers. Learn more about this exciting company on page 2.

Northwestern Welcomes Media, Employees

See our photo essay on the employee tours and media tour held in October. See page 3.

Service Awards

Northwestern honors many employees who have completed 35 and 40 years of service with the Company. See photos on page 4.

QIP Team's Plan Should Up Sample Reliability

Members of the EAF No. 1 QIP Team recommended a six point plan to increase the reliability of stir station sampling which could mean a potential annual savings of over \$94,000. See story on page 5.

Group Insurance Rates Up In Fiscal 1987

The Company's Group Insurance expense for fiscal 1987 rose 11.5% when compared to fiscal 1986. See details on page 7.

NSW Opens Its Doors

Hundreds of Northwestern Steel and Wire Company employees as well as local and national media representatives have caught a glimpse of Northwestern's facilities in the Company's first-ever open house.

It appears that the goodwill and public relations generated by the open house have not gone unnoticed. Northwestern's come-back tale is being told by local newspapers, radio and television news crews and by national trade magazines as well.

"We have had many complimentary articles written and several radio and television segments aired as the result of the open house," **Leona Richards**, Manager of Communications Services, said.

Media representatives spent nearly a full day in town touring the Company facilities and then were given the opportunity to have questions answered by **Robert M. Wilthew**, Company President and Chief Executive Officer, and members of his staff. Mr. Wilthew also fronted several personal interviews during the day.

Such national trade publications as

American Metal Market, Building Supply Home Centers, Metal Fabricating News and Purchasing Magazine were in attendance, as were local print and electronic media.

Company employees and their spouses have received an opportunity to tour the facilities - with similar positive results. Over 500 people were on hand on October 10, over 850 on October 17, and more than 1,100 on the final Saturday tour on October 24.

Employee tour-goers met at the Sterling Coliseum where they were served refreshments while viewing Northwestern's new video on a 35-inch television donated by Prescott's TV and Appliance in Sterling. The video, produced through Northwestern's advertising agency, is an excellent presentation which shows Northwestern's steelmaking process - from scrap to finished product.

Before embarking on the tour, employees received a copy of Northwestern's new Corporate Facilities Guide, which is a mill by mill flow chart of the making of steel and fabrication of wire products.



Employees and their spouses were welcomed to tour Northwestern's facilities during the Company's open house held three Saturdays in October

O'Neal Steel, Synonymous With Quality, Integrity

In 1921 Kirkman O'Neal borrowed \$2,000 and invested in a small steel fabricating firm on the west side of Birmingham, AL.

At that time the steel company had no orders on the books. O'Neal Steel, Inc., which today owns 18 steel service centers, and is the nation's largest privately owned metal service center, was to grow from this small firm.

As the nation's entry into World War II approached, business conditions began to improve and the nation began to pull itself out of the Great Depression.

O'Neal moved into a large new plant on the east side of Birmingham and went into round-the-clock production. During the war O'Neal's plant resources were converted to the munitions effort.

Even before the war O'Neal had begun a warehouse service. Becoming one of the largest fabricators in the area, O'Neal not only maintained its own inventory but also was able to sell to other fabricators. From that, the concept of service centers or "super-markets for steel" grew.

O'Neal Steel is recognized as a leader in the service center industry. The company was one of the first to utilize mechanized vertical storage and computerized inventory control.

A sophisticated in-house data-processing system allows sales, purchasing, and credit personnel to have instant access to information. As a result of being on the leading edge, O'Neal Steel has grown more rapidly than the industry in general.

Also contributing to the firm's growth is its service of "first-stage processing." The old warehouse business did virtually no processing; today in the service center industry approximately 50% of material shipped to a manufacturer has had some form of first-stage processing performed.

O'Neal Steel has service centers in Alabama, Mississippi, Arkansas, Louisiana, Tennessee, Florida and Georgia. Through the purchase of Shelby Steel in 1985, O'Neal Steel stretched its service centers into the states of Indiana and Kentucky.

The O'Neal employees and management have built a reputation of integrity through their excellent service and



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quality product.

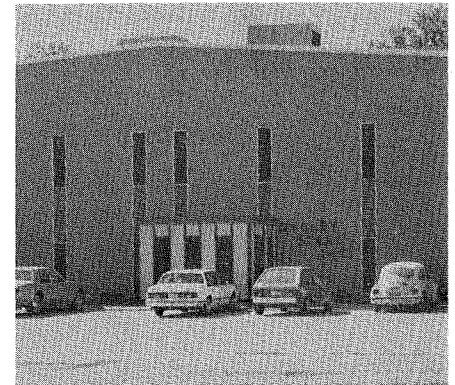
O'Neal's desire for quality steel and good service from its suppliers has attracted the Company to Northwestern. "Northwestern has always been interested in the Service Center business," **Jim Gustin**, O'Neal's Vice President of Purchasing and Transportation said. "Our ability to communicate with Northwestern is a big point. There have been times when we have been a big customer of Northwestern's and times when we have been not so big. But at all times we have felt that we were able to communicate."

Gustin said he feels that personalities have a lot to do with the business relationship between O'Neal and Northwestern. "We have a great deal of respect for **Chuck Biermann** (Northwestern's Vice President, Sales -Steel Division), and we appreciate the efforts of **Bob Wilthew** in turning Northwestern around.

"**Mike Foley**, who calls on us, has an ideal quality as a salesman. He has the ability to do a good job for us, as well as do a good job for Northwestern. **Ray Bauer**, Mike's predecessor, possessed these same qualities," Gustin said." Bauer is now serving as Assistant Manager of Sales for the Steel Division. **John Haglund** is

Northwestern's correspondent handling the O'Neal account.

"O'Neal Steel is a friend to Northwestern and our products "fit together" extremely well. In addition, O'Neal has probably the most comprehensive handle on marketplace pricing, trends, and activities of any service center in the country," Biermann said of O'Neal Steel.

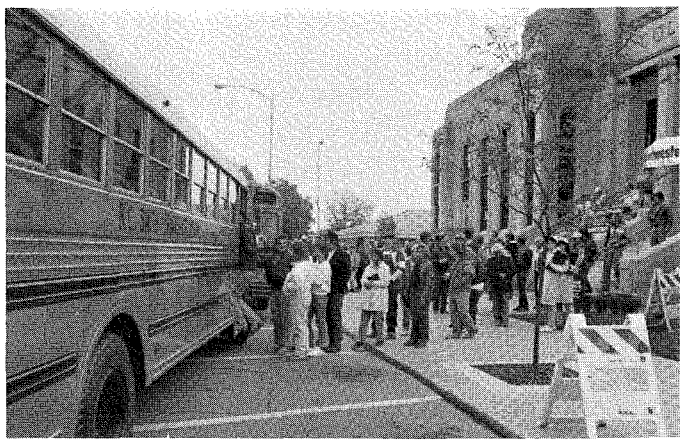


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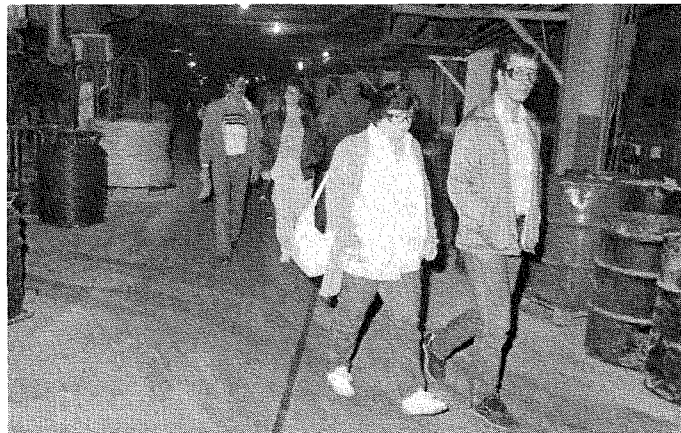
Company Welcomes Visitors During Open House



Here's an unusual site. Some employees at the 12-Inch Mill sported white shirts and ties at the recent employee tour through the mill. Shown above are Dave Dravis, Doc Gray, Leo Lewis, John Hess and Mike Consuelos.



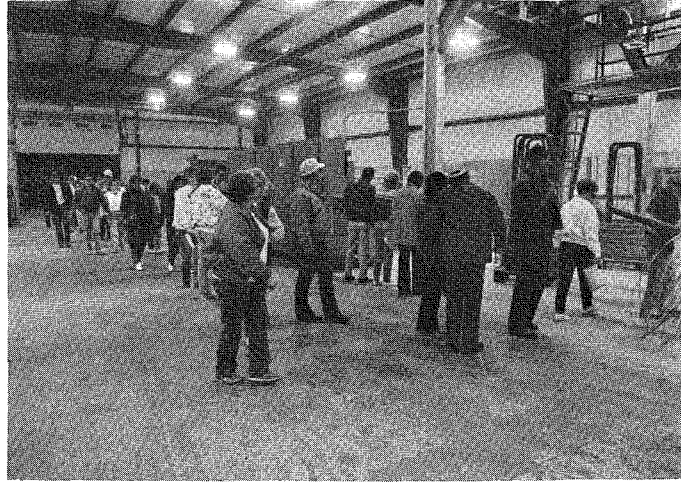
Tour goers met at the Sterling Coliseum.



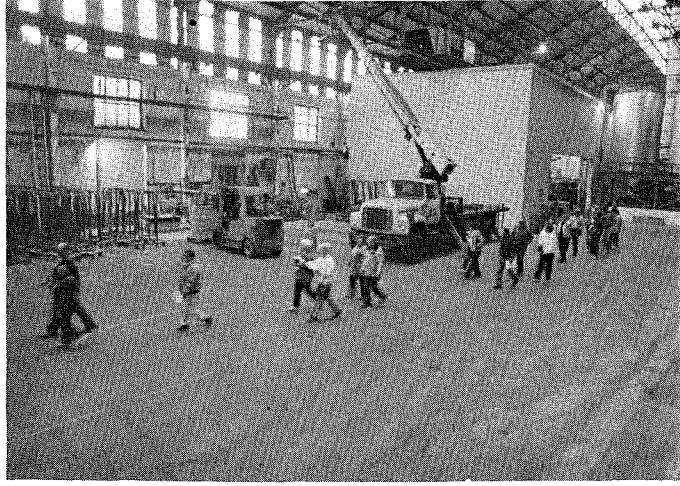
A tour group makes its way through the wire mill.



Media representatives board their bus.



Northwestern shows off its new Drawing Room.



The tour group leaves the new Cleaning House and heads towards the wire mill.

Northwestern Service Awards



Receiving 35-year service awards were (beginning with second from left) Julian Barajas, Gunars Grikmanis, Ed Howerton, Cruz Rivera, and Walter Laemmel. Presenting the awards were Martin Dillon, Chairman Emeritus (left), and Peter Dillon, Chairman (right).



Also receiving 35-year service awards were Leo Sinderman (far left), John Pasada (middle) and Inocencio Saucedo (second from right). Martin Dillon, Chairman Emeritus (second from left), and Peter Dillon, Chairman (right), presented the awards.



Receiving 35-year service awards were (beginning second from left) Filemon Sandoval, James Forbes, LaVerne Thompson, Narcisco Puentes, and Robert Hoeg. Presenting the award was Martin Dillon, Chairman Emeritus (left).



Receiving 40-year service awards were (beginning with second from left) Dean Ballard, Stan Stefanich, Dean Clary, and Eugene Koett. Presenting the awards were Martin Dillon, Chairman Emeritus (far left), and Peter Dillon, Chairman (far right).



Martin Dillon, Chairman Emeritus, (center) poses with Keith Jaquet and Gordon Wasson after presenting them with 40-year service awards.



Receiving 35-year service awards were (beginning second from left) Ken Haverland, Paul Jackley, James Dean, Harlan Bell, George Saathoff, Jr., and Earl Moore. Presenting the award was Martin Dillon, Chairman Emeritus (left).

Corporate Discount Program Set With Y

As recently announced, the Company-Union Health Care Cost Containment Committee has arranged a corporate discount program with both the YMCA and YWCA in Sterling.

Participating Northwestern employees and their spouses may obtain a 20% discount on several types of memberships at the YMCA.

Women interested in fitness programs at the YWCA can receive 20% off the charges for these programs. Physical Fitness is an important element in staying healthy. What better way to reduce health care costs than to have healthy people that don't need to use the benefit.

Contact the YMCA or YWCA today about the various programs and memberships available at a discount.

Safety Personnel Participate In Fire Classes

Five members of the Safety Department recently participated in Blackhawk Fire Squadron exercises in Sterling.

About 150 volunteer fire fighters from the Blackhawk Area participated in the exercises, on a weekend in mid-September.

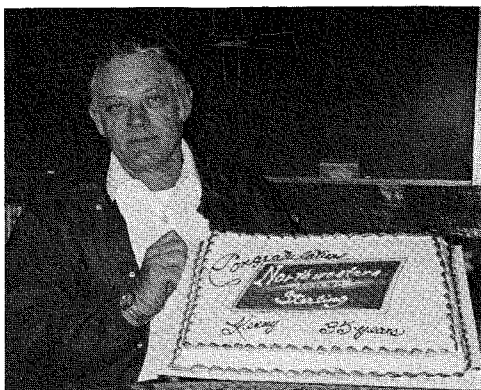
Topics explored by the participants included: Explosive Recognition, Arson I & II, Rapeling, and Patient Assessment.

Participating in the exercises were: **Bruce Stevens**, Chief Supervisor - Security; **Gene Jacoby**, Guard Sergeant; **Gary Budde**, Industrial Hygienist/Safety Engineer - Safety and Health; **Rick Balsley**, Loss Control Engineer; **Darwin Holdorf**, Fire Inspector.

Salaried Christmas Party

This year's Salaried Employees' Christmas Party will be held December 18 at the Brandywine Inn, Dixon, IL.

Additional information on price, menu, entertainment and time, will be forthcoming in a future issue of *The Lightning Bolt*.



Ken Haverland, Manager of Shipping, Plants 1 and 4, recently celebrated 35 years of service with the Company.

Monthly Meetings Change

The Monthly Management Meetings previously scheduled for October 31 and November 21 have been cancelled.

The next Monthly Management Meeting is scheduled to be held at the Rock Falls Community Building on December 12, 1987 at 8 a.m.

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QIP Team's Solution Should Make Ladle Station Sample Results More Reliable

Members of the EAF No. 1 QIP Team recommended a six point plan to increase the reliability of stir station sampling which could mean a potential annual savings of over \$94,000.

The Steering Committee posed the problem to the QIP Team due to inconsistent sampling at the stir station. This inconsistency causes problems with chemical specification, metal temperature, and deoxidation practices. As a result, off spec heats, caster aborts, diverted steel, pour backs, and scrap can occur.

Following research into causes and possible solutions to the problem the Team recommended the following: 1. Establish a set of Standard Operating Procedures for the stir station. 2. Enforce the SOP's. 3. Install a device for taking all samples using materials to be found in-house. 4. Train all concerned personnel on stir station practices. 5. Keep an interval between furnace heats in order to permit proper stirring practices. 6. Avoid over-filling ladles, which causes damage to ladle and stir station.

Based on the estimated amount of tons poured back (using 1986 figures) it is believed that just over \$94,000 could be saved through the reduction of poured back steel.

Members of the team are: **Bob Standland** and **Bob Anderson** (Co-Leaders); **Larry Workman** and **Ted Wike** (Co-Recorders); **Larry Mayberry**, **George DePuy**, **Al Schick**, **Jim Hull** and **Ted Pyse**.

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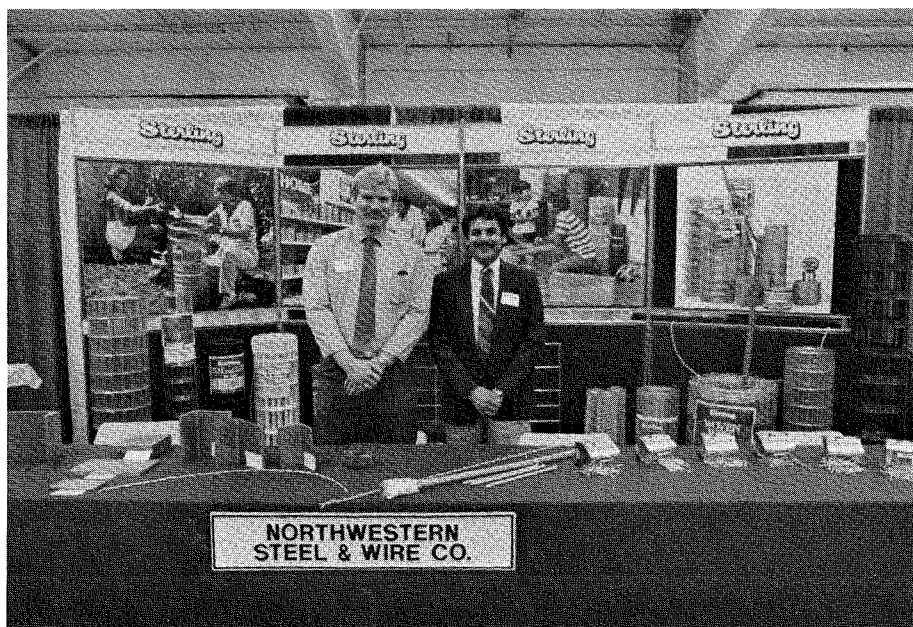
Employees Volunteer Time As Flag Football Coaches

Five Northwestern employees have acted this fall as volunteer coaches for Sterling-Rock Falls Flag Football.

The football league is for boys in the fifth and sixth grades.

The coaches from Northwestern are: **Darwin Holdorf**, Fire Inspection (Cowboys); **Gary Budde**, Safety Department (Vikings); **Joe Kreps**, 12-Inch Finish Hand (Packers); **Benjamin Martin**, 12-Inch Mill Builder (Red Skins); and **Bob Hammes**, East Plant Clerk (Giants).

Though none of these coaches has a son in the program, they have donated their time for practices in the evenings and for games on Saturday mornings.



Many residents of the Rock River Valley saw Northwestern's booth at the Expo '87 Trade Show at Westwood Sports Center in September. Shown working at the booth are Steel Division Inside Salesman Todd Weinrich (left) and Inside Salesman for the Wire Products Division, Al Lopez.



Five Northwestern employees are volunteer football coaches for Sterling Flag Football. Shown with his charges is Gary Budde, of Northwestern's Safety Department.



Attending Northwestern's Steel Division Sales Meeting were: front row (left to right) Steve Yost, Ed Kolinski, Jack McEniff, Rick Brandt, Al Daniel, Jerry McDonnell; (second row) - Mark Vest, Lee Matera, Bill Ackert, Ron Adams, Mike Foley, Bill Lucy, Jim Weaver; (back row) - R.M. Wilthew, President; Warren Mead; V.L. Johnson, Manager of Sales, Steel Division; Ed Matthews, Product Manager, Wire and Rod Division; Ray Bauer, Assistant Manager of Sales; Tom Cooney; Craig Weiss; C.H. Biermann, Vice President of Sales - Steel Division.

Renowned Mime, Former NSW Employee Visits

Steve Wasson, former part time Northwestern summer employee, has achieved great success in his field since leaving the Company but he's not talking about it - well, not in so many words.

That's because it's Wasson's business not to talk. He's a mime - and a good one. With his wife, Corrine, Wasson teaches about 60 students from all over the world at his Paris, France studio.

While his name may not be a household word in America, his name is well known among mimes, and those who have an avid appreciation for the art.

While attending college, Wasson worked summers at Northwestern. His father, **Clark Wasson**, is a retired Inspection Foreman from the 20/24-Inch Mill. His uncle, **Bud Wasson**, retired October 1 from the Northwestern lab.

Wasson was home visiting relatives and friends in August. A close friend of Wasson's is **Mike Quick**, a Steel Division Sales Correspondent.

Wasson achieved fame for his expertise in Corporeal Mime. He studied under DeCreaux, credited as the father of Corporeal Mime, before opening his own studio.

When not teaching, Wasson performs for audiences worldwide.

Northwestern's October Anniversaries

35 Years

Cleddie R. Yochum, 10/27/52, Electronics.

25 Years

Gerald L. Hartman, 10/8/62, Salaried, 24-Inch Mill.

20 Years

Richard W. Zinke, 10/6/67, Scrap Yard.

Walter W. Denning, 10/6/67, Plant 5 Millwrights.

Frank Martinez, 10/28/67, Plant 5 Crane Mechanics.

15 Years

Rudy L. Edge, 10/2/72, Salaried, Rock Falls General.

Bernard J. Higley, 10/2/72, Rock Falls Shipping.

Larry G. Criss, 10/5/72, 12-Inch Mill.

Dean E. Munz, 10/15/72, 20/24-Inch Shipping and Finishing.

Douglas H. Brotheridge, 10/15/72, 12-Inch Mill.

Floyd J. Matera, 10/15/72, 20/24-Inch

Shipping and Finishing.

Gerald W. Marweg, 10/15/72, 14-Inch Finishing.

Irwin P. Farrington, 10/15/72, Plant 2 Electrical.

Keith E. Boyer, 10/15/72, Wire Mill Millwrights.

Lawrence A. Hohn, Jr., 10/15/72, 20/24-Inch Shipping and Finishing.

Loren R. Steder, 10/15/72, 12-Inch Mill.

Ramiro Sandoval, 10/15/72, Bale Tie.

Arthur L. Johnson, 10/16/72, Plant 2 Electrical.

Dennis C. Lewis, 10/16/72, 14-Inch Mill Finishing.

Gerald L. Gilmore, 10/16/72, 24-Inch Mill.

Harrel W. Miller, Jr., 10/16/72, Nails.

Michael L. McKenna, 10/16/72, Plant 2 Inspection.

Ramon S. Guerrero, 10/16/72, 46-Inch Mill.

Thomas F. Gallardo, 10/16/72, Billet Caster.

Thomas R. Staples, Sr., 10/16/72, Wire

Mill Shipping.

Thomas A. Cornwell, 10/16/72, Plant 5 Millwrights.

Ventura L. Morales, 10/16/72, Drawing Room Cleaning House.

David R. Ballard, 10/17/72, 24-Inch Mill.

Kent E. Britt, 10/17/72, Nails.

William G. Bruns, 10/17/72, 12-Inch Mill Finishing.

Pascual Garcia, Jr., 10/18/72, Netting.

Randall L. Wolber, Salaried, 10/22/72, 12-Inch Mill.

Clayton H. Carlson, 10/24/72, Wire Mill Drawing.

Gary R. Campbell, 10/24/72, 46-Inch Mill.

Terrance A. Henson, 10/24/72, Nails.

Allan K. Randall, 10/28/72, 14-Inch Mill.

5 Years

Ernesto G. Contreras, 10/25/82, Netting.

What's New At Northwestern



Salesman Of The Year

Mark Vest (left) was named Steel Division Salesman Of The Year at the recent Steel Division Sales Meeting held at Rock River Country Club. Presenting Mark with a beautiful clock was Ray Bauer, Assistant Manager of Sales, Steel Division.



Ron Davis, Computer Operator at Northwestern, was recently honored by fellow employees with a cake on his 25th anniversary with the Company.

Phase II Of Blacktop Project Completed

Phase II of the road blacktop project has been completed. The second phase of the paving project starts at the Route 2 Guard Gate and terminates at the 14-Inch Mill Parking Lot.

Phase III, which will include paving of the road next to the river near the 12-Inch Mill, 20/24-Inch Mills and the roadway extending to the truck scales, is expected to begin in 1988.

14-Inch Mill ASEA Finishing Touches

The ASEA Speed Control System is 95% complete, with only finishing touches yet to be completed.

24-Inch Mill Furnace Project

A project meeting of Northwestern personnel and the Bricmont Corp. engineering staff was held on September 30 for a review of the site of the new walking hearth furnace.

Specific areas of the project, including underground piping, electrical, and general furnace layout were also discussed.

Foundation work for the furnace is expected to begin in November with a tentative start-up date slated for July, 1988.

Caster Machines Rework Studies

Engineering studies for the rework of the present billet machine to cast 9 3/4" x 8" billets and for adding two strands of 16" x 12" x 4" beam blanks to the present 6-strand bloom machine are under consideration.

Installation of the new Baltimore Air Cooler was completed in early October. The installation of this new air cooler will give Northwestern additional cooling water for the caster.

In addition, engineering and cost studies have been obtained for a new oxygen lance for the Furnace Department, to be mounted on the furnace platform.

Group Insurance Expenses Rise For Year

Northwestern's Group Insurance expense for fiscal 1987 rose 11.5% when compared to Fiscal 1986.

Over \$10 million was spent by the Company for medical, dental and sickness and accident disability benefits. Medical benefits saw the greatest increase over the Fiscal Year 1986 total as the area was up 14.6%.

Medical benefits totaled over \$8.8 million and included hospitalization, surgical fees, and major medical benefits including prescription drugs. Dental benefits accounted for another \$763,000 in expense to the Company.

Already in the first two months of Fiscal 1988 the Company has spent over \$2 million for Group Insurance benefits. Projected out for the entire year, Group Insurance expense would increase to over \$12 million, an increase of 20%. The projected annual

increase of \$2 million is over half of last year's Profit Sharing Pool. If all else remains the same, Profit Sharing would be more than 15% less as a result of the increase in Group Insurance expense. This is alarming to say the least.

Group insurance is a benefit to be used when needed by Northwestern employees, retirees, and their dependents. The prudent use of this benefit, however, is essential if these escalating costs are to be contained.

The use of the Emergency Room should be limited to true emergencies. Doctor's office and other lower cost providers should be used for those after hour problems not needing the services of a fully equipped Emergency Room. Generic drugs can be used where available. A second opinion before elective surgery is always a good

idea.

Limiting hospital stays to the time that hospital care is actually needed is a big cost saver. Also outpatient surgery is a less costly alternative to having the same procedure done inpatient.

The joint Company-Union Health Care Committee is trying to find ways to contain these costs. Without the efforts of every employee, retiree and dependent in using their benefits wisely, the efforts of the Committee will not stop the runaway escalation of Insurance expense.

In Fiscal 1987 Group Insurance and Worker's Compensation combined to add \$16 per ton to Northwestern's cost of producing steel. Continued increases in health costs jeopardizes our competitiveness.



Compressed Air Waste Costs Plenty, QIP Team Finds

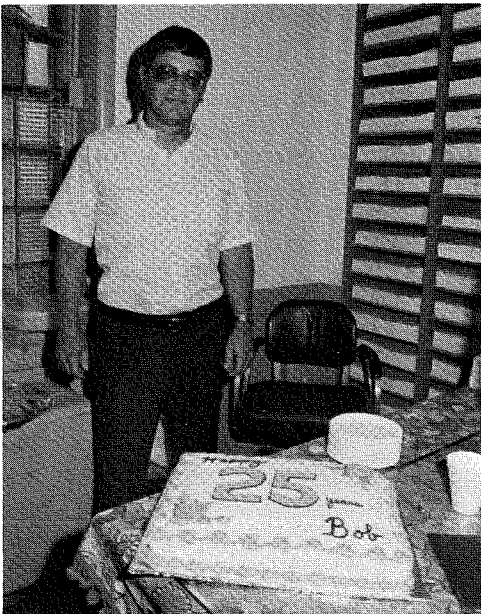
Recovery of wasted compressed air through leakage could save the Company an estimated \$120,000 annually, the Quality Nail Team No. 1 QIP Team found.

The Team was assigned the task of reducing Northwestern's consumption of compressed air, the single most expensive utility used in the manufacture of products in the Wire Mill. It is estimated that the Nail Cutting Department alone uses 70% of all compressed air in the Plant.

Through research the Team determined that lack of adequate shut-offs on Glader machine sets seemed to be the reason operators had been leaving air running on the machines that were down.

The Team decided that the most economical way to reduce waste of compressed air on the Glader machines was to install Vortez nozzles on each machine with a shut-off valve just above the nozzles, making it easier for the operator to turn air on and off. It is believed that the nozzles will reduce by 90% the amount of wasted compressed air.

The presentation was given by **Bob Wagner** and **Louis Ramirez**, with **Sam Gallentine** assisting. Other members of the Team include **Tim Canady**, **Larry Frederick**, **Bob Kibodeaux**, **Jim Meyer**, **Carl Paxton**, **John Reynolds**, **Earl Rhodes**, and **Rich VanAusdoll**.



Bob Benson, Payroll, recently celebrated 25 years of service with the Company. Fellow employees honored him with this special cake.



A QIP Team makes a presentation recently to the Steering Committee

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 October 1, 1987

Gordon Wasson, Lab, 40 years.

Claude Hamilton, Jr., Deferred Vested, 15 years.

Insurance Benefits Booklets Available

The new Program of Insurance Benefits booklets are available at the Insurance Department for hourly, salaried, active and retired employees.

Also available are the latest Pension Agreement booklets for factory and salaried employees.

Guards Participate In Fire Training

Northwestern's guard force recently learned how to fight oil fires in a special one hour hands-on learning session conducted by the Company Safety Department.

Oil fires are difficult to put out since they burn extremely hot, produce thick black smoke, and can spread easily, so they pose particular problems to fire fighters.

Participants in the training first viewed a film instructing them how to extinguish such fires, then were given an opportunity to extinguish a mock oil fire themselves.

In the past year, guards and supervisors have taken such classes as CPR, Scott Air Pack use, and Rescue Medic instruction.

New Assignments

The following new assignments are made:

Dave DeVries - Assistant Manager, Primary Steel.

Dan Willman - General Foreman, -Melting.

Gary Hinricks - Melting Supervisor.



Northwestern's Guards are instructed on how to extinguish oil fires.