

Inside This Issue

Huge Inventory Makes Ryerson Popular Source

This steel service center giant has been in business in Chicago since 1842. Customers have found that Ryerson's huge inventory of a variety of metal commodities makes for quick and easy service.

Read more about this interesting company on page 2.

Dividend Declared, Meeting Date Set

Northwestern's Board of Directors has declared a quarterly dividend. The Board also announced a special meeting of shareholders to consider and vote upon the merger with NW Acquisition Corp.

This story appears on page 3.

Team Tackles Excessive Scrap Handling

A PCIC Team has suggested implementing a scrap bundling machine to cut down on excessive scrap handling, which would save the Company an estimated \$52,886 per year in transportation fees and another \$83,111 in reduced track cleanup charges.

This story appears on page 6.

East Plant Construction Makes Good Progress

Much of Northwestern's major construction at its East Plant is beginning to show. Most noticeable is the framework for the 180-foot x 226-foot Nail Packing Facility.

It is hard for passersby along Wallace Street to miss the massive new building, which towers behind the main gate in part of the old rod yard, and where the old tractor shop once stood.

Cost for the Nail Packing Building will be approximately \$780,000. The combination of new and existing nail packing machines to be moved into the building will make the facility completely automated.

Two of the major benefits to be derived by Northwestern's move to the new facility will be the reduction in materials handling costs (since the new building will be just one floor) and creation of a new four-bay shipping dock.

The Nail Packing Facility is targeted to be completed in early July and should be operational in late July.

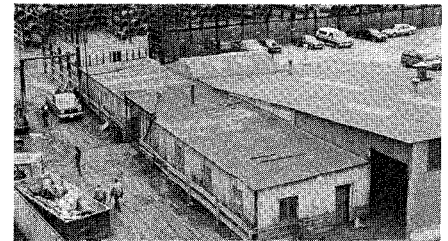
Nail Pre-Weigh System

A new pre-weigh nail system will eliminate double handling of the product from the degreasers to the galvanizers, as it eliminates the packer.

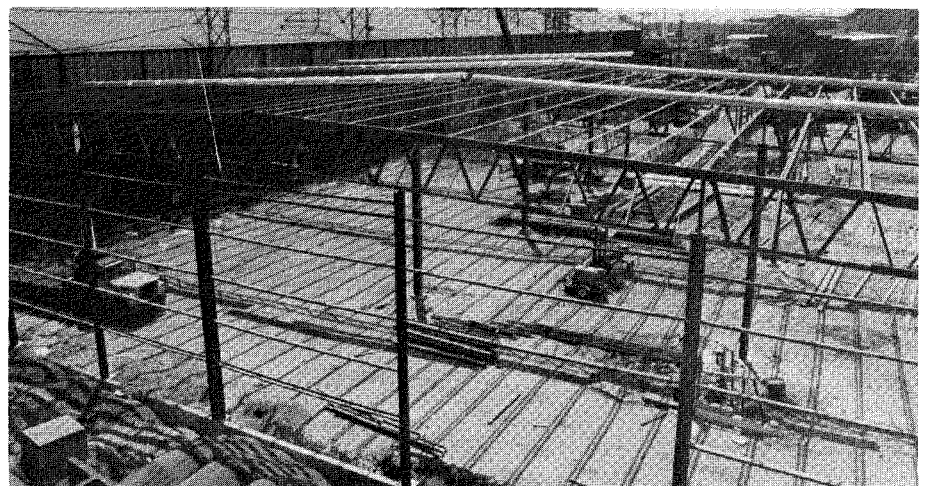
The batch pre-weigh system pre-weighs the product for galvanizing before it is packed.

Nails will be galvanized as they are received from the Nail Cutting Department. There will be a savings of approximately \$72,000 a year because of the elimination of solvent in the process.

(continued on page 8)



Above is a birdseye view of the rod storage yard before construction began on the new Nail Packing Facility.



A view from above the new Nail Packing Facility as construction of the building progresses. The Facility is slated to be operational in late July or early August.

Ryerson's Reputation Rests On Huge Inventory, Customer Service

If you were a structural steel buyer, chances are you would find what you are looking for at Joseph T. Ryerson & Son, Inc., Chicago.

This steel service center giant has been in business since Joseph T. Ryerson opened for business in Chicago in 1842. Though there are no remaining members of the Ryerson family in top management, the influence of the Company's founder lives on today.

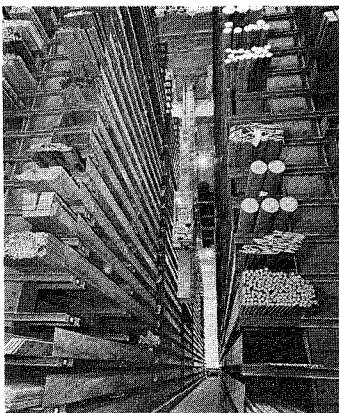
According to **Gary Fehr**, Ryerson General Merchandising Manager, the following "attitudes" are stressed by the Company: Enthusiasm, Conviction, Cooperation, Commitment.

These attitudes, along with a well-stocked warehouse, make Ryerson one of the nation's most successful steel service centers.

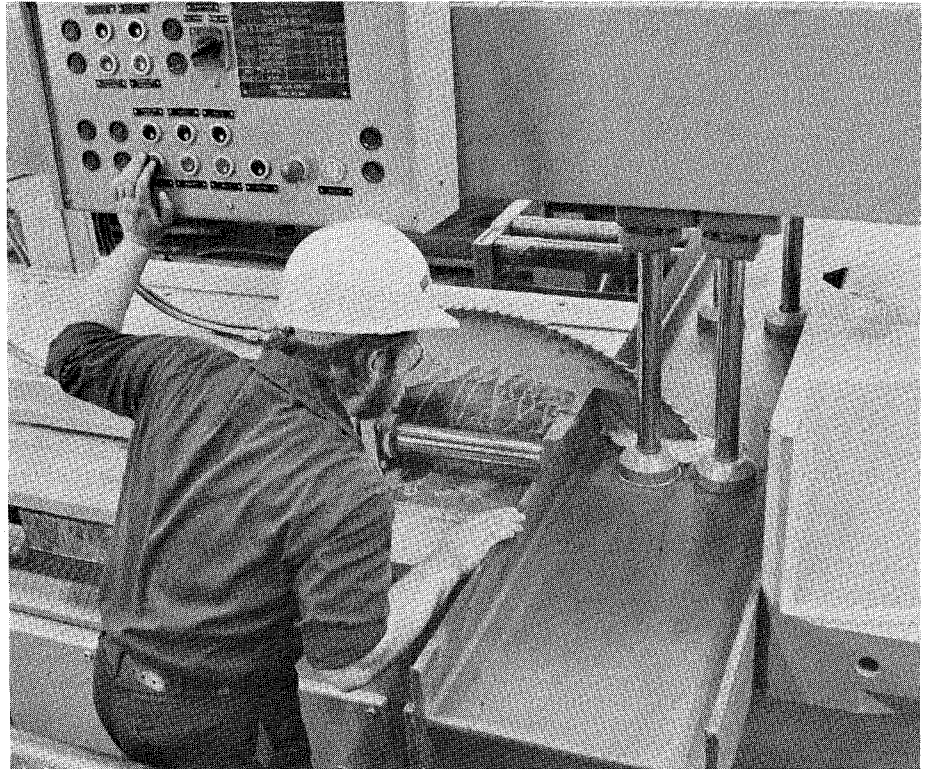
Extensive inventories enable Ryerson to supply the exact size and grade to meet customer needs. The Chicago-based Service Center, largest of Ryerson's 26 centers across the country, stocks all the standard shapes, including sheet, bars, structurals, plate and tubing.

Ryerson is also able to supply alloy and stainless steel, as well as aluminum, nickel alloys and industrial plastics.

Fehr said four basic philosophies have been the backbone of the Company's success. "If we succeed in living by these four philosophies we feel we will retain our stature in the industry," he said.



These bar racks at Ryerson's Chicago service center are 40 feet high and hold more than 33,000 tons of steel. Extensive inventories enable Ryerson to supply the exact size and grade to meet customer needs.



Ryerson stocks include the popular sizes of standard and wide flange beams, some of which are supplied by Northwestern Steel and Wire Company. More than 50% of what Ryerson sells has been processed from simple cutting to length (shown above) to other more involved processes.

The four philosophies are: (1) Completeness of stock; (2) Reliable delivery; (3) Quality; (4) Personal service.

"More than 50% of what we sell has been processed from simple cutting to length to other more involved processes," according to **Evelyn Kupec**, Director of Communications for Ryerson.

The company has a broad base of customers - from machine shops and fabricators, business machine manufacturers, and electrical equipment manufacturers to heavy materials users, such as structural fabricators, plate fabricators and steel mills.

Northwestern Steel and Wire Company has had a successful business relationship with Ryerson since the early 1950's and is a major supplier of flats, structural angles, channel and wide flange beams.

Fehr said several factors combine to make Northwestern an attractive supplier for Ryerson. "Chicago is our largest plant. So Northwestern's physical proximity makes the Company an ideal supplier.

"Northwestern also supplies a wide range of products.

"Ryerson and Northwestern have always had good communication. We always felt we could sit down and iron out any differences. This type of communication has occurred regardless of market conditions," he said.

The Northwestern territorial salesman handling the Ryerson account is **Tom Cooney**. Our inside sales person for the account is **Judi Golden**, although Fehr said he often deals directly with **Vern Johnson**, Manager of Sales, Steel Division, and **Ray Bauer**, Assistant Manager of Sales, Steel Division.



John Schutz, Hostler (left); David Hadley, Assistant Manager, Transportation Services; and Craig DeWitt, Supervisor, Leased Fleet, stand before one of four specially designed rod trailers made by Utility Manufacturing and used to haul Northwestern rod.



Bob Wrolson, Over-The-Road Truck Driver, stands before two of four brand new International tractors added to Northwestern's leased fleet through Ryder Truck Rental, Inc. Four Ottawa Yard Tractors and four specially designed rod trailers made by Utility Manufacturing were also placed into service.

Dividend Declared, Meeting Date Set

The Board of Directors of Northwestern Steel and Wire Company declared a quarterly dividend of 25 cents per share on the issued and outstanding common shares of the Company, payable Friday, July 29, 1988 to shareholders of record on Monday, June 27, 1988.

This is an increase of 10 cents per share over the previous dividend rate.

The Board also called a special meeting of shareholders for Thursday, July 28, 1988 to consider and vote upon the previously announced merger

with NW Acquisition Corp., and fixed a record date of Monday, June 27, 1988 for shareholders entitled to notice of and to vote at the meeting.

It is anticipated that proxy materials for the special shareholder meeting will be mailed on or about June 30, 1988.

As previously announced, pursuant to the terms of the Amended and Restated Agreement of Merger with NW Acquisition Corp., each common share of the Company would be entitled to receive \$19 in cash, plus \$6 of 13% subordinated notes due in 1997.

Heckman, Rausa Speak At National Conference

Merle Heckman, Vice President of United Steelworkers of America, Local 3720, and **Frank Rausa**, Manager of Training and Development at Northwestern Steel and Wire Company, made a presentation at the National Labor-Management Conference held in Washington, D.C. on June 1-3, 1988.

The conference has been held every two years since 1982 and focuses on the issues involved in improved cooperation between organized labor and business.

Over 1400 representatives of business and labor, arbitrators, mediators, academicians, government employees, and others attended the conference to share their insight on the growing phenomenon of labor-management cooperation.

Heckman and Rausa conducted a work session to show how employee involvement teams at Northwestern Steel and Wire Company assisted in the financial turnaround of a steel company on the verge of bankruptcy. They told their fellow conferees that increased quality and productivity are directly related to employee involvement in the problem solving process.

Heckman has been a machinist at Northwestern for the last 14 years. Rausa is Manager of Training and Development at Northwestern Steel and Wire Company and has been involved in the development and training of the Company's 40 employee involvement teams in the Labor-Management Participation and Quality Improvement Programs.

The National Labor-Management Conference was sponsored by the U.S. Department of Labor, the Federal Mediation and Conciliation Service, and the National Association of Area Labor-Management Committees.

Heckman and Rausa's presentation was one of 30 given at the three day conference. Other speakers included Tom Donahue, Secretary-Treasurer, AFL-CIO, Ann Dore McLaughlin, Secretary, U.S. Department of Labor, and Paul Allaire, President of the Xerox Corporation.

Northwestern's Personnel Files

Craig DeWitt

Craig becomes Supervisor of the Company's Leased Fleet, taking the place of **David Hadley**, who becomes Assistant Manager of Transportation Services.

Craig has served as Transportation Clerk since he joined Northwestern two years ago.

He and his wife Peggy have two sons, Lance, 2½ and Jordan, 8 months. The DeWitts make their home in Sterling.

Craig said he enjoys participating in sports, especially basketball and golf.



Sandy Miller

Sandy becomes Rate Analyst - Transportation Services.

Employed at Northwestern for 19 years, Sandy has most recently served as secretary to **Larry Mangan**, Manager of Transportation Services.

Her husband, Marv, works in the Company's East Plant Shipping Department.

The Millers, who live in Rock Falls, have a son Shawn, 22, and a daughter Trista, 19.

In her leisure, Sandy likes to quilt and cross stitch. She is also active in the American Business Women's Association.



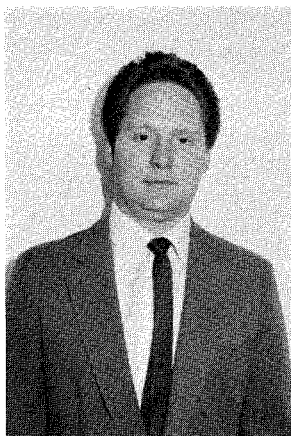
Mark Petitgoue

Mark joins Northwestern as a member of the inside sales team for the Steel Division.

He rejoined NSW in 1986 as an employee in the Nail Department after being previously employed by the Company in 1979 & 1980.

Territory assigned to Mark consists of Alabama, Arkansas, Florida, Georgia, Tennessee and North and South Carolina.

He and his wife Laura live in Sterling. Mark is currently studying business at Sauk Valley College. He enjoys horticulture in his own temporary greenhouse, hunting and photography.



Kelly McDuffy

Kelly has been named Schedule Clerk in the Employment Department.

She replaces **Mary Kay McCue**, who was recently promoted to Employment Supervisor.

Kelly, who has been employed at Northwestern for two years, has served as secretary for the Employment and Safety Departments.

She and her husband, Mike, who works in the 14-Inch Mill, live in Sterling with their son Chance, who is five months old.

As a Schedule Clerk, Kelly assigns jobs to temporary employees and also coordinates employee vacations.



Leafs Off Same Tree Train Together

Double vision. The Doublemint gum girls. Two "Leafs" off the same tree - they've heard them all.

Being a private going through basic training is hard enough, but for 18-year-old identical twins, Pvt. 1 **Jennifer L.** and Pvt. 2 **Rebecca J. Leaf**, twin daughters of **Jack** and **Wynne Leaf**, it's double trouble.

"We're double cursed," said Jennifer. "We hear all the corny twin jokes and all the corny leaf jokes. A lot of jokes about our family tree," chimes Rebecca.

Jack is a Galvanized Wire Inspector in the East Plant Inspection Department and Wynne is a cafeteria worker at East Coloma School.

The twins left their Rock Falls home in February for Ft. McClellan, AL, for eight weeks of basic training. They are currently in Advanced Instructional Training at Military Police School.

Although being together has helped make some things easier for the sisters, it was a bit trying for their parents, who had to say goodbye to their only children.

"I am real proud of them," Jack said. "I am real glad that they are doing what they want to do. But it was a little rough on us, since they are our only children."

New Loading Procedures May Shorten Delays

The 24-Inch Mill PCIC Team has developed a procedure that is expected to cut down on loading delays.

A serious backlog of trucks at door No. 21 at the 24-Inch Mill has been experienced during the last four hours of the 6:30 a.m. - 2:30 p.m. and 2:30 p.m. to 10:30 p.m. shifts.

In the future, truck traffic will be directed in a one-way course through door 21 and exit through door No. 32. The Team feels this will allow more trucks in the loading area at one time and the trucks won't be tied up waiting. It will also allow trucks to pull to the west end to chain and tarp without stopping the flow of trucks into the loading area during inclement weather.

In addition, the Team also recommended that the roadway and area outside door No. 21 be maintained on a regular basis. Maps on the back of recaps will instruct drivers where to

When the twins finish training in June, they will have a 14 day leave to return home before being sent to Kaiser Lautern, West Germany, for two years, before being stationed in the United States.

Like many new soldiers, their motives for joining were for money to go to college and to travel Europe. They chose to be military police because "it sounded interesting." But the pair said they both would like a career in private investigation and didn't have the money for college.

Is having a twin sister in the army always a benefit? Perhaps not always - a drill sergeant suspected that the two had been pulling a "switch-a-roo," on him and made them drop for push-ups. The twins, though, both plead innocent to the charge.

Northwestern Retirements

Northwestern Steel and Wire Company wishes a long and happy retirement to **Gerald Johnson**, Plant 2 Electrical, who retired June 1, after 31 years of service to the Company.

drive, and where they should park.

A trolley phone will be installed in the area of Bay 105 on the south side of the 20-Inch Mill, which will facilitate communication. The Team estimates that about 10 minutes will be saved each shift due to increased efficiency in communication.

The Team estimated that approximately \$75,824 per year could be saved through the increased efficiency in the Shipping Department.

Members of the Team are: Co-leaders **Gene Everly** and **Edward Caudillo**; Co-Recorders **Dick McKee** and **Duane Pinkston**; "Buzz" **Seeley**, **Ron Harrison**, **Chuck Turner**, **Herb Drane** and **David Rodekamp**.

Members of the 24-Inch Mill PCIC Steering Committee are: **Jim Galloway**, **Ken Church**, **Ken Boesen**, **Bob Czuprynski**, **Bob Nie**, **Dick Bittner**, **Bob Elsasser**, and **Keith Padgett**.



Jennifer and Rebecca Leaf, twin daughters of **Jack (Galvanized Wire Inspector)** and **Wynne Leaf, Rock Falls**, pose for a picture during basic training in the army. The twins are taking military police training and will be serving in Germany together.



David Hadley

Hadley Named Assistant Manager Of Transportation

David Hadley has been named Assistant Manager of Transportation Services. Hadley, who has been employed at Northwestern Steel and Wire Company for 23 years, has most recently served as Supervisor - Leased Fleet.

Craig DeWitt has been named to succeed Hadley as Supervisor - Leased Fleet.

As Assistant Manager, Hadley will be in charge of negotiating freight rates; consulting on the interpretation of state and federal transportation laws; office personnel; demurrage and detention; and expediting inbound and outbound shipments.

"David's background in accounting will come in very handy because of our continuing cost-consciousness," **Larry Mangan**, Manager of Transportation Services, said.

Hadley was a Cost Analyst in the Accounting Department prior to becoming Manager - Leased Fleet.

David and his wife, Carol, live in Rock Falls. In his free time Hadley said he enjoys bowling and racketball.

Northwestern's July Anniversaries

40 Years

Eugene R. Walls, 7/23/48, Plant 5 Welders.

35 Years

Glenn Immel, 7/08/53, Over-The-Road Truck Driver.

25 Years

Lyn K. Quinnan, Salaried, 7/02/63, Transportation.

Alexander J. Rios, 7/15/63, Plant 3 Millwright.

Alan R. Anderson, 7/17/63, Guards.

David J. Hurd, 7/18/63, Electronics.

Librado G. Chavez, 7/30/63, Wire Mill Drawing.

Santos Chavez, 7/30/63, Billet Caster.

20 Years

James D. Hoaglund, Salaried, 7/1/68, 12-Inch Mill.

Robert E. Lee, 7/1/68, Over-The-Road Truck Driver.

15 years

Daniel L. Freeman, 7/2/73, 14-Inch Finishing.

Creighton H. Perry, 7/9/73, Wire Mill Drawing.

George D. Gonzalez, 7/9/73, 20-24" Shipping & Finishing.

James B. Call, 7/9/73, Brickmasons - Electric Furnace.

Michael D. Goessman, 7/9/73, Plant 2 Millwrights.

Richard E. Jensen, 7/9/73, 24-Inch Mill Recorder.

Robert Garza, 7/9/73, 14-Inch Finishing.

Michael A. Bernardin, 7/10/73, Plant 2 Welders.

Cecil M. Ward, 7/14/73, 46-Inch Mill.

Jimmy L. Truitt, 7/14/73, Plant 2 Inspection.

John W. Dick, 7/14/73, 20-24-Inch Shipping & Finishing.

Lawrence W. Frederick, 7/14/73, Nail Department.

David A. Spencer, 7/15/73, 20-24-Inch Shipping & Finishing.

James A. Shockley, 7/15/73, 12-Inch Mill.

Richard L. Crawford, 7/15/73, Trial Crew West.

Robert A. Beer, 7/15/73, Plant 3 Crane Mechanic.

Brian E. Wilson, Salaried, 7/16/73, Caster Department.

Daniel L. Willman, Salaried, 7/16/73, Electric Furnaces.

Bill D. Mandrell, 7/16/73, Nail Department.

James D. Branch, 7/16/73, 14-Inch Shipping.

Joseph E. Harrison, 7/16/73, 24-Inch Mill.

Larry D. Noord, 7/16/73, 20-24-Inch Shipping & Finishing.

Steve C. Nelson, 7/16/73, 20-24-Inch Shipping & Finishing.

Kenny V. Tadlock, 7/19/73, 14-Inch Mill.

Lazaro D. Contreras, 7/19/73, 14-Inch Shipping.

Lonny J. O'Bryan, 7/23/73, Descaler.

Ray L. Jackley, 7/23/73, 24-Inch Mill Crane Operator.

Ruben R. Moreno, 7/23/73, Plant 2 Electrical.

Steven D. Bohms, 7/24/73, 12-Inch Finishing/Bars.

Terry L. Partington, 7/24/73, Wire Mill Millwrights.

Frank E. Yaklich, 7/26/73, Plant 3 Inspection.

Neil L. Puels, 7/30/73, Salaried, Plant 2 Electrical.

Frank L. Salomon, 7/30/73, 24-Inch Mill.

Randy G. Hammelman, 7/30/73, 24-Inch Mill.

Robert B. Higley, 7/30/73, 24-Inch Mill.

Dave J. Tackett, 7/31/73, 24-Inch Mill Crane Operator.

Francis J. Frederick, 7/31/73, Nail Department.

10 Years

Luman G. Sibley, 7/10/78, Over-The-Road Truck Driver.

Gordon L. Wenzel, 7/30/78, Wire Mill Shipping.

5 Years

Mark E. Miller, 7/15/83, 24-Inch Shipping & Finishing.

PCIC Team Tackles Excessive Scrap Handling

The 12-Inch Mill PCIC Team has suggested implementing a scrap bundling machine to cut down on excessive scrap handling.

The Team estimated that the Company can save approximately \$52,886 per year on transportation and baling services, now paid to a private contractor. An additional \$83,111 in savings per year is estimated in reduced derailments and track cleanup charges.

Several other improvements made by the Team include:

1. Additional floor space at the 12-Inch Mill, as the Team has arranged to have cement pads poured outside doors 4 through 8.

2. Running trial billets for customers' special orders. This will prevent running a whole heat of inventory that doesn't meet specifications.

3. The use of heavy grades of grease and oils in crane maintenance because of the amount of oil appearing on coils. Cranes will now be oiled over the hot bed so most of the oil will come off in that area rather than on the coils.

Team members are: Co-leaders **Ronnie Hanabarger** and **Gary Campbell**; Co-recorders **John Henson** and **"Boots" Bonneville**; **Dennis Blevins**; **William Duncan**; **"JJ" Hussung**; **Richard Lancaster**; **Thomas Wessels**; **"Ginge" Sharp**; **Steven Bohms**; **Rod Gruenwald**; and **Carlos Chavira**.

Members of the 12-Inch Mill PCIC Steering Committee are: **Jim Galloway**, **Ken Church**, **Ken Boesen**, **Bob Czuprynski**, **Bob Nie**, **Dick Bittner**, **Bob Elsasser**, and **Keith Padgett**.



Robert M. Wilthew, President and Chief Executive Officer, holds a meeting with representatives of Northwestern's QIP Teams. Wilthew stressed the impact the Teams have had on the financial turn-around of the Company.

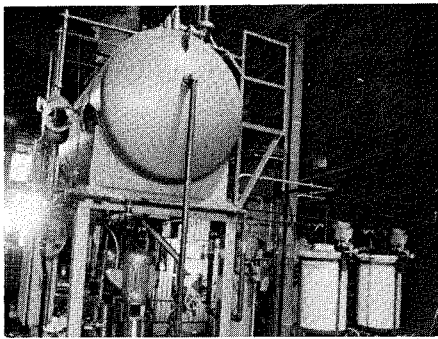
Salaried Employees Pig Roast Planned

A pig roast for salaried employees is being planned for July 16 at Dixon's Elks Page Park.

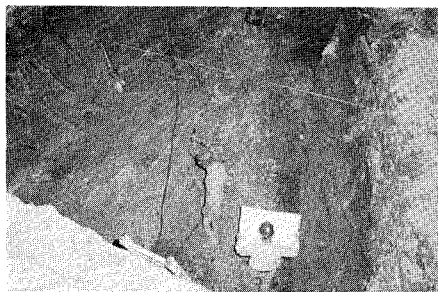
The party will start at 2 p.m. for those who wish to play baseball and volleyball. Dinner will begin at 5 p.m. and a DJ will play from 7:00 to 11:00 p.m.

The price is \$10 per couple, \$5 for singles. Each couple/single is asked to bring a dish to pass. Money should be turned in by June 30th to Karen Freres (Ext. 275) in Human Resources.

Several items are needed, including a volleyball and net, and large coolers. Anyone having these items for use at the party should contact Karen.



This new boiler, leased from Indeck Power Equipment, Wheeling, IL, should save the Company approximately \$23,000 per month in reduced fuel costs. The boiler supplies steam for use in heating the Main Office and Office Annex, and for applications in the Wire Galvanizing and Degreaser Departments, as well as the Cleaning House.



A massive excavation was required for the installation of the new high-speed "Super Lathe," which will be used to turn and contour mill rolls by a numerically controlled tool path generated by computer. It is expected that the lathe will become operational in August.



Salaried Golf Outing Planned

The NSW Salaried Golf Outing is coming up soon - polish up those clubs and join the fun.

Place: Lakeview Country Club

Date: August 13th

Tee Time: 12 to 1 p.m.

Cost: \$7.00 Entry Fee Plus Green Fees (Make Your Own Golf Cart Arrangements)

Meal Tickets Available At \$7.50 Each.

(Buffet Style With 2 Meats

- This Includes Tips)

For Information Contact:

Harold Or Marge Parks (625-3014)

Don Or Linda LaFavre (625-6639)

Denise Frey (625-2626)

Vella Simpson (625-5990)

Dan Willman (West Plant)

What's New At Northwestern

Binns Roll Lathe Groundbreaking

Groundbreaking for the installation of the new high-speed "Super Lathe", manufactured by Binns Machinery Products, took place on Monday, June 6th, in the east end of the Roll Shop in Plant 2.

The lathe will be used to turn and contour mill rolls by a numerically controlled tool path generated by computer geometry. The lathe will be powered by two 150 horsepower DC motors with a cutting accuracy of three-tenths of a thousandth of an inch, and a repeatability of one-tenth of a thousandth of an inch. The lathe will be capable of turning material as hard as 90 shore hardness at high speed. It can remove 300 cubic inches of material per minute.

Plans are for the lathe and auxiliary equipment to be delivered the last week of July, and upon setting and installation of the wiring and piping systems should become operational in August.

Walking Hearth Furnace Facility

Work continues on the construction of the Bricmont Walking Hearth Reheat Furnace at the 24 Inch Mill.

Tons of refractories and miles of pipe and wiring are being installed. All the equipment foundations have been completed and the ancillary material handling equipment should arrive shortly.

NSW's utility tie-ins for the new furnace were completed during the downturn the week of June 5th and the Comac computer has arrived. The contractors are gearing up their schedules as equipment arrives so that the furnace can be operational as soon as possible.

14-Inch Mill Shear Replaced

Plans are being made to remove the new 550-ton cold bar shear from the 12-Inch Mill and it will replace the existing 400-ton shear in the 14-Inch Mill: The present foundation will be removed and a new foundation poured.

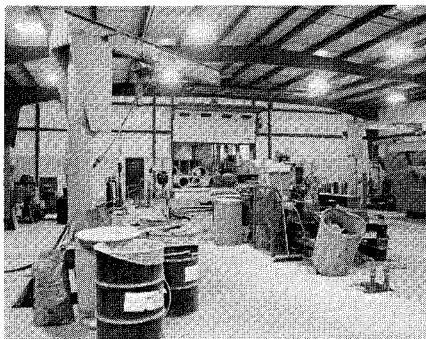
This replacement will reduce maintenance on the old shear and the new shear has a quick change blade provision.

Bloom Caster Down

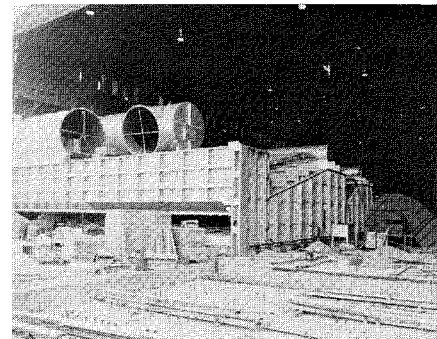
The Company's Bloom Caster experienced a week-long downturn beginning June 12th, to install two new strands for casting the new 16" x 12" x 3-7/8" beam blank.

The new mold, tubes, straighteners, torch approach tables, torch heads, runout tables and cooling bed tables will be replaced with new equipment from Concast SMS & Steel-Tek.

This will be the largest beam blank that we have tried to cast. This shape will be utilized for rolling 16" WF and 18" WF at the 24-Inch Mill.



Two bull block machines have greatly increased productivity in the Drawing Room.



The 24-Inch Mill Reheat Furnace begins to take form. The furnace is scheduled for completion in early July.

Progress Shown On New Nail Packing Facility

(continued from front page)

New Drawing Room Offices

Northwestern's carpenters recently designed and constructed the Drawing Room Offices located next to the Cleaning House.

The building is large enough for four offices and will be used by Drawing Room personnel.

Bull Block

Two bull block drawing machines were recently installed in the new drawing room. The bull block machines are more efficient than the old models.

Air Compressors

Two new air compressors are supplying the East Plant with cleaner, dryer

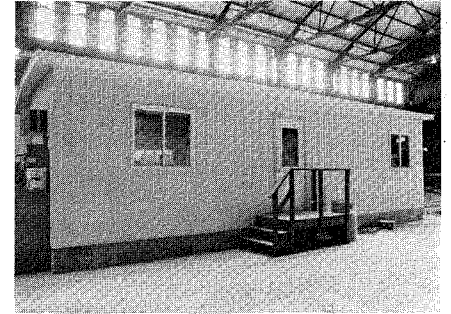
air in larger quantities.

The air compressors are located just west of the Cleaning House Building.

New Boiler

A new boiler, leased from Indeck Power Equipment, Wheeling, IL, has recently been installed. The boiler, which will replace an antiquated boiler at Plant 1, should save the Company approximately \$23,000 per month in reduced fuel costs.

The boiler supplies steam for heating the Main Office, Office Annex, and for applications in the Wire Galvanizing and Degreaser Departments, as well as the Cleaning House.



Northwestern carpenters constructed this four room Drawing Room office building.

Injuries Cost All Of Us

Northwestern employees are a valuable asset to this Company. Likewise, an injury to a Northwestern employee is an expensive liability to the Company.

Workers' Compensation costs such as medical expenses, weekly benefits, lawyer fees, and settlements are all paid directly out of Northwestern Steel and Wire funds. Northwestern is self-insured and does not carry Worker's Comp insurance.

When an injury requires Workers' Comp expense the Medical Department is required to estimate the total cost of that injury and set up an accident reserve account. The money put in this account is shown as an expense to the department where the accident occurred. This effectively increases the product costs and reduces the profits of that department.

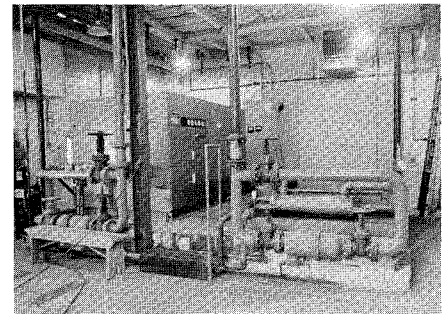
In May, \$402,000 was taken from the profits of various departments and

put in reserve to pay accident costs.

In the first 10 months of Fiscal 1988, profits were reduced by \$4.5 million due to direct injury costs. This amount does not count the indirect costs of injuries such as lost productivity, extra manning requirements, or the administrative costs of investigating injuries and paying Workers' Comp bills.

Such reductions in profit definitely reduce the present profit sharing pool. When the ESOP becomes a reality, such a drain on profits will reduce the ability of the Company to pay off the ESOP loan in a timely manner.

Though only a relatively few employees suffer the physical pain of injuries, all employees suffer from the financial burden these injuries cause. By eliminating hazards and working safe and smart we can all reduce injuries and their related costs.



The East Plant has higher quantities of cleaner, dryer, compressed air following the installation of these two new compressors.

★ ★ ★ ★ ★

U.S. Firms Fall Behind Japanese In Quality Management

Despite strong agreement among executives that all employees should share responsibility for quality, it appears that only about 25% of employees in top United States corporations are involved in quality-improvement efforts.

This was among the findings of a recent survey conducted for Organizational Dynamics Inc., an international management consulting and training

firm specializing in quality improvement.

The independent telephone survey of 105 Fortune 500 manufacturing and service company executives was conducted early in 1988. The interviews found that:

89% "agree strongly" that "to be successful, responsibility for quality improvement must be shared by everyone in the corporation."

80% "agree strongly" that "ultimately, everyone in the company has an effect on customer satisfaction."

However, in the "typical," or median, company represented in the survey, only 25% of employees currently participate in quality-improvement activities.