

Inside This Issue Siskin Steel & Supply Co.

Eyes Future Expansion

Based in Chattanooga, TN, Siskin Steel & Supply Co. operates its largest warehouse there. But the Company is planning a major expansion program beginning with its Birmingham, AL facility. Read about this important NSW customer on page 2.

Benefit Softball Game Raises \$2,714

The home team may have lost the game, but the Needy Children's Christmas Fund was the big winner in a benefit softball game between Northwestern Primary Steel employees and a group of vendors.

This story appears on page 5.

Sales Personnel Complete Course

Twelve NSW Inside Salesmen/Saleswomen have completed a 14 week Dale Carnegie Course on speaking skills. Some of them also received interesting awards.

Read more about this on page 7.

Quality Assurance Efforts Pay Off

Northwestern's concentrated efforts at Quality Assurance over the past three years have begun to pay off.

Read more about this story on page 8.

Shareholders Approve Merger

Northwestern Steel and Wire Company's merger with NW Acquisition Corporation was approved by the Company's shareholders at a special reconvened meeting on August 11th.

Under the terms of the approved merger agreement, each common share of the Company will be changed into \$19.00 in cash, plus \$6.00 principal amount of 13% subordinated notes due 1997 of the surviving corporation.

The vote to approve the merger came two weeks after a meeting was postponed at the request of the Continental Illinois National Bank and Trust Company of Chicago.

According to figures released in February when the merger proposal first was announced, the merger will allow the purchase of some 7,506,339 outstanding shares of common stock.

Voting on the merger was recorded as follows: 6,481,473 shares for the merger; 328,602 shares against, and 146,431 abstained. The merger became effective on August 16th.

Principal parties in the buyout are **Robert M. Wilthew**, President and Chief Executive Officer, and certain other members of the Company's management, Northwestern's union and salaried employees (ESOP), and an investment group including M.J. Rosenthal & Associates, Inc., and Ampco-Pittsburgh Corp.

The steelworkers' contract scheduled to expire in August, 1989, will be extended until August, 1993.

Under the Plan, the ESOP group will own 51% of the Company, with the remaining 49% being owned by the management group and outside investors. The Plan also calls for an 8.5% wage concession for union and salaried employees. These losses will be (continued on page 4)



Former Board Chairman Peter Dillon officiates at the August 11th shareholders meeting at which shareholders approved the sale of the Company to an ESOP group led by Robert M. Wilthew, President & Chief Executive Officer. "Siskin Steel & Supply Co., Inc. takes pride in its status as a major supplier of quality steel products in the Southeastern Region of the United States," so says Mervin Pregulman, President of the Company.

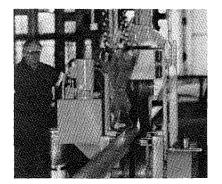
That's why the Company has begun building the first of several distribution facilities in new locations in the South.

Based in Chattanooga, TN, Siskin operates its largest warehouse there. As part of a major expansion program, the Company is currently in the process of expanding its 65,000 square foot facility in Birmingham, AL to 110,000 square feet. Ground will be broken in September for a 100,000 square foot facility in Nashville, TN. The Company has recently purchased property in other Southeastern cities for future additional expansion.

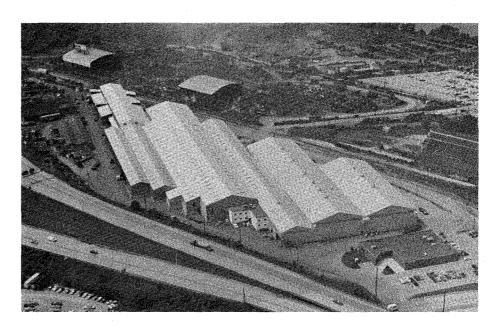
Currently Siskin has representation and/or sales offices in Knoxville, Bristol, Nashville, TN and Atlanta, GA, as well as its plants in Birmingham and Chattanooga.

The Siskin family has long been active in and supportive of Chattanooga charitable activities, and is currently developing extensive rehabilitation facilities for the handicapped in the form of a 50 bed in-patient hospital in Chattanooga.

Siskin was founded as a small scrap company in 1900 by Robert H. Siskin. The Company expanded into the Steel Service Center business in 1949, and

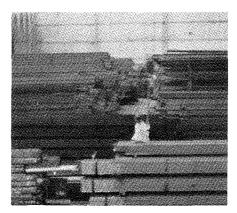


The Company has 390 employees and services customers within a 300 mile radius of Chattanooga and Birmingham. A plus for Siskin and its customers is the fact that employees are very oriented to quality processing and materials, according to Mervin Pregulman, President of the Company.



Based in Chattanooga, TN, Siskin operates its largest warehouse there (shown above). As part of a major expansion program, the Company is currently in the process of expanding its 65,000 square foot facility in Birmingham, AL to 110,000 square feet. Gound will be broken in September for a 100,000 square foot facility in Nashville, TN. The Company has recently purchased property in other Southeastern cities for future additional expansion.

has continued to grow ever since. Developments in the Company have been aggressively managed by Mr. Pregulman, as President and C.E.O., and **Robert H. Siskin**, who is Executive Vice President and Chief Operating Officer and a grandson of the founder. Today, the Company has 390



Siskin Steel & Supply Co. takes pride in its sizeable inventory and varied line of quickly available products - which is constantly growing. Siskin has, at times, purchased the full range of Northwestern's Steel Division products. employees and services customers within a 300 mile radius of Chattanooga and Birmingham.

"Attention to service and quality are what has allowed Siskin to prosper," Pregulman said. "Customers have come to expect next day delivery service of unprocessed orders and second day delivery if processing is desired. Our employees are very oriented to quality processing and materials," Pregulman said, and "our sizeable inventory and varied line of quickly available products - which is constantly growing - adds to the ease and desire of customers to do business with us."

As a long-time supplier of the Company, Northwestern has helped maintain Siskin's quality standards. Though demand varies, Siskin at times purchases the full range of Northwestern's Steel Division products.

Mike Foley is the Northwestern Territory Salesman calling on Siskin. Mark Petitgoue is the Inside Salesman handling the Siskin account and is in frequent contact with Greg Hill, Manager of Purchasing, and Norma Hadden, Product Manager.

Salaried Golf Outing Another Success

The fifth annual salaried golf outing was held on Saturday, August 13th, at Lakeview Country Club.

Participating in the event were 57 salaried employees and retirees, with 12 volunteers assisting with the activities. The roving photographer for the day was **Mike Dunn**, Wire Products Inside Salesman, and **Jo Schroeder**, Data Processing Clerk. All those involved in the activities received a complimentary golf ball and NSW visor with logo.

Play on the warm, windy day was interrupted at one point by a brief, much needed rain shower.

Prizes and gifts were presented to the following:

Low Score Partners (Tie) With A Combined Score of 166): Jim Henry/Tom Vercillo and Chuck Murphy/Vern Johnson.

Low Individual Score: Cal Schulz (76)

Average Score Partners (Tie): Linda LaFavre/Tom Clementz and Carl Paxton/Don Shehorn.

High Score Partners: Joe Olalde and Larry Rosenberg.

High Individual Score: Larry Rosenberg.

Closest To The Pin On No. 7: Leonard Shannahan.

Closest To The Pin On No. 15: Tom Baker.

Longest Drive On No. 6: Gene De-Jarnette.

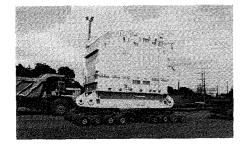
Longest Putt On No. 9: Rudy Edge

Longest Putt On No. 18: Cal Schulz. Low Putts: Harold Parks and Bob Clark (tie).

Most Improved From 1987: Denise Frey (Coached by Don Nehrkorn).

A buffet dinner served in the Club dining room concluded a most enjoyable day.

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Transformer 81, one of two transformers which failed nearly a year ago, is trucked back to NSW in early August following repairs.



Northwestern's fifth annual Salaried Employees Golf Outing was a huge success. Participating in the event, which was held Saturday, August 13, at the Lakeview Country Club, were 57 employees and retirees.

Northwestern Anniversaries

September, 1988

45 Years

Harold J. Ryan, 9/16/43, Electric Furnace Brickmasons.

30 Years

Thomas F. Clementz, Salaried, 9/30/58, Manager-Galvanizing-Wire Products Division.

25 Years

Harol D. Wilkinson, 9/02/63, 14" Shipping. Harvey Zemke, 9/02/63, 24" Mill. John R. Bonnell, 9/02/63, Wire Mill Machine

Shop.

Larry Mayberry, 9/02/63, Electric Furnace. Wayne L. Bruns, 9/02/63, 24" Mill.

James A. Hay, 9/04/63, Wire Mill Millwrights.

Frank F. Delgado, 9/07/63, Plant 2 Electrical. Donald H. Koehn, 9/08/63, Conditioning. Eunice E. Detweiler, Salaried, 9/23/63,

Payroll.

15 Years

William J. Ackert, Salaried, 9/03/73, Steel Division Salesman.

Roland J. Tiesman, 9/03/73, Over-The-Road Truck Driver.

John W. Buckley, 9/04/73, Rock Falls Drawing.

Wayne N. Bergstrom, Salaried, 9/05/73, Electric Furnace.

Jack E. Morgan, 9/07/73, Wire Mill Drawing.

Thomas C. Lanphere, 9/07/73, 14" Mill.

- Edwin S. Queen, 9/10/73, Billet Caster.
- Gail R. Nusbaum, 9/10/73, Plant 5 Millwrights.

Joseph F. Kreps, 9/10/73, Plant 2 Millwrights.

Keith E. Halverson, 9/10/73, Nail Department.

Doyle D. Fullington, Salaried, 9/11/73, Electric Furnace.

Roy R. Falcon, 9/11/73, Plant 2 Pipefitters Charles R. Von Holten, 9/13/73, Electro Weld.

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Darrow A. Turner, 9/13/73, Electro Weld.

Terry A. Hambley, 9/18/73, 24" Mill. William C. Forbes, Salaried, 9/24/73, Electric

Furnace.

Charles E. McKenna, 9/25/73, Nail Galvanizer.

Randy D. Tompkins, 9/25/73, 14"Finishing. Dean B. Reynolds, 9/26/73, Guards. 10 Years

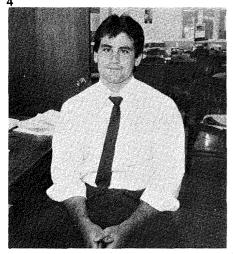
Gregory D. Shipman, 9/1/78, Wire Galvanizer.

Herman A. Warren, 9/1/78, Rock Falls Drawing.

Michael D. Hughes, 9/10/78, Plant 2 Electrical.

Kenneth E. Dewey, 9/11/78, 14-Inch Mill Finishing.

Ronald P. Spencer, Salaried, 9/26/78, 24-Inch Mill.



Dennis Keane, an accounting student from the University of Illinois recently spent a summer internship in the NSW Accounting Department. While with the Company Dennis helped prepare audit papers and assisted Accounting Clerks with daily activities. Dennis will graduate next spring.

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Shareholders Approve Buyout

(continued from front page)

offset partially by the profit sharing buy-out distribution and 4% wage increases in each of the last two years of the new five-year plan.

The ESOP group will be represented on the Board of Directors by Joseph R. Blasi, a Professor of Labor Relations at the California Polytechnic State University School of Business; Ray Whitney, a practicing lawyer in Chicago with the firm of Kleiman, Whitney, Gore and Wolfe; Stephen L. Hester, a lawyer practicing in Washington, D.C. with the law firm of Arnold and Porter; Othel O. Osborn, an employee of Northwestern and a member of Local No. 63 of the United Steelworkers of America for 37 years, spending the past 33 years in the 12-Inch Mill; and John Kelly, a member of Local No. 63 for 29 years and an employee in Northwestern's Carpenter Shop. Also serving on the Board will be Wilthew; Edward G. Maris; Michael J. Rosenthal; and two members from Ampco-Pittsburgh Corp., Marshall Beckman and Robert Paul; and three members yet to be selected that are mutually agreeable.

Illinois has improved its manufacturing climate, but continues to lag behind due primarily to several key factors, as revealed in the annual Grant Thornton study. Under a new Grant Thornton ranking system, Illinois is 18th among the 27 "manufacturing intensive" states. Under the old system, which involved the 48 contiguous states, Illinois in 1987 ranked 42nd. Nine states now trail Illinois in the national rankings, compared to the six states a year ago.

The top three states for manufacturing, as determined by the study, are New Hampshire, Missouri, and North Carolina. Last year the three top national rankings were North Dakota, Nebraska and South Dakota.

Among the five manufacturing intensive states in the Great Lakes region, Illinois ranks third. Rankings for the other four are Wisconsin, 14th; Indiana, 20th; Ohio, 25th, and Michigan, 26th.

In the current study, states with high levels of manufacturing were separated from states with low levels for a more valid comparison. However, the study continues to apply the same 21 factors as in previous years to arrive at final rankings of from one (the best) to 48 (the worst). The factors, which were selected by state manufacturing associations, fall into five major categories: labor costs, including wages and unionization; state and local fiscal government policies, which include state taxes, levels of public spending, and state business incentives; availability and productivity of resources, such as energy and workers; state-regulated employment costs, such as unemployment compensation benefits and workers compensation insurance; and selected quality of life issues, including education and health care.

In 1987 Illinois ranked 26 among the 48 states for nongovernmentcontrolled factors. In the current study, Illinois ranks 11th for nongovernment-controlled factors among the 27 manufacturing intensive states and 23rd for government-controlled factors.

Other Illinois rankings among the 48 states are state and local government fiscal policies, 27th; state regulated employment costs, 40th; labor costs, 32nd; availability of productivity and resources, 28th; and selected quality of life, 22nd.

Illinois also did well in cost of living -- 19.6 percent lower than the national average -- for a ranking of seventh.

In net worth of its unemployment compensation trust fund, Illinois ranks 44th, and its wages, 43rd. Also in Illinois, workers compensation claim costs were \$17,902 per case vs the national average of \$10,121, which resulted in a ranking of 42nd. In unionization, Illinois' degree is 34.1 percent -- vs the national average of 19.4 percent -- for a ranking of 43rd.

Last year manufacturing employment in Illinois increased by 5,900 jobs. Since the Grant Thornton study began in 1979, however, Illinois lost a total of 344,300 jobs -- more than any other state. This represents 21.8 percent of the manufacturing jobs lost in the U.S in that period and 27 percent of the Illinois manufacturing base.



Calvin Bryant (left) receives a hardy handshake from Electro-Weld Department Foreman Tom Baker on his 35th anniversary with the Company. Fellow workers helped Bryant celebrate with a cake.



Mike Espinoza (second from left) retired August 1st after 38 years of service. Mike was a Caster Ladleman. Pictured from left are L. DeWitte, Mike, Harold Hansen and Jessie Gutierrez.

Employee/Vendor Softball Benefit Game Held

A benefit softball game between Northwestern Primary Steel employees and a group of vendors raised \$2,714 for the Needy Children's Christmas Fund.

The game, which was played at Emerald Hill Country Club on July 12th, was won by the vendors 20 to 10.

Ticket stubs from a raffle held in conjunction with the game were good for refreshments at the Country Squire Loft while players watched the major league baseball All-Star game on TV.

Raffle winners were:

1st Prize - **Doug Shafer** - Weekend for two at the Merrillville, IN, Holiday Inn Resort (free dinner, show and \$100 pocket money).

2nd Prize - Gil Williams - \$125.

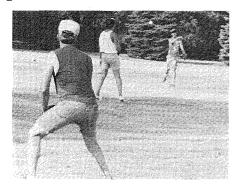
3rd Prize - Jessie Gutierrez - \$100. 4th Prize - Sterling McDonald's Manager - \$75.

5th Prize - Fred Taft - \$50.

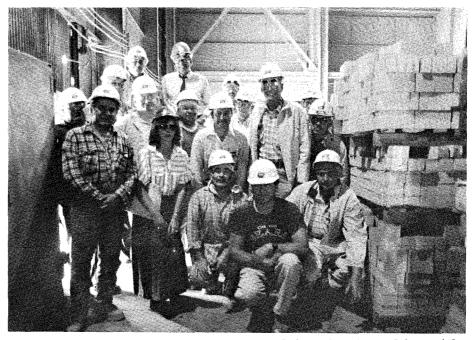
"The raffle was started in the Primary Steel Division, but it took some 11th hour ticket sales by the 14-Inch Mill, Wire Division, 24-Inch Mill, and Electronics/Air Conditioning/Rewind Departments to help make the raffle a success," **Bill Boesen**, Fund Administrator, said.



Vendors defeated NSW Primary Steel employees in a fund raiser softball game 20-10.



The Needy Children's Christmas Fund was the big winner of the Employee/Vendor Benefit Softball Game as \$2,714 was raised.



Tom H. Mullen, Jr., Supervisor - Raw Materials/Tundish, (second from right, second row), is honored by a get together of fellow employees on his retirement from Northwestern. Mullen completed 35 years of service with the Company in August. In attendance were (left to right): Front row - Mike Regalado, Electric Furnace Brickmason; Denise Frey, Executive Secretary; Joe Ramirez, Electric Furnace Crane Operater; John Pasada, Electric Furnace Brickmason; Norm Nelson, Supervisor, Ladle Metallurgical/Pit; Second Row - Joe Olalde, Electric Furnace Brickmason; Dave Koncsics, Manager - Primary Operations; Jack Wilson, Facilitator, Steel Division; Alex Delgado, Electric Furnace Brickmason; Louis Magana, Electric Furnace Brickmason; Mullen; Bill Boesen, General Supervisor, Pit and 46-Inch Mill; Third Row - Dave DeVries, Assistant Manager, Primary Operations; Mike Mullen, Vice President of Operations, Wire Products Division; Jack Buchanan, General Supervisor, Caster Operations.



Eugene "Sarge" Williamson (holding cake) recently retired from the Netting and Poultry Fence Department following 30 years of service. He was honored with a cake by fellow employees (left to right) Everett Yates, Randy Morris, Vern Schwenk, Randy Jacobs, John Wheat, (Williamson), Donna Rodriguez, Byron Pope and Tom Clementz.

The Tractor Repair Shop Offices are shown under construction.

What's New At Northwestern

Transformer Repaired And Installed

Transformer 81 for Sub Station H-471 has been repaired and installed and is being utilized for the three electric furnaces.

Trial Bar Run Through Reheat Furnace

The first trial bar was run from the new 24-Inch Mill Walking Hearth Furnace on July 28. The automatic mode of the furnace was not complete at the start-up date so the furnace was run on a semi-automatic mode until mid-August, when the computer tie-in was completed.

Roll Shop Lathe Foundations

The new Binns lathe foundations are complete and delivery of the equipment was scheduled for Sept. 1, 1988.

14-Inch Mill Building Repairs

Building repairs at the 14-Inch Mill began August 8.

The repairs consist of tying the crane runway girders back to the existing columns. This will eliminate the problems of the Shipping Cranes.

The 550-ton cold bar shear that was removed from the 12-Inch Mill has been installed and is operational at the 14-Inch Mill finishing facilities.

Northwestern Is A 100% Cast Operation

The new large beam blank, $16'' \ge 12'' \ge 3-7/8''$, cast on the Bloom Caster was successfully trial rolled on the 24-Inch Mill into 16-Inch and 18-Inch wide flange beams. Northwestern is now a 100% continuous cast operation and the only American wide flange producer making beams up to 18'' from all continuously cast semi-finished product.

Nail Packing Facility

The truck approach for the shipping docks at the new nail packing facility are completed and shipping from the new docks has begun.

Floor seal has been applied in the building in preparation for nail packing machinery installation in September.

New Tractor Shop Operational

The East Plant Tractor Shop has become operational at the new facility in Plant 1. The Tractor Shop office also was recently completed.

Workmen pour paving for the shipping dock at Northwestern's new Nail Packing Facility.



Northwestern's new Nail Packing Facility nears completion and awaits installation of machinery.



Sales Department Personnel who recently completed a Dale Carnegie Course on speaking skills are left to right: John Tschosik, Judi Golden, Jim Gould, Mike Quick, Lonnie Fisher, Jim Thurwanger, Tom Sondgeroth, Al Lopez, Todd Weinrich, Vella Simpson, Paul Lester and Mike Murphy.

Sales Personnel Complete Carnegie Course At Sauk Valley College

Twelve Northwestern Inside Sales Personnel have completed a 14 week Dale Carnegie Course on speaking skills.

The course, which was conducted at Sauk Valley College, was funded through grant money received from the Illinois Department of Commerce and Community Affairs under the Industrial Training Program.

Eight of the Northwestern Salesmen received awards for their two minute speeches.

Mike Murphy and Al Lopez, Wire Products Division, each received three awards. Murphy received two engraved pens and a book for Outstanding Performance Reporting, and Human Relations. Lopez received three pens for Reporting, Human Relations, and Achievment. John Tschosik, also a Wire Division Inside Salesman, received a pen for Human Relations.

Another Wire Division Inside Salesman completing the course was Lonnie Fisher. Steel Division sales personnel receiving awards were **Paul Lester**, who received a pen and book for Human Relations Skills and Goal Setting. **Judi Golden** and **Vella Simpson** each received a book on how to control worry. **Tom Sondgeroth** received a pen for outstanding performance, and **Jim Thurwanger** received a pen for achievement.

Other Steel Division Inside Salesmen completing the course were **Todd Weinrich** and **Mike Quick**.

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New Personnel Page Number

Craig DeWitte, Supervisor of Leased Fleet, has been assigned Page No. 144.

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A Parting Thank You From Demetrio Marquez

The following was submitted to the *Lightning Bolt* by **Demetrio Marquez**, shortly after his retirement from the Electric Furnace Department.

"I am very proud to send you these few lines to show my appreciation and gratitude to all of you who surprised me with a farewell party at the Red Apple Restaurant.

"I will never forget everyone that was there - again many thanks and God bless you.

"I would also like to take this opportunity to thank all who donated money as a gift to me and to those responsible for organizing everything.

"I feel honored to be associated with nice people like you."

Northwestern Retirements

Northwestern Steel and Wire Company wishes the following employees a long and happy retirement:

Effective August 1, 1988

Kenneth Hackbarth, Plant 2 Welding, 33 years.

James L. Larson, Caster, 33 years.

Robert Fortney, East Plant Tractor Shop, 41 years.

Miguel Espinoza, Caster, 38 years. Demetrio Marquez, Electric Fur-

nace, 23 years.



An era came to an end Friday, August 19th, as Martin Dillon, former Chairman Emeritus, spent his last day at work. Martin, who is the son of the late P.W. Dillon and grandson of the founder of the Company, was an employee of Northwestern for 58 years.

Efforts In Quality Assurance Produce Positive Results

In the past three years there has been a great deal of talk regarding quality at Northwestern Steel. But there is a lot more to quality than just talk and **Jerry Shinville**, Northwestern's Manager of Quality Assurance, says that great progress has been made in the development of a quality assurance program.

Shinville said attention to quality has resulted in a dramatic reduction in customer complaints of products produced in the Steel Division Mills and the Wire Mill.

The major complaint in the 12-Inch Mill has been slivers and lap during fiscal 1988, although customer complaints were reduced by half. At the same time, Shinville said that the major complaints in the Wire Mill, 14-Inch and 24-Inch Mills - slivers, scabs and scratches - have been completely eliminated.

"Over the past three years we have developed a quality system to help the mills," Shinville said, "and they have responded with some pretty concrete progress in improving yield and eliminating complaints from customers."

Shinville said that complaint costs in the 12-Inch and 14-Inch Mills dropped significantly while these costs increased slightly at the 24-Inch Mill and remained about the same at the Wire Mill. He said the Wire Mill complaints would also have shown a reduction if not for improved reporting methods.

Several factors are contributing to the success of the quality control program. Northwestern's QIP Program, which has helped identify and solve problems as they relate to quality, is a major factor, Shinville said.

In addition, ongoing training classes are educating the workforce through several state and federally funded programs. Most importantly, though, Shinville cites an overall awareness by Northwestern employees of the importance of quality.

"We are more familiar today with what is necessary to keep our Company competitive," Shinville said. "Quality means a partnership between all facets of operations and the customer."

199. . 1999 - Charles Charles

Shinville said it takes the combined efforts of everyone. "We are taking quality assurance from the role of criticism to the role of partner. People are now taking a look at the process and how it relates to the product."

A global perspective on the entire operation has also helped quality assurance, Shinville said. "We are looking at the entire operation - from scrap to steel production to endproduct. Our mills are our biggest customer and you have to approach quality assurance from that standpoint.

Northwestern Photo Used In NAM Promo Booklet

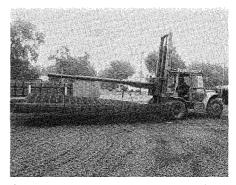
A photo of hot rod exiting the rod train and moving to the cooling bed on Northwestern's Morgan rod train recently appeared in the National Association of Manufacturers' Promotional Booklet.

The NAM is a trade association representing more than 13,000 American manufacturers, including NSW. Through NAM, those manufacturers speak in a united voice to government leaders and lawmakers.

The booklet outlines the strides U.S. manufacturing has made in quality and productivity over the last few years.



Mike Holbrook, 14-Inch Mill, didn't leave Northwestern emptyhanded when he retired August 1st. He proudly holds the better part of the tie he snipped from Dick Frasor, 14-Inch Mill Superintendent, before he left.



A heavy-duty forklift raises a bundle of mats at the new mat storage area at Plant 4. The added storage space has helped spur mat sales since orders can now be filled out of inventory.

Leased Mat Storage Leads To Higher Sales

Northwestern Steel is now putting some previously vacant property to good use.

An area south of Plant 4, which was previously a jungle of trees and weeds, has been cleared and is now being used as a storage area for flat mats.

The entire area, which encompasses approximately two acres, is enough space to store 1500 tons of mats. Several tons of furnace slag were poured over the area to form a gravellike surface.

Because the 8-foot x 20-foot (or larger) mats take up so much space, only a limited number could be inventoried.

Since the new storage space has come into use, Northwestern has seen a dramatic increase in orders for the mats due to the more flexible inventory.

"We had to run the mats just before shipment dates because we had little place for storage," **Rudy McCrady**, General Supervisor, Mat Department, said. "The space has really helped business because we can now fill orders from inventory."

Also McCrady said trucks now have easier access to the loading dock due to the new access through the mat storage area.

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