

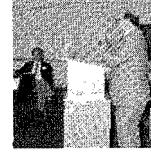
A LOOK INSIDE



Emergency teams trained
See page 6.



Racing fan fulfills dream
See page 8.



NSW hosts AQP
See page 7.

The Owners Manual

A PUBLICATION FOR EMPLOYEE/OWNERS AND RETIREES OF NORTHWESTERN STEEL AND WIRE COMPANY

August, 1989

Technological changes predicted

The 1990s: what lies ahead?

Tomorrow

As NSW celebrates its first year as an ESOP, the 1990s loom ahead. Of special interest to Robert M. Wilthew, Northwestern Steel and Wire Company's CEO and President, are the technological changes that may take place at NSW and in the industry throughout the next decade.

During a speech Wilthew presented recently at a Steel Survival Strategies

Conference held at the Plaza Hotel in New York City, he focused on the role Mini/Market Mills will play when they move into the 1990s - with an emphasis on producing high quality, low cost products in all steel markets.

At Northwestern in particular, Wilthew envisions several changes. In conjunction with the new jumbo beam blank caster installation, NSW has begun the engineering and manufacture of the world's largest ladle metallurgy furnace installation. The unit will have a capacity of 400 tons. "We

foresee the need of such equipment for our commodity products in the areas of quality and costs," Wilthew said.

Electric furnace steelmaking in the current volume of 380 ton heats requires temperature, chemistry and timing controls at processing levels that cannot currently be achieved, Wilthew said. "In a primary facility that is 100 percent cast semi-finished, like NSW, such controls will be required," he noted.

The future also dictates that the industry continue to attack costs.

"Ladle metallurgy does that," Wilthew said. In addition to the processing controls mentioned, it will produce large cost reductions in refractory and energy usages, Wilthew explained.

As EAF production increases as a percentage of all steel melting, this action, along with other changes, will create a near scrap volume shortage, with the scrap available presenting a quality problem involving the residual content levels of tramp alloy elements, Wilthew added.

"To help alleviate the situation, we see a growing need for an alternate feed stock - and that stock will be direct reduced iron," Wilthew noted. This iron unit source will be needed to help dilute the undesirable residual elements. Other changes will include advances in use of oxy/fuel heating and blowing, and coal injection, Wilthew explained.

He said he foresees bar and structural product design criteria going to the 50,000 yield level as a new product standard and at no greater cost than the current specification of 36,000 yield. "This would allow one uniform specification for North America," Wilthew explained.

"We believe there will be more
(See WHAT'S, page 7)

NSW stock value jumps

Today

The third-quarter valuation of Northwestern stock is \$27.18 per share on a fully-diluted basis, ESOP Administrative Committee Chairman Thomas J. Walter and Secretary James M. Boesen announced recently.

Based on unaudited Company financial statements as of April 30th, the total equity value of the Company is \$235 million. The valuation includes the June 22nd acquisition of the former

Armco, Inc. structural mill in Houston, Texas.

"It must be kept in mind that the value of the Company's stock may go up or down from time to time depending on the performance of the Company," the ESOP Committee stated in a July 25th letter to Northwestern employee/owners.

Another report will follow at the end of the fiscal year (July 31st), at which time employee/owners will be given an updated value and the number of shares allocated to their individual accounts.

The outstanding performance of Northwestern employee/owners was cited as a primary factor in the extraordinary growth in the value of the Company. Specifically, during the nine-month period ending April 30th, Northwestern met or exceeded nearly all prior production and shipping records.

The current stock valuation figures were determined by the firm of Houlihan, Lokey, Howard & Zukin, Inc., the ESOP Trustee independent financial advisor.

Wire won West

Yesterday

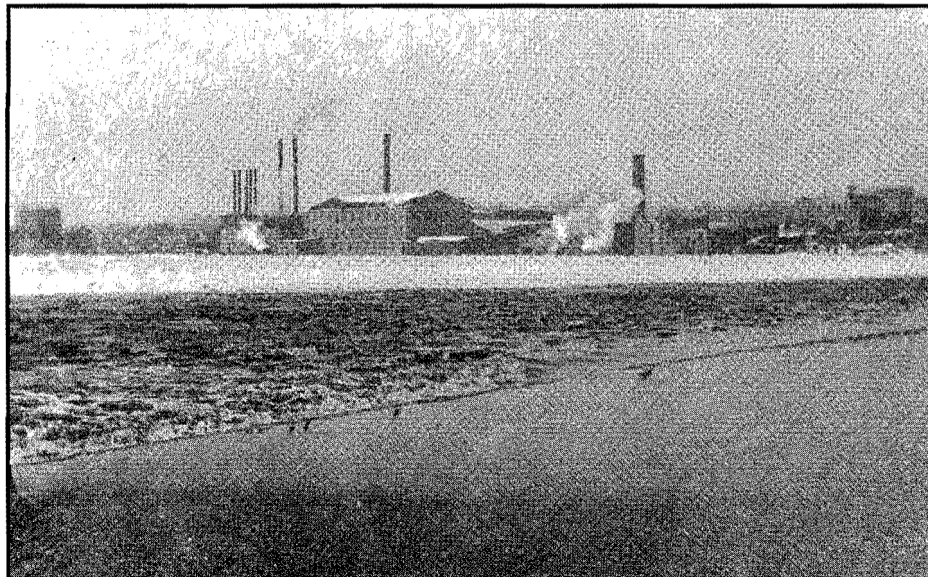
"The wire that won the West" is also the product that forged the foundation of Northwestern Steel and Wire Company's fortunes.

Barbed wire. It was the vital link which allowed farmers and ranchers to

tame the prairies, the "American desert," and make it blossom.

In 1879, barbed wire was the only product that rolled off the assembly line of the fledgling company which would become Northwestern Steel and Wire.

NSW's story began more than a century ago, with the founding of
(See WIRE, page 3)



Hard work, innovation and barbed wire are three key elements which have contributed to the success of Northwestern Steel and Wire Company over the years. Founded in 1879 by Washington Dillon, the business was originally dubbed the Northwestern Barbed Wire Company. At that time, 10 spools of barbed wire were produced per day.

Congratulations!

Northwestern employee/owners aren't the only ones to speak proudly of the past year's accomplishments.

The Company's first-year success as an ESOP also drew kudos from a number of community leaders.

A letter from Sterling Mayor William K. Durham, noting City Council's motion commending Northwestern's efforts appears below. Turn to pages 4 and 5 for more letters of congratulations!

City of Sterling, Illinois

212 Third Avenue Sterling, Illinois 61081

Office of Mayor & Council
815/625-0485

Mr. Robert Wilthew
Northwestern Steel and Wire
121 Wallace Street
Sterling, IL 61081

July 16, 1989


Dear Mr. Wilthew:

The Sterling City Council unanimously passed a motion on July 17, 1989, commending Northwestern Steel and Wire Company on their first anniversary as an employee-owned company.

In 1983 we saw the unemployment in this area reach over 25 percent. Now because of progressive management and the dedication of the employees of Northwestern Steel and Wire Company, our largest employer, the unemployment figure has dropped to 6.2 percent. Northwestern Steel and Wire Company is an asset to our community.

On behalf of the Sterling City Council, the City Manager and the residents of Sterling, we join together to congratulate you on a job well done and wish you and the employees even more success in future years.

Sincerely,


William K. Durham
Mayor

WKD/rmkj

Viewpoint



"We have to be more conscientious. We got a lot of competition. I think we are one of the larger nail companies. We have to be quality conscious."

C.J. Hicks
Changer
Nail Packing

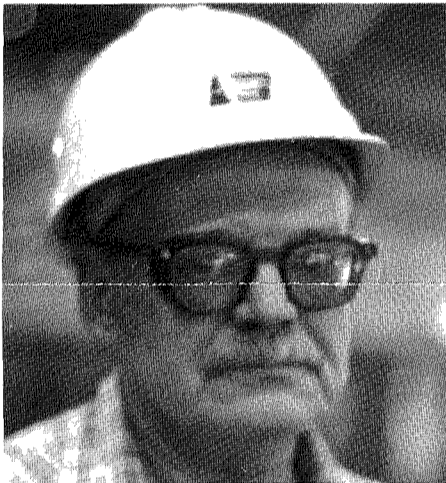
"How tough is our domestic competition? What can or should Northwestern do to become more competitive?"

The NSW employee/owners who give their viewpoint are picked at random. The opinions of the *first eight* people who give spontaneous or impromptu answers are used; we do not look for the "best" eight answers. The responses given are the responses that appear in print. They are not edited or changed.



"We the workers do not know anything about our competition. With the market beginning to soften we need to expand our product's depth and width."

Joe Ryan
Car Checker
14-Inch Mill



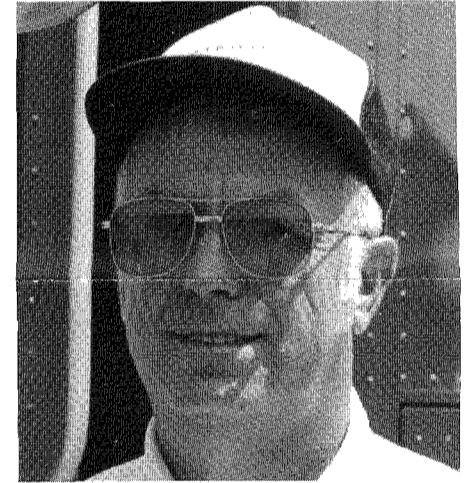
"The competition is really tough. Right now it is a seller's market but it is changing to a buyer's market. In order to maintain our customer base we must put out a better product than our competitors and give better customer service than our competitors."

Roy Robbins
Group Leader
12-Inch Shipping



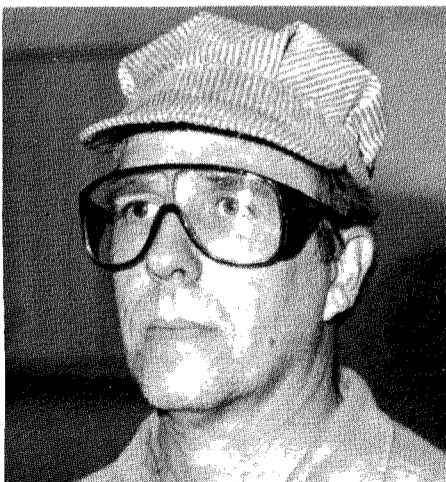
"Our domestic competition in our line of products is very competitive and will be even more so in the near future. We have to continue ways to be more efficient and cut costs. The Company is investing a lot of money. We as employees must do our part. Our bottom line is our report card."

Bill Boesen
General Foreman
Pit Operation, Tundish Repair
and Refractories



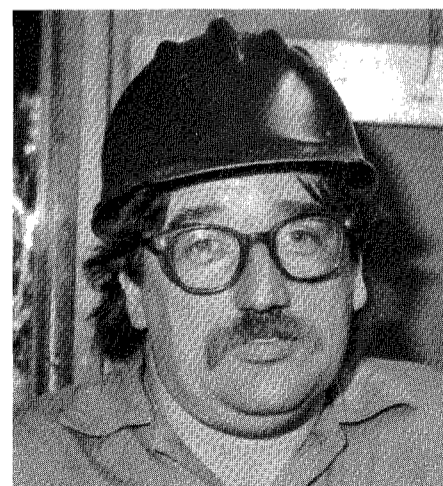
"I think there is tough competition. I'd like to see the Sales Department be more honest about the estimated time of delivery. They should be honest with their lead time to customers and not blame transportation for delaying delivery."

Terry Hockman
Over The Road
Truck Driver



"I don't know enough about our domestic competition. I think we made a good move at the Houston plant. I think we are going to put the competition on the smaller mills."

Dave Billings
Wire Drawer
Drawing Room



"There's a lot of competition out there. Other companies have better morale due to better incentive programs and better wages. We've got to boost morale — incentive bonuses, paid holidays, prime time off work, including vacations, anniversaries and birthdays."

Gary "Hobbitt" Gray
12-Inch Shipping



"Competition is tough, as far as new mills going up. Our guys have to take more pride in what they do and be less wasteful as far as the parts they use."

Ron Leal
Millwright
14-Inch Mill

NSW officials speak out

First year as ESOP a success

As Northwestern Steel and Wire Company neared the first anniversary of its change to ESOP status, Company officials spoke positively about the change and its impact on the future of the Company.

Much of Northwestern's current success can be attributed to establishment of QIP Teams and LMPT training, according to Larry Miller, QIP/LMPT Manager. Through the program, both new and veteran employee/owners have a say in day-to-day operations.

Workers find their suggestions implemented and feel free to pinpoint inefficiencies and waste, in direct contrast to workers at other companies, who often become frustrated because their opinions are usually ignored.

"I think it's going quite well," Miller said enthusiastically. "It seems to me it's made a big difference."

Miller estimated that during the first 10 months after the conversion to an ESOP, QIP and LMPT teams saved the

company nearly \$2.4 million. But he stressed that QIP/LMPT training is valuable in and of itself. "The training has improved communications in the plant, and you can't put a value on that," Miller stated. "If you can talk to people, you can work through the problems. Letting people know what's going on has helped communication at Northwestern—putting it in black and white gets rid of the rumors."

Miller reported 46 active QIP/LMPT teams as of mid-July and predicted

the first-year goal of 50 teams would be reached by September. It's a goal set by President and CEO Robert M. Wilthew, a goal Miller admittedly thought was unrealistic a year ago. Today, he's a believer, adding that 70 to 80 teams are expected to be active within the next two years.

"If you can talk to people, you can work through the problems."

Director of Human Resources Merlyn Bruns also spoke highly of the ESOP conversion and QIP/LMPT training program. "The training just demonstrates the attitude of the new leadership of this company, of its determination to keep employee/owners involved in the decision-making process," Bruns explained. "The attitudes of the employee/owners have improved greatly in the last year."

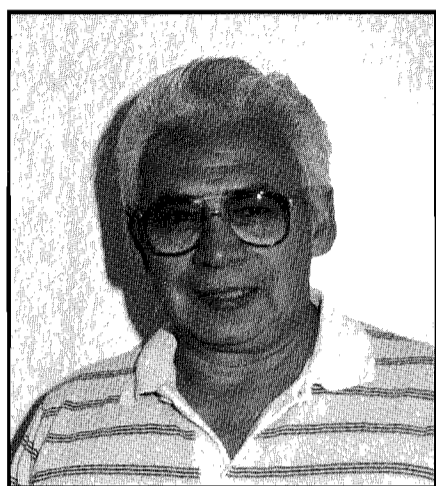
Bruns noted profits are up this year, and predicted a substantial rise in stock value when the evaluation is announced. "I think everyone will be pleasantly surprised," he said.

"The attitudes of the employee/owners have improved greatly in the last year."

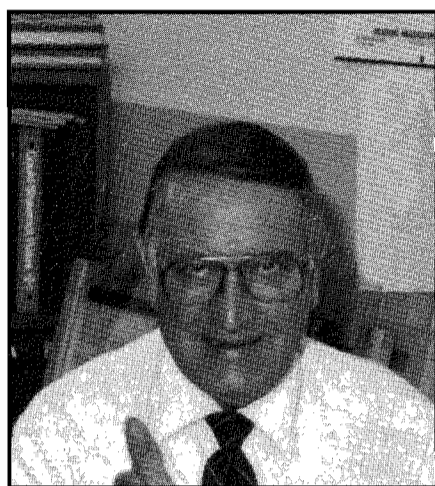
Vice President of Steel Sales Chuck Biermann also predicted an increase in stock valuation, which in turn can have a positive impact on worker morale. "When people see how their stock appreciates, they'll feel more a part of the ownership of the company," Biermann remarked.

Although the past year has been a good one in terms of sales, Biermann noted that the sales boost is not entirely Northwestern's doing. "Our sales figures are way up because this year has been a good year for steel," he explained. "The market has been there and we've taken advantage of it."

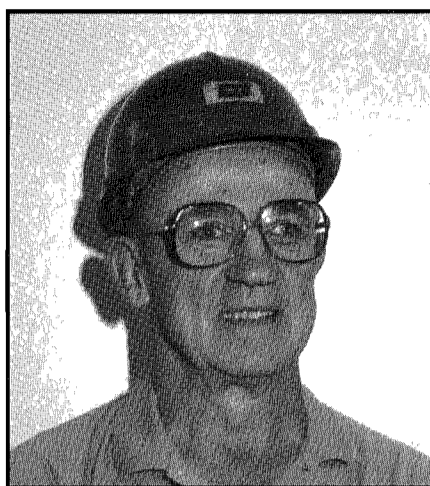
Operations Auditor Jim Boesen also praised the ESOP conversion, but cautioned that many of its benefits will be realized on a long-term basis. "The ESOP is a retirement plan," he explained.



Eugene Walls



Charles Bosco



Chuck Murphy

Longtime employee/owners reflect on changes at NSW

As technology goes, so goes Northwestern. That seems to be the consensus of many of the Company's veteran employee/owners. As NSW celebrates its first year as an ESOP, some observable changes in efficiency, attitudes, management and new machinery have been noted by a number of these cherished "old-timers."

"During the years I was with Northwestern I made a good living - good enough to raise seven children - and I'm grateful we're still in business."

According to Eugene R. Walls, a retired Welder who was hired at NSW in 1948, one of the biggest technological changes to take place at the Company was the increased capacity of the electric furnaces. Walls, who started out his career as a Millwright, then moved on to a 15-year stint in the Nail Room and a 10-year position in the Rolling Mill, also pointed out that

technology is the reason the physical aspects of the jobs at NSW are becoming easier. "As time went on, there wasn't as much back labor as there was operating machines," he said.

Walls also said he observed a positive attitude on the part of the longtime workers to "do a little extra" for the Company. He noted that labor unions were never "taken for granted" throughout the years because the workers knew how hard the union leaders had worked to obtain as much as they did.

In addition, Walls said he wholeheartedly believed in the ESOP theory

when the changeover was first recommended. "I feel that without the ESOP we would be going down the drain about now," he explained. "We had to give up some things, but it wasn't as bad as we thought. If the economy stays good, we'll come out smelling like roses."

Walls noted he has observed a need for NSW workers to "look down the road" instead of focusing only on the present. "During the years I was with Northwestern I made a good living - good enough to raise seven children - and I'm grateful we're still in business,"

(See LONGTIME, page 6)

Wire won West

(Continued from Page 1)

Northwestern Barbed Wire Co., nestled in the quiet Rock River Valley near Sterling. The Company's men turned out 10 spools of barbed wire per day under the direction of Washington Dillon, the founder of the company.

Visions of success

It was Dillon's dream to build a successful company based on hard work and innovation. At the beginning, Northwestern purchased smooth wire from an outside source and, by 1928, production grew to 600 spools of wire every day.

In 1928, disaster struck. Flames engulfed the Company's facilities, inflicting an estimated \$250,000 damage, a huge dollar loss in those days.

But it was only a temporary setback. The Company turned adversity into an opportunity for growth, soon starting construction on a larger facility.

During the Depression, it became increasingly difficult for Northwestern to rely on outside suppliers for smooth wire. Paul Dillon, the son of the founder of the Company, realized that the firm had to begin melting steel and making its own rod and wire for fabrication.

Recovery Act provisions instituted

during the Depression limited the installation of blast furnaces, but not electric furnaces—so Dillon turned the restrictions to Northwestern's advantage.

Past influences future

Once thought of as too impractical to use on a large scale, electric furnace steelmaking became the backbone of growth of the Company, which became known as Northwestern Steel and Wire Company.

Today, NSW sprawls across four miles of riverfront and is among the largest steel mills in the U.S. The Company's products now include steel

structurals and bar shapes, rod and wire products such as fencing and nails.

Just as the American West has come a long way from the days of Wyatt Earp and Bat Masterson, Northwestern has grown and expanded its boundaries. Today, the Company can look back with pride at its role in America's past, secure in the knowledge that the innovative pioneering spirit which began over 100 years ago remains alive and well as Northwestern moves toward the 21st Century.

Source: Northwestern Steel and Wire Company videotape.



ESOP Committee members and support services personnel toured NSW facilities prior to the first meeting of the group. Shown (from left) are Jim Head and Tim Fagan of Houlihan, Lokey Howard and Zukin, NSW's valuation experts; Malon Wilkus, President of American Capitol Strategies and ESOP Committee member; Jim Olson, Plant 4 Millwright; Leticia Peralta of LaSalle National Bank, the ESOP Trustee; Jim Boesen, Operations Auditor; Marilyn Marchetti, partner with Keck Manhin & Cate, the Trustee's legal counsel; and Tom Walter, Plant 3 Pipefitter.

NSW retires six in July

Once again, a number of Northwestern Steel and Wire Company employee/owners have retired after long years of service to the Company. Those retiring effective July 1 include:

40 Years

Eugene R. Walls, Plant 5, Welding.

34 Years

Anselmo Torres, 24-Inch Mill, Shipping.

32 Years

Thomas J. Hand, Laboratory.

30 Years

Billy Chesmore, 24-Inch Mill Cranes.

29 Years

Leonard Greer, Plant 4, Welding.

16 Years

John Greaves, 14-Inch Mill Electrician.

CONGRATULATIONS NORTHWESTERN

First Bank

ALAN J. DIXON
ILLINOIS

United States Senate
WASHINGTON, DC 20510-1301

I would like to take this opportunity to congratulate you and all the employees/owners of Northwestern Steel and Wire Company on a fantastic first year in operation.

Impressive!
Best wishes for future success, and please feel free to call on my staff and me whenever you believe we can be of service to you and your associates.

Kindest personal regards.

Sincerely,
Alan J. Dixon
Alan J. Dixon

LYNN MARTIN
18TH DISTRICT, ILLINOIS
COMMITTEE ON RULES

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON ADDRESS:
SUITE 1214
LONGWORTH HOUSE OFFICE BUILDING
PHONE: (202) 225-8878

DISTRICT OFFICE:
150 NORTH 4TH STREET
ROCKFORD, IL 61107
PHONE: (815) 957-4328

420 AVENUE A
STERLING, IL 61081
PHONE: (815) 625-1618

Congratulations to you and every other owner of Northwestern Steel and Wire on your first anniversary of employee ownership.

Northwestern has attracted a great deal of attention from the national media during the course of the last year, which has been good not only for the company but also for Sterling and other communities in the 16th Congressional District.

I was particularly pleased to read a recent report in Fortune Magazine which listed Northwestern among the fast-growing companies most likely to break into the Fortune 500.

To thrive, rather than merely survive, at a time when domestic steel mills have been making sweeping changes intended to restore lost competitiveness bodes well for the 2,800 employee-owners of Northwestern.

You should be proud of your accomplishments. I join you in looking forward with enthusiasm to the year ahead.

Sincerely,
Lynn Martin
LYNN MARTIN
Member of Congress

City of Rock Falls
603 W. 10th Street
Rock Falls, IL 61071-2854
(815) 625-6809

City Clerk
Marge C. Sommers

Mayor
James M. Arduini

We wish to extend our congratulations to Northwestern Steel & Wire Company on the celebration of its first successful year as an employee-owned Company.

The success and expansion of Northwestern Steel & Wire Company are of vital importance to the economy of our local area, and we wish you continued success in the coming years.

Sincerely,
James M. Arduini
James M. Arduini
Mayor
City of Rock Falls

Rock Falls
"Proud of our Past - Confident of our Future"

"Proud Of Our Past, Confident Of Our Future"

Rock Falls
CHAMBER OF COMMERCE

601 W. 10th Street
Rock Falls, IL 61071
(815) 625-4500

CONGRATULATIONS from the Rock Falls Chamber of Commerce.

It is wonderful to know that your first year as an employee-owned company has been so successful. A strong, competitive Northwestern Steel and Wire Company is vital to our community. What is good for you is good for us!

We wish you continued success in the future.

Sincerely,
Linda Thies
Executive Director
ROCK FALLS CHAMBER OF COMMERCE

Illinois Department of Commerce and Community Affairs

Jay R. Hedges
Director

James R. Thompson
Governor

Steven D. McClure
Assistant Director

I would like to take this opportunity to congratulate Northwestern Steel and Wire Company on its first year as an employee-owned company (ESOP). The Department of Commerce and Community Affairs was able to provide a \$1.9 million low interest loan through the Build Illinois Large Business Development Program to assist in the purchase of new equipment which improved efficiency at Northwestern Steel. Also, the department invested more than \$130,000 of training assistance to train new employees. The firm has more than met the department's expectations in terms of job creation and private investment.

We are proud to be a part of this success story. Northwestern Steel and Wire is an important and vital part of the economy of the Sterling/Rock Falls area and, in fact, the entire state.

Again, our congratulations and best wishes on your first anniversary as an ESOP.

Sincerely,
Dennis R. Whetstone
Dennis R. Whetstone
Deputy Director
Bureau of Program Administration

City of Sterling, Illinois
212 Third Avenue
Sterling, Illinois 61081

Office of Mayor & Council
815/625-0485

To the Employee/Owners of Northwestern Steel

Congratulations on having such a successful first year as an ESOP! It didn't just happen. It took a lot of TEAM WORK, HARD WORK and DEDICATION.

When Northwestern prospers, the Community prospers, the is in the air.

Again, Congratulations and Thank You.

Mae Zemke
Alderman-at-Large
City of Sterling



STERLING HIGH SCHOOL

1608 Fourth Avenue
STERLING, ILLINOIS 61081
(815) 625-6800

Thomas H. Gericke, Principal
Gordon Nunemaker, Assistant Principal
Keith Bos, Dean of Students
Steve Duncan, Director of Athletics

Congratulations on your first year of being an employee owned company. Your economic & production successes this past year have had a positive effect on the community. It is encouraging to see what can be done when people join together in a common cause. Your economic influence has had a positive effect on the high school and this enables us as educators to continue the fine academic traditions of the school district.

Continued success for 1989-90 and the 21st century!

Sincerely,
Thomas H. Gericke
Thomas H. Gericke
Principal



Sauk Valley Community College

173 IL ROUTE 2
DIXON, IL 61021-9112

815 / 288-5511
1-800 / 843-7430

Office of the President

Sauk Valley Community College is pleased to congratulate Northwestern Steel and Wire Company as they celebrate their first year as an employee-owned company on August 1, 1989. Northwestern has for many years been an outstanding employer and we are pleased to see the success continue to grow now that it is employee-owned.

Many Northwestern staff and their families have taken advantage of the educational opportunities offered at Sauk Valley Community College. As the company prospers and expands, I trust this mutually cooperative relationship will continue.

Congratulations to Northwestern on your first years as an ESOP and best wishes for continued success.

Cordially,
Richard L. Behrendt
Richard L. Behrendt, Ph.D.
President

City of Rock Falls

603 W. 10th Street
Rock Falls, IL 61071-2854
(815) 625-6909

City Clerk
Margie C. Sommers

Mayor
James M. Arduini

Our sincere congratulations to Northwestern Steel and Wire Company as they commemorate their first year as an employee-owned company. The combined efforts of both factions has resulted in a big step toward stability and prosperity.

The City of Rock Falls is cognizant of the impact of Northwestern on our community and the support we receive in our endeavors. Our best wishes for continued success.

Sincerely yours,

Ray Kulak
RAY KULAK, Alderman,
City of Rock Falls



"Proud of our Past - Confident of our Future"

THE CENTRAL NATIONAL BANK OF STERLING



302 FIRST AVENUE • STERLING, ILLINOIS, 61081-0388 • 815-625-4321
FAX # 815-626-5775

Dear Northwestern Steel and Wire Company Owners:
I just heard about the results you have attained during your first year as an employee-owned Company, and all I can say is WOW! At a time when every company is striving to become more efficient, you found many ways to break production records. Each and every one of you should be extremely proud.

On behalf of Central National Bank and Central of Illinois, Inc., let me extend our congratulations. Keep up the very good work.

Sincerely,

Andrew R. Cullum
Andrew R. Cullum
President
mls

A Subsidiary of Central of Illinois, Inc.

Rock Falls Township High School

101 TWELFTH AVENUE, ROCK FALLS, IL 61071

PHONE 815-625-3686

BOARD OF EDUCATION
Charles Bennett, Pres.
John Stern, Vice-Pres.
Gail Sigel, Sec.
Robert Bubbers
Merle Gaulttrapp
Howard Janssen
LARRY SIPERTY
SUPERINTENDENT
Jesse R. James, Ed.D.
PRINCIPAL
William E. Brelsfoard

As principal of Rock Falls High School, I would like to congratulate NWSW for it's successful year as an ESOP.

The staff of Rock Falls High School has had the opportunity to teach the children of many of your employees over the years, and have reaped the benefits of a benevolent benefactor in many educational endeavors. Many of your employees have served on our Board and steering committees. NWSW has contributed to our fiscal well being through taxation, and in special projects donations.

Again, congratulations on your success this year, and hopefully, for many more in the future.

Sincerely,
Richard A. Kulupka
Richard A. Kulupka,
Principal

NEWMAN CENTRAL CATHOLIC HIGH SCHOOL - MIDDLE SCHOOL

(815) 625-0500
1101 St. Mary Road
Sterling, IL 61081

Congratulations and best wishes for continued growth from the Newman Central Catholic High School - Middle School community.

We are proud of the number of our parents and supporters who are employed with your company.

God Bless You All
William J. King
William J. King
Principal

CHRIST OUR CORNERSTONE: I AM THE WAY, AND THE TRUTH, AND THE LIFE

Community State Bank of Rock Falls

1801 First Avenue • Rock Falls, Illinois 61071 • 815-625-1110

On behalf of COMMUNITY STATE BANK OF ROCK FALLS Directors, Officers, and last, but not least the employees, I want to congratulate you and your employees/owners on your very first birthday coming up August 1, 1989.

In a very short period of time, due to your employees, your Company has done some amazing things. As I understand it you have broken production records at a before unheard of amazing rate. You have negotiated and consummated a purchase of a defunct company in Texas to expand your product line as well as your capacity, and your involvement, as a leader in the community, continues to reflect your commitment to the area. We are proud to have you as a "MOVING FORCE".

As you grow and prosper, the community will grow and prosper as well. Your growth and prosperity will further enhance the quality of living and lifestyle in the Rock Falls/Sterling communities. Bravo NORTHWESTERN STEEL AND WIRE COMPANY!

COMMUNITY STATE BANK OF ROCK FALLS appreciates you and will continue to support you and your employee/owners in any way that we can.

Sincerely,
COMMUNITY STATE BANK OF ROCK FALLS

Stephen A. Curtis
Stephen A. Curtis
President and CEO

Steel industry future bright

Steel Service Center Institute President Andrew Sharkey and Executive Committee Chairman David Deinzer are enthusiastic about the future of the industry, according to an interview in the May issue of *Metal Center News*. The interview was conducted prior to the 80th annual meeting of the SSCI held in May in Honolulu, which was attended by a contingency from Northwestern Steel and Wire including President and CEO Robert M. Wilthew. He was presented a plaque recognizing his service on the Board of Directors from 1987 to 1989.

"I'm excited about our industry," Deinzer said in the article. "I think the future is going to be really exciting and challenging for those companies that pick their niche, know their place,

understand their cost structure and market the value of distribution."

As the industry continues to rationalize and consolidate, managers must make some hard decisions. "The reality is that the larger guys are getting bigger, and superprocessors and superdistributors now are making a significant impact on the industry," Deinzer continued. Medium and smaller centers have the most questions to resolve in determining where they fit in; doing so will be "critical to their survival and long-term profitability."

Managing inventory cycles intelligently is a critical challenge, Sharkey maintained. "Surprisingly, the market so far this year has turned out to be stronger than most people antici-

pated," he admitted. "But, as we all know, inventory management is essential if a manager doesn't want to get stuck with high-priced inventory when the market turns down."

"Simply put, to be survivors in the market, suppliers, service centers, and customers must become partners."

As a trade association, Sharkey noted that the SSCI considers partnering with suppliers and customers to be a very important concept, critical to the long-term survival of the industry. "These relationships are, in fact, stronger and better today than they have ever been," he said.

Both men agree that SSCI will continue to focus on efforts to educate both mills and service centers about the true cost of single-point billing and total value-added servicing, facilitated in part by ongoing associate-member problems. "Simply put, to be survivors in the market, suppliers, service centers and customers must become partners," Deinzer emphasized. "The key is getting the costs out of the

Old record for wire shipping falls in May

A record 549.4 tons of galvanized manufacturers' wire were shipped in May, 1989. The new record shattered the previous record of 446.2 tons shipped in April, 1989.

Owners Manual congratulates the NSW employee/owners whose efforts contributed to establishment of the new record.

Longtime

(Continued from Page 3)

he concluded.

Another veteran employee/owner, Charles Bosco, said keeping up with technology has been a plus for Northwestern. Bosco has been Chief Electrical Engineer at NSW since 1968 and first became acquainted with the Company during the winter of 1949. At that time, he was an engineer with Westinghouse and had been hired to install the 12- and 46-Inch Mills, electric furnaces and substations at NSW.

That particular job took two and a half years to complete; and on Sept. 2nd, 1952, Bosco was hired by NSW to become the Electrical Supervisor over all the plants.

"I've seen personnel drop from 4,800 to 2,800; but with automation, we're breaking all previous mill output and shipping records."

Over the years, Bosco has seen major increases in equipment productivity. For example, furnace capacity has jumped from 150 to 400 tons; furnace shell diameters have expanded from 22 to 38 feet; and electric furnaces have increased from 25,000 to 174,000 K.V.A. power transformers.

Bosco said modern technology also accounts for increased productivity because the majority of the Mills are automated with personal computers and programmable logical computers. "I've seen personnel drop from 4,800 to 2,800; but with automation, we're breaking all previous mill output and shipping records," he said.

Bosco also noted that since the Company has become an ESOP, hourly

employees have direct input into operations; and the result is improved quality and higher production rates. "I've always been in favor of this, even before we became an ESOP, only now it's an economic incentive to improve ESOP stock value," he noted

Charles L. Murphy, a Mill-builder Supervisor in the 14-Inch Mill, has seen the modernization projects at NSW take shape. Hired by Northwestern in 1951 as a Recorder in the 12-Inch Mill, Murphy worked his way up to Roller Foreman, a position he held for 15 years before being appointed to his current post. "I've had the distinct honor of being part of the beginning phases of the 12-, 14- and 46-Inch Mills," Murphy said, adding, "I'm amazed at the growth the Company has experienced over the years."

NSW goes to the movies

If you're a motion picture fan, you won't want to miss "Field of Dreams," a Universal Studios production starring such notables as Kevin Costner, Burt Lancaster and James Earl Jones.

Outside Salesman Bill Ackert, who covers the Colorado, Wyoming and Montana area, called the movie "an Academy Award performance."

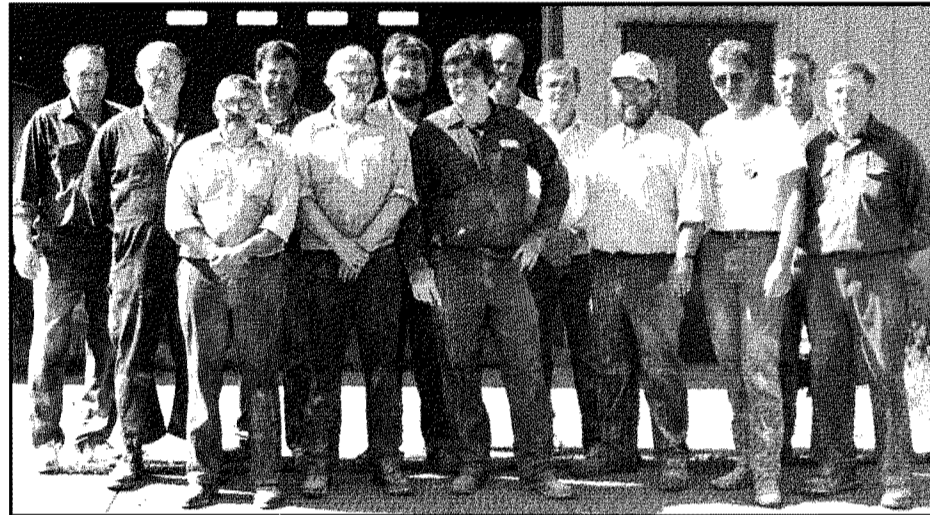
Part of the movie was filmed in Galena; in fact, a Prophetstown man, Joe Waite, made a brief appearance as a bartender.

But Northwestern employee/owners have a special reason to watch closely, Ackert said. One of the Company's products, a 50-lb. box of nails, makes a cameo appearance. Although the box of nails has no speaking part, *Owners Manual* is sure it's a scene stealer!

"We've also had complete management changes over the years, however, I've always been well satisfied with management - both before and after we became an ESOP," Murphy said.

"We're making a profit again and I attribute that fact directly to good management and the overall positive attitude of the employee/owners."

He explained that he remains impressed at the expansion of the Company and the progress it has made over the years. "We've got the ability to handle problems and get through the tough times. "We're making a profit again and I attribute that fact directly to good management and the overall positive attitude of the employee/owners," Murphy concluded.



Emergency team training ongoing

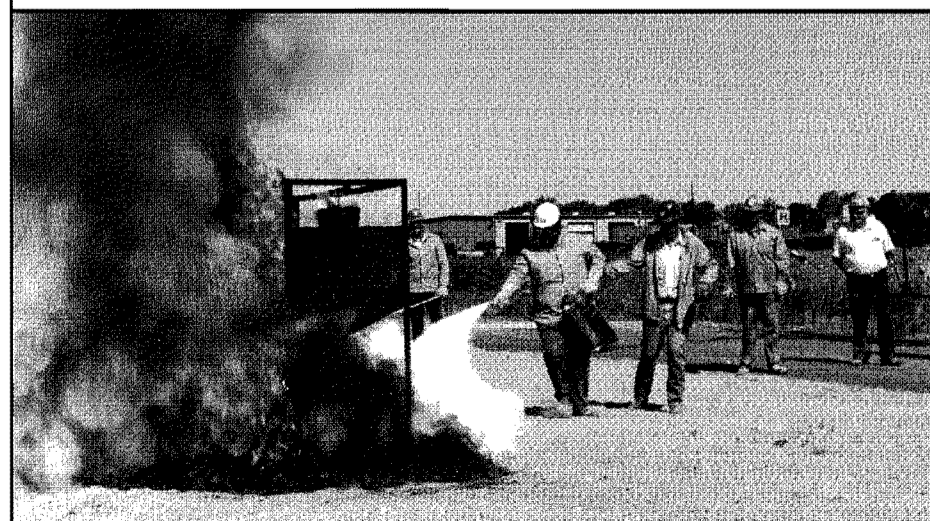
Pictured above is the first group of Emergency Organization members to be trained in conjunction with the newly formed Northwestern Steel and Wire Emergency Organization. This group of employees is from Plant No. 4 and includes the following people: Bill Manon, Ralph Spencer, Russell Egan, Odis Hudson, DeWayne Cardwell, John Souser, Delvin Rajnowski, Charles Deyo, Laverne Thompson and Sam Worrell; and instructors Bruce Stevens, Darwin Holldorf and Gene Jacoby.

The Emergency Organization is made up of employees that have volunteered to serve on the Organization. As of June 20th, Plant No. 4 was fully organized. Currently, applications are being taken at the Plant No. 1 area. Representatives then will move through each plant area to set up the Emergency Organization Groups.

"These people who have and will be volunteering for this Organization should be commended for having the interest of the Company foremost in their minds and the will to make sure we do everything in our power to make this a safe and productive company to work for," said Chuck Lancaster, Manager of Safety and Security.

Northwestern Steel and Wire's Safety and Security Department has set up an Industrial Training Ground at the Blackhawk Training Center on Route 2 West of Sterling, which will be used to train Emergency Organization members from each plant. When the new Organization is completely formed there will be approximately 100 members, represented by 20 members from each plant. These members will be trained in all phases of plant emergencies such as fire, hazardous chemicals, self-contained breathing equipment, basic first aid, and rescue work. Plans are to have all the plants organized and training started within the next 6 to 8 months.

The training will be conducted by Darwin Holldorf, Fire Inspector; Bruce Stevens, Chief Security Supervisor; Gene Jacoby, Safety Control Engineer; and outside agencies as needed. Bruce Stevens and Darwin Holldorf attended a one week training seminar in 1988 at the ANSUL Industrial Training Institute in Marinette, Wisconsin. This enables them to pass on professional training to Emergency Organization members. Gene Jacoby has served 15 years on the Rock Falls Fire Department and will be working with the Emergency Organization members.



Planning, participation spell success

Employees key to steel future

Although being cost-effective and technologically competitive are keys to success in today's steel market, Robert M. Wilthew, President and CEO of Northwestern Steel and Wire Company, has noted that it will be the industry's employees who will play the major roles in tomorrow's achievements - as long as they are permitted to become involved in the business. "It will be the employees who will help develop the plans, carry them out, and in the end, achieve these envisioned goals," Wilthew said.

According to NSW's President and CEO, employees at all companies

must be involved in the business to make it successful. "Such involvement doesn't end at button pushing, guide setting or spot welding a repair. It includes problem-solving, decision

"Management can make full use of the potential capacities of its human resources only when each person in an organization is a member of an active, effectively functioning work group that has a high degree of group loyalty, effective skills interaction and high performance goals."

making, financial understanding and

the long-range planning of futures," Wilthew said

Managerial recognition of the significance and power of employee involvement is critical. To release such power depends on management's understanding of how such human interaction works. "That is management's challenge going into the last decade of the 20th century," Wilthew said, adding, "Management can make full use of the potential capacities of its human resources only when each person in an organization is a member of an active, effectively functioning work group that has a high degree of group loyalty, effective

skills interaction and high performance goals."

According to Wilthew, to achieve a fully involved workforce takes time, effort and capital to properly plan an employee involvement process, train the participants, facilitate the training into problem solving teams and react positively to the team's efforts.

"When this has been accomplished, competitiveness will not only be achieved, but maintained. In the next decade the term 'people value' will take on a new meaning and relevance," Wilthew concluded.

Company is host to AQP meeting

Participation, cooperation and communication are keys to Northwestern's success, according to Jerry Shinville, General Manager of Quality Assurance. Shinville was featured at a recent meeting of the Rock Valley Chapter of the Association for Quality and Participation (AQP) hosted by Northwestern.

Shinville said the QIP motto is "People improving processes for better productivity and improved products to customers." "When the theory behind the motto is carried out, it leads to profits— and that spells survival," he explained. "In order to be successful, we must use our resources, communicate with our people and involve all employees in the operation of the business."

Change comes from within

One of the messages the Company is attempting to convey is that change must come from within the organization, Shinville said. "Improvement can only come from knowledge, and problems can only be solved by working together," he added.

During Northwestern's QIP training, problem-solving and customer service are emphasized. "In this case, quality

means conformance to requirements," Shinville said. In order to achieve the teams' objectives, employee/owners need to know and understand the cost of poor quality. Quality improvement then comes from management action that influences the total workforce. "Northwestern truly is now made up of its people," Shinville noted. "Without our people we wouldn't survive."

NSW's QIP process was a major commitment by management to be a way of life, rather than a program that would die out in a brief period of time. "Quality is our survival issue and NSW chose the participation approach as a method of influencing our workforce to work for survival," Shinville concluded.

The turnout for the meeting was "exceptional," according to Jeanne Meichtry of Amrock Corporation, president of the local AQP chapter. In fact, 77 representatives from about 20 companies throughout the region attended and toured Northwestern's facilities.

Meichtry added that AQP members, many of whom had never seen the inside of a foundry, were in awe of the sheer scale of NSW's operations.



Strike up the band! A good time was had by all who attended the first annual QIP/LMPT picnic held July 16th at Emerald Hill. Watch the September *Owners Manual* for details of this important event.

Redesigned coke chutes save big

Newly designed coke chutes on furnaces No. 6, 7, and 8 could save Northwestern \$8,231 per year, the Furnace Department's QIP Team No. 3 concluded.

Team members participating in the six-month study included Co-Leaders Raymond Green and William Poe, Co-Recorders Wayne Harrington and Michael Cody, and LuVerne Dowd, Francisco Aguilar, Norbert Padilla, Ronald Erickson, Frank Delgado, Edward Johnson, and Charles Jennings.

The study's problem statement noted that carbon bins on the No. 6, 7, and 8 electric furnaces are not dependable and don't always work when needed.

In an effort to reduce maintenance cost and cost per ton of steel produced, especially on the No. 7 furnace, the team recommended that during an upcoming changeover of furnaces to side wall mounted oxygen lances, the coke box on the No. 6 furnace should be moved further west like the ones on furnaces No. 7 and 8. The team also recommended a change in coke chute design for furnaces No. 6, 7 and 8 and a rigid 8-inch pipe on the coke bins.

Adopting a new chute and elephant truck design will result in a direct yearly savings as listed above; however, team members noted that the monetary value of indirect benefits of the changes could reach as high as \$76,232.



Jerry Shinville, General Manager, Quality Assurance, discusses Northwestern's QIP program at a recent meeting of the Association for Quality and Participation hosted by the Company.

What's ahead?

(Continued from Page 1)
product standardization and less nonstandard sizes produced in the future. Such achievement would allow Rolling Mills to achieve higher throughput - thus resulting in lower costs," Wilthew noted. He said he also believes Data Processing and Management Information Systems will continue to seek new uses and ultimately become a direct link with the steel consumer.

According to Wilthew, there will be a continued effort by the Mini-Mills to penetrate other steel product markets.

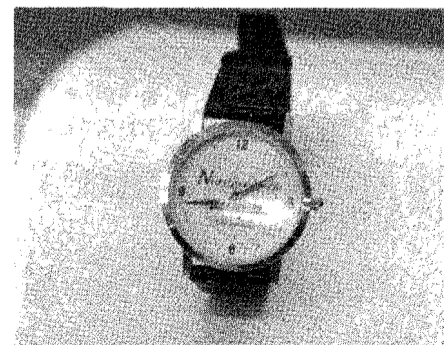
The Mini-Mill Industry began with rebar and rods and has increased to merchant flats, angles, channel, wide flange beams, some OCTG products, and now the scramble to flat-rolled products.

"Even NSW, in the planning of its new jumbo beam blank caster, has designed into the caster an economical future conversion to a thin strip slab cast capability. As the next decade ends, the Mini-Mills will be producing high quality, low cost products in all steel markets," Wilthew concluded.

Just in time for holiday gift-giving

Northwestern Steel and Wire Company is planning to purchase a quantity of Deluxe Quartz watches with the Company logo to be sold for \$20 each. If ordered by August 31, they will be available for Christmas gift-giving.

To purchase a watch, fill out the coupon below and send to Leona Richards, Manager of Communications Services, Office Annex. Payment is due upon pick-up of the watch.



Yes, I wish to purchase _____ watch(es) at \$20 each

_____ Man's _____ Woman's

Name: _____

Department: _____

Address: _____

Phone: Work _____ Home _____

Benchmarks noted

Owners Manual extends congratulations and a special thank you for the longtime dedication of the many employee/owners who celebrate September anniversaries.

25 Years

Raul E. Leal, 9/3/64, Electric Furnace.

Chauncey L. Gibbs, 9/8/64, Wire Galvanizer.

Robert L. Abbott, 9/8/64, Millwrights #2.

Eugene G. Johnson, 9/10/64, Drawing Room Straight & Cut.

Ronald E. Sanders, 9/10/64, Electric Furnace.

Carl D. Scott, 9/21/64, Scrap Yard.

Dale R. Klemesrud, 9/26/64, Millwrights #2.

Robert E. Gallentine, 9/27/64, Nail Department.

20 Years

Judith K. Shank, 9/2/69, Payroll Department.

Earl E. Giddings, 9/2/69, Scrap Yard.

Robert E. Fauble, 9/2/69, Electric Furnace.

Barry R. Jacobs, 9/4/69, 14-Inch Mill.

Larry E. Williams, 9/5/69, Welders, 14-Inch Mill.

Dennis A. Gipson, 9/7/69, 14-Inch Mill.

Arthur E. Bledsoe, 9/7/69, Continuous Caster, 46-Inch Mill.

Joseph Freedman, 9/8/69, Conditioning, 24-Inch Mill.

Marvin J. Miller, 9/9/69, Wire Mill Shipping.

Arlyn D. Madsen, 9/10/69, Wire Mill Machine Shop.

Gary Collin, 9/11/69, Crane Operator, 24-Inch Mill.

Steven W. Chapman, 9/11/69, 12-Inch Mill.

Fred M. Murray, 9/13/69, Millwrights #2.

Harold G. Harrison, 9/13/69, Nail Department.

James E. Thielen, 9/17/69, Millwrights #2.

Dale W. Richardson, 9/21/69, 14-Inch Mill Finishing.

Gary L. Turney, 9/21/69, Billet Caster.

Robert E. Wilkey, 9/21/69, 24-Inch Mill.

Theodore J. Ashley, 9/22/69, Pipefitters, 24-Inch Mill.

Mario A. Chavira, 9/23/69, Millwrights #2.

Charles W. Mattingly, 9/24/69, 14-Inch Mill Finishing Crane.

Allen W. Snyder, 9/25/69, Wire Mill Inspection.

15 Years

Steven W. Knapple, 9/16/74, Wire Mill Electrical.

Russell W. Yocum, 9/18/74, Millwrights, 14-Inch Mill.

William J. Stanley, 9/20/74, Supervisor of Central Stores.

Jeanette C. Udell, 9/30/74, Safety & Security Department.

5 Years

Dan W. Grater, 9/7/84, Nail Department.

Beryl A. Mabrey, 9/9/84, Wire Mill Drawing.

Charles A. Rogers Jr., 9/9/84, Wire Mill Drawing.

Richard E. Walters, 9/22/84, 12-Inch Mill Finishing-Bars.

Gerald L. Law, 9/26/84, Nail Department.

Shambaugh, Galbreath start new assignments

Two personnel changes have been announced at Northwestern, including a new permanent employee in the Purchasing Department and a promotion to a secretarial post.

Patty Shambaugh became a Purchasing Assistant and permanent employee/owner of the Company July 1st after working at NSW since January 17th through Genie Temporary Service.

While a temporary, she worked as a Purchasing Assistant to Buyer Joyce Cantrell. After she came aboard on a permanent basis, she was assigned the same duties with Don Simpson, another Buyer.

"I just love my job," Shambaugh said. "Everybody's so friendly here, and that makes a big difference."

Shambaugh earned a two-year accounting degree from Sauk Valley Community College before going to

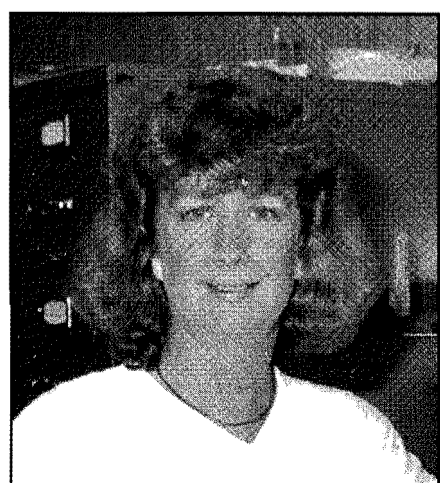
work for H & R Block and later as an office temporary. She said she's glad to settle down into a permanent job with NSW.

"I think timing is the important thing," she remarked. "It just happened that I was in the right place at the right time as far as Northwestern is concerned."

Karen Galbreath has been an NSW Purchasing Assistant for almost three years and was recently promoted to the position of Secretary to Larry Miller, QIP/LMPT Manager.

She started in her new job on July 3rd; prior to coming to Northwestern, she was a legal secretary for ten years. Galbreath is a graduate of Byron High School. Galbreath said she is enjoying her new duties at Northwestern.

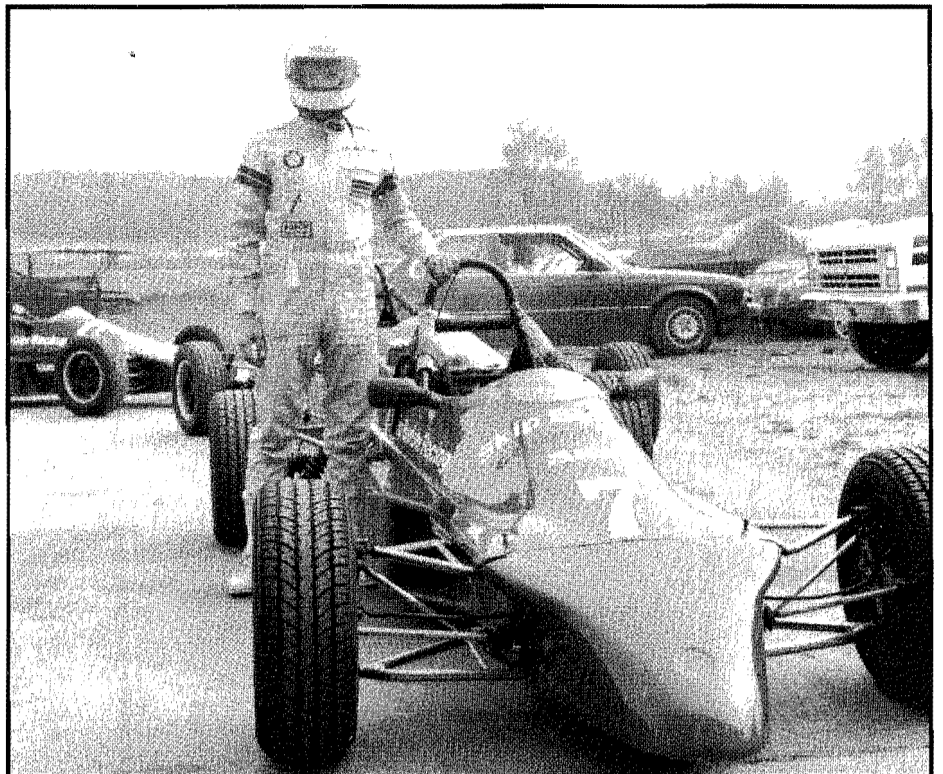
Owners Manual congratulates both women on their promotions.



Patty Shambaugh



Karen Galbreath



Howard Jones recently took a course at the Skip Barber Auto Racing School in Elkhart, Wisconsin. The Road America Race Course, where the class took place, is also a training ground for such racing notables as Michael Andretti.

Racing fan fulfills dream

Life in the fast lane

Howard Jones, Coordinator of Printing/Mailing and a 15-year Northwestern employee/owner, considers himself a lucky man. Not everyone gets the chance to make a lifelong dream come true, but recently he had that chance.

Jones spent a week taking classes at the Skip Barber Auto Racing School held at the Road America Race Course in Elkhart, Wisconsin. The training was in 1000-pound Formula Ford race cars with open wheel and open cockpit, and a top speed of 115 miles per hour.

The course included racing techniques, braking and cornering techniques, passing strategies and a car control clinic teaching how to and how not to slide. "The course provided a chance for me to drive a true race car on a track designed for racing - and I loved it!" Jones exclaimed.

The eight members of the class ranged in age from 21 to mid-50s,

and only one had any racing experience. The training was "top notch" Jones recalled, which explains why such a notable driver as Michael Andretti is among the school's graduates.

Too often, Jones said, people make the mistake of buying a race car before learning to drive it, only to find out racing is not everything they expected. After taking the lessons and dealing with "the fear factor," Jones is convinced racing is for him. He is currently looking to buy his own race car.

To that end, he has joined the Sports Car Club of America and has been attending local races and talking to people about available cars - so far with little luck.

Even if he never races, Jones said the lessons were of great value. "I learned things of use on the street," he noted, adding, "And besides that, I fulfilled my dream."

46th QIP team formed

Teamsters team up

Several Teamsters, including three truckers and three truck scale workers, completed their training in late June and officially became Northwestern's 46th QIP Team, according to QIP/LMPT Manager Larry Miller.

Formation of the team put NSW close to meeting its goal of 50 such teams, a goal set by President and CEO Robert M. Wilthew when the Company converted to an ESOP last

August. Miller expects NSW's 50th QIP Team to be formed by September.

In addition to the Teamsters, three people from the Scrap Yard QIP were trained, bringing it to a total of 18 people completing QIP/LMPT training during the week of June 19th. Miller noted the Teamsters trained to be part of the No. 46 Team had previously been involved in the program.

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