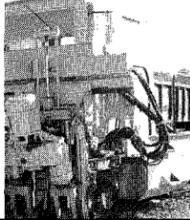


A LOOK INSIDE



Tie tamper will lessen chance of derailment

See page 3



Wilthew honors Northwestern's longtime workers

See page 4



Coiler Department continues to break NSW records

See page 5

The Owners Manual

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

October, 1989

Company is growing fast, report says

NSW fiscal year is 'extraordinary'

Northwestern Steel and Wire Company employee/owners have reason to celebrate, according to a financial report issued in September. The report, documenting the company's first fiscal year as an ESOP, shows "extraordinary growth," NSW officials say.

According to Ed Maris, Vice President of Finance, net sales rose by 9% to \$541 million during the fiscal year, which ended on July 31st. Volume shipments increased 4% to 1,525,947 net tons, and operating profits rose a whopping 21% to \$48.4 million.

Employee/owners should be cheered to learn that company stock is now valued at \$29.60 per share and an annual statement issued to each employee/owner in early October details the number of shares and the total value of the company

stock held by each worker, Maris said.

Altogether, the company valuation is \$255 million, according to the appraisal firm of Houlihan, Lokey, Howard, and Zukin Inc., an

"The year-end stock valuation is higher than anticipated due in part to the acquisition of the Houston facility..."

independent financial advisor to the ESOP. This valuation is based upon the company's audited financial statements as of July 31, 1989 and other factors, including NSW's performance in comparison to a group of other steel companies.

Company officials credited two

factors for NSW's fine first-year ESOP showing. First, the hard work and dedication of the employee/owners who reached new levels of productivity in the past year. Second, the company's bold expansion plans and acquisitions.

The increased productivity results in record after record being broken each month, Maris pointed out. But, he also credited the sales staff with "aggressive selling" because they found those markets and new customers.

According to Maris, an old saying in the steel industry that "there is no business like *no business*" is certainly true and therefore finding new customers while serving existing customers is a vital factor. Without customers there really is — *no business*.

Maris said the year-end stock

valuation is higher than anticipated due in part to the acquisition of the Houston facility in June. NSW's purchase of the wide flange beam mill in Houston created an expectation of increased future revenue and positive cash flow which in turn bolstered the stock value, Maris explained.

Another factor contributing to the higher-than-expected stock valuation was the company's additional expansion plans, including preparations to build a new jumbo beam blank continuous caster at the Sterling facility. In fact, Maris pointed out NSW plans to spend as much money on renovations in Sterling as in Houston.

Improvements at the Sterling plant recently have helped NSW save money, thereby contributing to the (See NSW, page 3)

Houston renovation on target

Renovations at Northwestern Steel and Wire Company's new structural mill in Houston began in early August and are expected to be completed within a year, company officials report.

Production at the mill, once owned by Armco Inc., should begin next spring. Meanwhile, a \$30 million facelift is underway, and the process

of hiring 180 new workers is slated to begin as early as January.

"The mill is in amazingly good shape," said Don Morgan, who is heading up renovation operations in Houston. He explained that Armco built the mill in 1972, only to shut it down 10 years later. "They didn't have time to damage anything," he laughed.

According to Morgan, Armco spared no expense in building the mill. "They built it the right way, no shortcuts taken, and it stayed that way," he reported. "By the time we have it all painted up, you'll think it's a new mill."

In addition to the overall cleanup, Northwestern plans to install a 78-inch sliding cold saw in the finishing facilities, a railroad scale in the shipping bay and new computer control systems. When completed, the improvements will result in a highly automated plant.

United Engineering has been hired to manage the project, while General Electric is heading the task of refurbishing the electrical system and installing the computers. Westinghouse, Houston Light & Power and Dashiell Inc. are upgrading the electrical substation which serves the plant.

Morgan pointed out that Northwestern officials forecast an annual output of 600,000 tons operating at 15 turns per week for the Houston plant, with a potential of 1 million tons per year. The new facility will produce wide flange beams. "If that business does well, Northwestern's employee/owners will derive the benefit of the added revenue to the company through assets and stock," Morgan noted.

Fred McCloud, NSW's Director of Labor Relations, is now in Houston to supervise the renovations, assess and evaluate the facility and serve as the new plant's Acting Director of Human Resources.

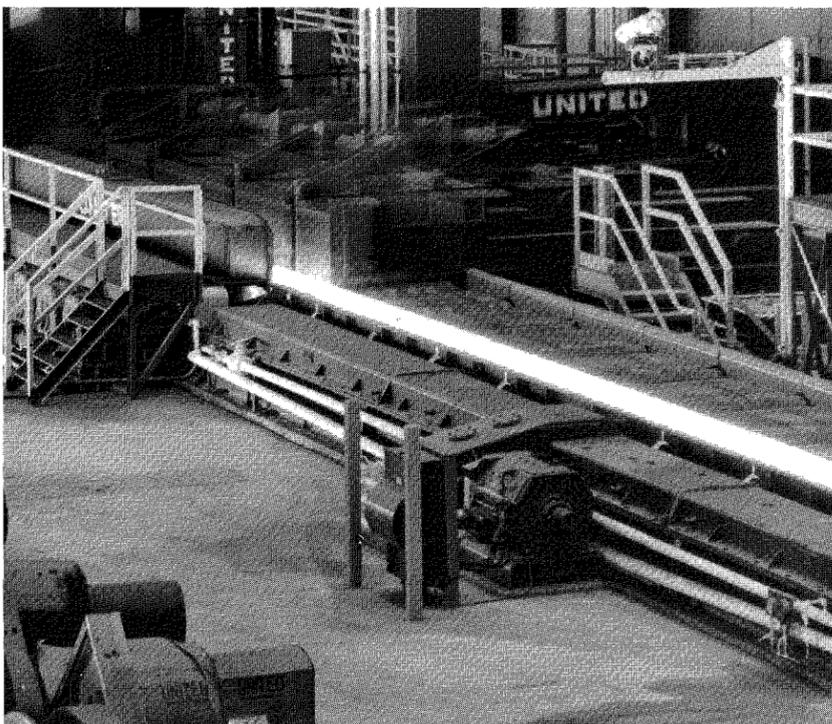
According to Merlyn Bruns, Director of Human Resources, the management and entire workforce of the Houston facility will be hired from outside Sterling. "We're looking right now," he said. Bruns added, however, that several Northwestern managers "are very actively involved" in the process of making the Houston plant a modern, productive steel mill.

"It (Houston) has the potential to be as profitable for Northwestern as the Sterling operation."

As reported in the September *Owners Manual*, the first order for beams from the Houston plant has already been placed by Trinity Industries Inc. of Dallas. The order, for 200 tons of unspecified beams, was placed as a "show of good faith" in Northwestern.

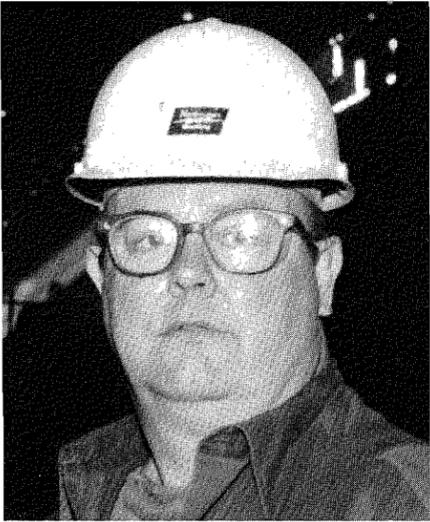
"The Houston plant has a very high profit potential," said Tom Galanis, Vice President of Operations, Steel Division. "It has the potential to be as profitable for Northwestern as the Sterling operation."

Galanis also pointed out that acquisition of the Houston facility will, in the long run, make Northwestern stock more valuable by increasing the company's equity. Although the Houston purchase (See HOUSTON, page 3)



An interior view of the production line at the former Armco, Inc. structural mill in Houston, Texas is pictured above. The facilities, purchased by Northwestern June 22nd, will allow the company to expand its current product range, extend the market base and make the company the largest wide flange beam supplier in the United States.

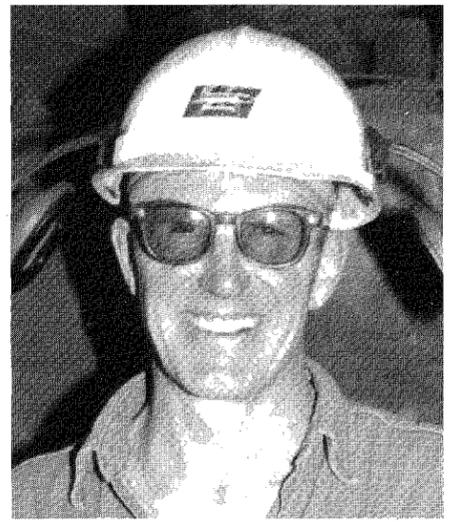
Viewpoint



“What do you most want to know about the Houston project?”

“I used to work for a company that had operations split up in different towns and they found that the cost of operations became impractical. If it didn't pay then, how can it pay now?”

Doug Karr
Tundish Repair



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.

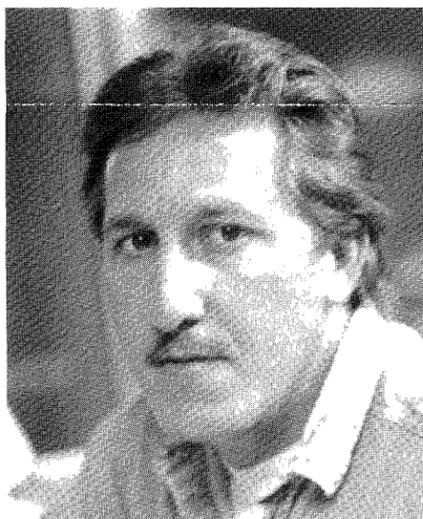
“I'm wondering what impact it will have on our 24-Inch Mill. Hopefully it will give us the breathing room we need to modernize our mill.”

Gilbert Quick
Assistant Roller
24-Inch Mill



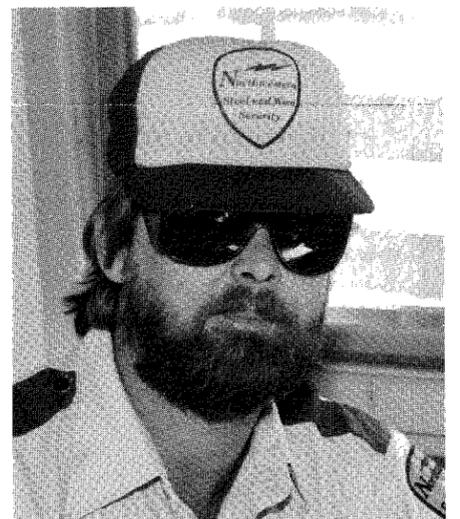
“I want to know if it's going to make us any money and if it's going to cost us any money.”

Marion “Ed” Fortune
Loader
24-Inch Mill



“When is the projected payoff on Houston? What's the average wage per employee to be hired in Houston?”

Steve Snitchler
Speed Operator
14-Inch Mill



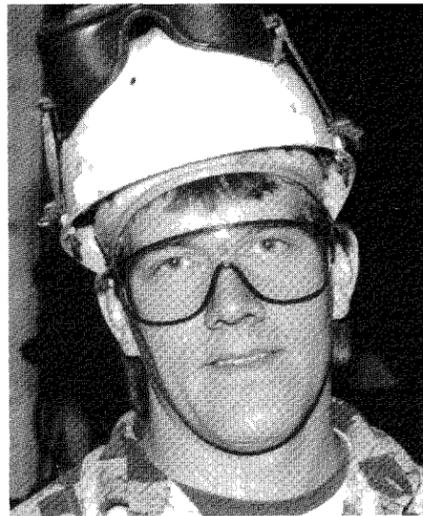
“I think everything was pretty much explained in the Dollars and Sense meetings. I would like them to keep us up to date on it.”

Mike Watt
Security



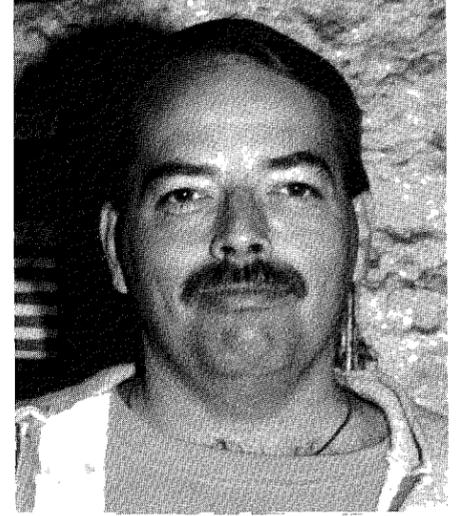
“How soon are they going to start up? Will they have an office staff to handle payroll, accounting, purchasing and sales?”

Sandy Loos
Payroll Clerk



“I'd like to know if it's really going to help us in output of more steel.”

Gene Sinn
Multicraft
Plant 2



“What's in it for me financially?”

John Wheat
Reeler
Netting Department

Falls hook, line and sinker

Jackley snagged by catfish fever

The next time you're passing over the Rock River between the 12-Inch and 14-Inch Mills, see if you recognize any of the fishermen below. One of the anglers just may be Paul Jackley of Sterling, an NSW retiree who is finding happiness and a bit of fame on the Rock River — along with hundreds of catfish.

Jackley is commonly found on his boat tempting catfish with a unique concoction of aged cheese. The bait obviously works well for Jackley,

who noted in one morning he caught 23 catfish in about three and a half hours. He explained he enjoys fishing so much that he takes very few days off from the sport. Even before he retired from NSW on January 1st, Jackley said he fished nearly every day. At that time, his routine usually called for hitching the boat trailer to his car after work for the 10-minute drive to the Rock River.

According to Jackley, retirement

simply meant more opportunity to engage in his favorite hobby, and now, he said he spends four to five hours on the river almost every day.

Jackley joked that catfish are perfectly suited to his disposition as a fisherman. "They're a lazy man's fish, which is fine with me. All I do is sit in the boat and relax while waiting for the fish to bite," he said. He explained there are no secrets to catching these catfish, and no special spots on the Rock River that yield the best fish. "All along the river the fishing is pretty good. The catfish are there for the taking and multiply quickly. If you go every day, you'll catch a lot of fish," he said.

Jackley explained catfish are good when eaten broiled or pan-fried. He said he eats his share of what he catches and always has a freezer full at home.

Three or four times a year Jackley shares the fruits of his hobby with friends and neighbors by hosting fish fries in his back yard. He estimates he cooks more than 100 catfish at each fry.

According to Jackley, his love of fishing has not gone unnoticed. The *Sterling Gazette* outdoors columnist Bud Stigall recently spent a day on

the Rock River with the 60-year-old retiree — a day that yielded 28 "keepers" and a column for Stigall.

An even wider audience read about Jackley after *Chicago Tribune* writer John Husar fished the Rock River at Jackley's side one day. That day was fairly typical for Jackley, who took his large catch in stride. The journalist was duly impressed and, once again, Jackley's talents put the Rock River "on the map" in fishing circles.

While angling, Jackley pointed out to Husar the Rock River has been cleaned up, thanks to a new concern for the environment, and is now a fine fishing stream. He noted NSW has put a great deal of emphasis in recent years on cleaning up its discharge into the Rock River.

At Northwestern, Jackley spent most of his 35 years as a millwright in the 12-Inch Mill. "The guys there still acknowledge me. They wave and ask me how the fishing is, especially when they're working outside," Jackley remarked. He remarked he is always glad to return the friendly greetings from his former co-workers and noted they're welcome to join him on the river any time.

Rolling Mill reaches new I-beam record

The 24-Inch Rolling Mill has set a new record by achieving the best tons per hour in the history of the mill.

The record-breaker took place during an 11-day period July 31 through August 10 and comprised a 12,000-ton rolling of 8"x5¼" and 8"x4" wide flange beams.

The new high is an average of

59.7 tons per hour, besting the previous record of 57.3 tons per hour set in July 1977.

According to T.J. Mangan, General Supervisor of Production, it was a combination of all the right ingredients that led to this accomplishment. However, Mangan is quick to point out the employee/owners deserve much of the credit.

"It was an overall total effort," he remarked, "from both union and management employees."

It is said records are meant to be broken, and this may very well hold true at NSW. Can the new record of 59.7 tons per hour fall?

"It was an overall total effort," he (T.J. Mangan) remarked, "from both union and management employees."

"Yes, it can," Mangan says confidently. "It (the new record) is tough to beat—but it can be beaten." He noted that planned modernization of the mill will definitely improve production.

But for the time being, Mangan hopes to keep production at the record high level — if not better.

Correction

The photo of Dean Munz which appeared in the September issue of *Owners Manual* was incorrectly identified as Marion "Ed" Fortune.

Blacktop, new lights to perk up parking lots

Northwestern Steel and Wire Company is currently in the process of expanding, blacktopping and adding new lighting to the existing parking lots near the print shop and the office annex.

According to Bob Martin, Vice President, Purchasing, temporary parking is being arranged at the Rod Storage Yard, however, the lots will be paved one at a time, leaving one parking lot free throughout the project. Upon completion of the blacktopping, the lots will be striped to designate individual parking spaces.

NSW purchased property from the city of Sterling for \$5,000 to extend the main parking lot to the Megli Oil property line. Northwestern has also arranged for the city to release the rights-of-way in the affected areas.

Martin predicted the paving project will be completed by the end of the month.

NSW growth continues

(Continued from page 1) healthy fiscal picture, Maris explained. "Sterling is now an all-cast shop for its internal needs," he noted, adding "That allows us to skip several steps and cut costs significantly."

Maris also pointed out the year-end figures represent a triumph

Houston

(Continued from page 1) added to the company's debt, Galanis said the transaction will not lengthen the time needed to pay off the debt. In fact, profits from the Houston mill could help Northwestern pay off its obligations ahead of schedule.

Galanis added that employees hired to work at Houston will not be employee/owners like those in Sterling — at least not initially.

over a pair of setbacks suffered earlier this year. Changes in the 24-Inch Mill cost the company significant tonnage in lost production compared to the business plan and a change in federal EPA regulations greatly increased the cost of disposing of electric furnace dust.

Increased sales in semi-finished products helped to overcome the setbacks, lost revenues and increased costs.

Overall, Maris said the fiscal year figures "are about what we planned for," although he stressed that it was a good year. "We generated enough cashflow to continue to aggressively invest internally and to modernize existing facilities and acquire additional corporate assets. "I'd like to see NSW grow like this again the next few years - and I'm sure we can," he concluded.

Cuts chances of derailment

Tamper tames tracks

The task of packing and leveling ballast along Northwestern's 22.5 miles of railroad tracks is being made easier and more efficient thanks to the recent purchase of an apparatus called a tie tamper.

The Car and Track Repair Department took delivery of the specialized piece of equipment in early August. It was purchased used, but in a newly rebuilt condition, even down to the paint job. According to John Smith, General Supervisor, Scrap Yard, this is a major investment for the department because the department's main job is to keep the tracks in optimum shape.

"Essentially, it's a piece of machinery that packs ballast under the railroad ties so they set level," Smith explained, adding, "We go down over the track, jack the ties up to the proper height, and the apparatus pushes the track bed down. When it rains it

lets the water get away from the ties so they don't rot."

For workers in the Repair Department, the tie tamper is taking over the job they used to do by hand, with the exception of last year when one was rented for seven months.

Smith says the tie tamper will be used whenever they put in new track or replace existing track, and will basically be used during the warm weather months. "It can't be used if it freezes," he notes, "unless you're putting in an all new track bed."

For Northwestern, Smith reports the tie tamper will eliminate the chance for derailment due to unlevel tracks. "Every once in a while we have a derailment, but it's not always because of the tracks," he says. "Sometimes, it's from overloaded cars. The majority of derailments are minor and can be fixed within an eight hour period," he noted.



Alvin Russell, (left) Scrap Yard Supervisor, and John Smith, General Supervisor, Scrap Yard, are pictured above with the tie tamper, an apparatus which makes packing and leveling ballast along Northwestern's railroad tracks an easier job to perform.

Many NSW workers tally anniversaries

On these anniversaries, *Owners Manual* recognizes the longtime dedication of these valued workers.

40 Years

LuVerne J. Dowd, 11/9/49, Electric furnace.

35 Years

Lavirne E. Cox, 11/29/54, Roll Shop.

30 Years

Clifton R. Wise, 11/15/59, Metal Inspection.

Stacey G. Morehead, 11/15/59, General Millwrights

Jay McKenzie, 11/17/59, Plant 2 Millwrights

Everett J. Sefton, 11/18/59, Plant 2 Crane Mechanics.

Jack W. Wilson, 11/18/59, Electric Furnace Brickmasons.

Keith N. Meiners, 11/18/59, Wire Mill Inspection.

Arnold L. Scudder, 11/19/59, 12-Inch Mille Crane Operator.

David E. Kester, 11/19/59, Electric Furnace Crane Operator.

Elverson E. Stevens, 11/19/59, Electric Furnace Caster Repair.

Frank Norman, 11/19/59, Plant 2 Crane Mechanics.

Robert A. Robinson, 11/19/59, 14" Mill-Crane Mechanics.

Jim W. Pyron, 11/20/59, Electric Furnace-SP Crane Operator.

Edward Ricks Jr., 11/22/59, Plant 2 Machine Shop.

Ernest S. Valladares, 11/22/59, Continuous Caster.

Louis A. Guerrero, 11/22/59, Continuous Caster.

William A. Howard, 11/22/59, Providing Clerks.

William C. Asbury, 11/23/59, Plant 2 Mechanical.

Harold D. Knapp, 11/23/59, Electric Furnace/Caster Repair.

James C. Fletcher, 11/23/59, Plant 2 Millwrights.

Camilo G. Sotelo, 11/24/59, 12-Inch Mill Crane Operator.

Herbert G. Asbury, 11/24/59, Plant 2 Welders.

LaVon R. Taylor, 11/24/59, Electric Furnace.

Norbert M. Padilla, 11/24/59, Electric Furnace.

Robert M. Stangeland, 11/24/59, Electric Furnace.

Walter A. Johannsen, 11/24/59, 24-Inch Mill.

Charles F. Fitts, 11/25/59, Carpenter Shop.

Clinton V. Porter, 11/25/59, Electric Furnace Crane Operator.

Clyde L. Ferguson, Jr., 11/25/59, 24-Inch Mill Crane Operator.

John W. Garrison, 11/25/59, Electric Furnace Brickmasons.

Joseph E. Neary, 11/25/59, Plant 2 Welders.

Richard G. Beyer, 11/25/59,

Plant 3 Pipefitters.

Robert G. Everly, 11/25/59, 24-Inch Mill, Crane Operator.

Robert L. Lyons, 11/25/59, Plant 2 Crane Mechanics.

Bobby G. Walls, 11/27/59, Billet Caster.

Carrol E. Fanning, 11/27/59, Plant 2 Electrical.

Charles R. Smith, 11/27/59, 24-Inch Mill Crane Mechanics.

Curtis D. Repass, 11/27/59, Plant 1 Pipefitters.

Dean K. Frederick, 11/27/59, Plant 2 Millwrights.

Louis J. Ramirez, 11/27/59, Nail Department.

Luther L. Warren, 11/27/59, Wire Galvanizer.

James E. Branch, 11/28/59, Engineers.

Harold P. Balk, 11/28/59, 24-Inch Pipefitters.

Richard M. Plock, 11/28/59, Wire Mill Electrical.

Richard D. Taets, 11/28/59, Wire Mill Drawing Room.

Dallas L. Hodge, 11/30/59, Plant 5 Pipefitters.

James R. Norman, 11/30/59, Electrical Furnace-Caster Repair

John H. Hicks, 11/30/59, 24-Inch Pipefitters.

25 Years

Rolland K. Lindsay, 11/2/64, Rock Falls Machine Shop.

Duane A. Goetsch, 11/16/64, Outside Salesman/Wire Products Division.

20 Years

Raymond W. Pitts, 11/3/69, 14-Inch Mill Furnace.

Marvin R. Spears, Jr., 11/23/69, 14-Inch Mill Welders.

Terry L. Sturtevant, 11/24/69, Electric Furnace Caster Repair.

Michael J. McCaffrey, 11/25/69, 14-Inch Mill Welders.

Richard A. Fowler, 11/25/69, Electric Furnaces.

Terry L. Gaskill, 11/25/69, 14-Inch Mill Finishing.

Terry R. Hohn, 11/25/69, 24-Inch Mill.

Thomas J. Duffy, 11/25/69, Scrap Yard Section Crew.

Ricky R. Balsley, 11/26/69, Safety Department.

Cedric E. Patterson, 11/26/69, Wire Mill Drawing.

Donald G. Moore, 11/26/69, 14-Inch Mill Shipping.

15 Years

Lester F. Lawrence, II, 11/26/74, Guards.

5 Years

Gary L. Davis, 11/1/84, 14-Inch Mill.

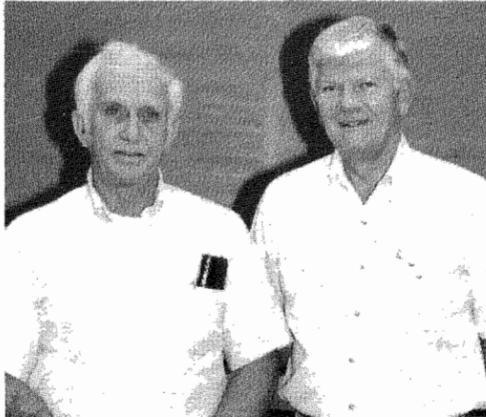
Margaret L. McCormick, 11/28/84, Purchasing Department Associate Buyer.

Awards breakfast held

NSW honors workers

Northwestern Steel and Wire Company recently held an Awards Breakfast to honor several of the company's longtime employees for their dedicated service over the years. In the top photo receiving his award for

45 years of service to NSW is William P. Brockman (left) who is pictured with Robert M. Wilthew, President and CEO of the company. In the middle photo are (from left) Wilthew, Richard L. McKenna, Harold L. Backburn, Harold D. Wolber and Wallace H. Hartman who received awards for 40 years of service. In the bottom photo are (front row from left) Robert A. Rubright, Carl Fitts, Darrell Kitzmiller, Robert Call, Kenneth Coble (back row from left) Wilthew, Hershel R. Stites, Darrell Gorman, Ed Cushing and William Pursell who are honored for 35 years of service to NSW.



49th team formed in August

NSW team MUSCLEs in on QIP/LMPT action

The QIP/LMPT program at Northwestern Steel and Wire is well within reaching its 50-team goal with the August training of the company's 49th team.

In August, the Plant No. 4 LMPT team - the "M.U.S.C.L.E. Team" - became the 49th to be trained overall and the seventh team at that plant.

The newest team is off to a fast start, according to Merle Heckman, Wire Products Division Facilitator. The team has already decided to study problems related to the No. 14 Electro-Weld machine, and a form has been devised to help operators and chart problems. The completed

form will be delivered to the operators and the team will evaluate the results.

Members of the Plant No. 4 M.U.S.C.L.E. Team include Nelson Vasquez, Mark Stangeland, Eric Russell, Jeffrey Richards, Terry Deskeere and Larry Bell.

Heckman said team members are proud to be a part of the Northwestern program. "I think the team is very pleased and excited," he said.

Northwestern's 50th team will be trained in October, Larry Miller, QIP/LMPT Manager said, noting it will be composed of office workers.

OSHA recordables explained

How stats stack up

The "statistics" column in each issue of *Owners Manual* includes a monthly tally called "OSHA Recordables." Andy Moore, Acting Manager of Labor Relations and Employee Benefits, explained what the numbers mean.

See chart, page 5.

Moore said the Occupational Health and Safety Administration (OSHA) requires companies to keep records of injuries incurred by employees. OSHA compiles these accident figures and calculates a rate based on 200,000 man-hours per

year, or the number of hours 100 men work during the course of a year.

Specific types of injuries are figured into that rate, including accidents that result in lost time, reduced work assignments and/or physical therapy, fractures, sutures, and certain eye injuries.

Northwestern Steel and Wire Company's OSHA recordable rate for the first half of 1989 was 16.8, Moore reported. He added the company is working to lower that rate since the average OSHA recordable rate for the steel industry is 12.52.

Enthusiasm and cooperation will be long remembered

Bosco's dedication was evident

(Tom Galanis, Vice President of the Steel Division, offers this introduction to the following article: On September 23, 1989, our friend and Northwestern's Chief Electrical Engineer, Charles Bosco, suddenly passed away at the age of 69 years. The loss of Charlie's dedication and expertise will leave a significant emptiness for us at Northwestern and at the other companies in his field of knowledge where he left his mark as he passed among us. We all offer his family our sincere condolences and thank them for sharing Charlie with us these many years. The following article was written prior to September 23 and is typical of Charlie's energy, enthusiasm and broad contribution to our company's success. For Charlie...)

Good ideas are not wasted at Northwestern Steel and Wire Company. Whether it's generated from a QIP team or an engineer, suggestions on how to make things simpler, safer, more efficient and less costly are seriously considered for implementation.

Charlie Bosco, Chief Electrical Engineer, says he is usually working on three or four such projects at one time, many having to do with the redesigning of equipment or of an electrical nature.

"Mechanical, electrical and hydraulic problems—I get them all," Bosco explained, noting he is often approached by QIP teams looking for a solution to a certain problem. "They know what they want but

don't know how to do it," he said. "I point out the various ways it could be done."

"...you should always have a back-up system...if one power source goes out, it won't affect the other," Bosco cautioned.

Bosco gives talks to the teams and recently worked closely with employee/owners of the Wire Mill in devising a way to extend the life of the galvanizing pans which were being corroded by an acidic substance. By reversing the electrical action, the corrosion was neutralized.

Bosco explained that once the feasibility of a project is determined, the next step is to make drawings and specific calculations to "make sure everything goes together as it should."

Bosco, who holds several patents, is very busy these days redesigning the plant's power system. By the end of October he hopes to have a second electrical feeder coming into the plant, which will provide independent power for the mill and furnaces.

"You can't afford just one line—you should always have a backup system," Bosco cautioned. "If one (power source) goes out it won't affect the other."

In September, work began on installation of a power-improved transformer for Electric Furnace No.

8, a joint engineering effort between NSW and Electric Metallurgical Company of Pittsburgh. According to Bosco, the new design will mean a marked increase in melting power.

Additionally, Bosco is involved in the revamping of the electrical substation at the new Houston plant and is working on the power supply at NSW's Wire Mill.

Whether it's a new design or redesign of an existing system, the company is interested in hearing about it. Not only does the practice

save money, Bosco pointed out, but it helps keep Northwestern at the forefront of the industry.



In Memory of Charles Bosco

Born: October 17, 1919
Died: September 23, 1989

Checking the stats

August, 1989

PRODUCTION

Department/Mill	Produced (tons)	Performance to Plan
Primary Department		
Raw Steel	130,954	83.3%
Billets Cast	62,043	103.7%
Blooms Cast	57,798	100.1%
Wire Division		
Rod/Wire	3,791.5	N/A
Plant 1	10,029.5	100%
Plant 4	6,984.5	108%
<u>24-Inch Mill</u>	34,879	87%
<u>14-Inch Mill</u>	29,302	106%
<u>12-Inch Mill</u>	35,129	100%
	Shipped (tons)	Plan vs. Actual
Total Rod/Wire	25,718	+1,463
12-Inch Mill	13,778	+ 278
14-Inch Mill	29,581	+7,781
24-Inch Mill	31,912	+1,112
Semi-Finished	6,680	-8,320

COMPLAINTS

Wire Division Products				TOP FOUR COMPLAINTS = 81% OF TOTAL
Number Recorded	Reason	By Costs \$	%	
65	Surface Shortages	\$12,233	55.34%	
	Service	2,542	11.50%	
	Rust	2,078	9.40%	
		1,116	5.05%	
Steel Division Products				TOP FOUR COMPLAINTS = 84% OF TOTAL
Number Recorded	Reason	By Costs \$	%	
74	Order Error	\$15,797	25.94%	
	Service	12,349	20.28%	
	Price/Freight	12,009	19.72%	
	Caster Crack	11,076	18.19%	

ABSENTEES

Normal Work Hours	Total Absence* Hours	% Absence to Normal	% July 1989
417,674	26,512	6.34%	6.6%

* includes off until further notice, i.e. workers compensation, sickness and accident, discipline, etc. and general reporting off.

OSHA RECORDABLE INJURIES

OSHA recordables are injuries resulting in time loss, sutures or physical therapy needed, industrial illness, etc.	Rate 16.0% Rate is % per 200,000 man hours (100 employees working 1 year)	Rate -August, 1988 21.59%
39		

Coiler Department racking up records



Trent Druce recently broke a Coiler Department shift record for 12-Gauge Coiled Baling Wire. The record was broken August 21 on the 7 to 3 shift when 140 coils were produced. The old record, set in May by Mike Cox, was 138 coils.

Employee/owners continued to knock out records during August. Owners Manual salutes the ongoing accomplishments of Northwestern Steel and Wire Company's workforce.

Coiler Department Shift Record Old Record
17-gauge, ¼ mile electric fence wire.

August 14, 1989 May 11, 1989
7 to 3 shift 7 to 3 shift
605 spools 603 spools
Gerald Fowler, operator

Coiler Department Shift Record Old Record
17-gauge, ¼-mile electric fence wire.

August 15, 1989 August 14, 1989
7 to 3 shift 7 to 3 shift
607 spools 605 spools
Gerald Fowler, operator

Coiler Department Shift Record Old Record
17-gauge, ¼ mile electric fence wire.

August 18, 1989 August 15, 1989
7 to 3 shift 7 to 3 shift
612 spools 607 spools
Gerald Fowler, operator

Coiler Department Shift Record Old Record
12-gauge, Coiled Baling Wire

August 21, 1989 May 5, 1989
7 to 3 shift 7 to 3 shift
140 coils 138 coils
Trent Druce Mike Cox

More women wearing hardhats

The roles of men and women in the steelmaking workforce have been clearly defined throughout the years; men have traditionally tackled the more strenuous mill work, while women put their talents to work in the offices.

Although a majority of steelworkers today are men, there are women who are just as content laboring in the mill as working in an office.

At Northwestern, 63 women employee/owners work in the offices. However, one, an industrial engineer, also spends some time out in the plant.

There are 23 women who work in the plant itself. One is a Metallurgist, one works in the 24-Inch Mill, two work in Wire Galvanizing, and four are employed in the Nail Room. Netting, Central Stores, the Rock Falls Labor Pool and the Rock Falls Plastic Division each employ one female. There is also one female Security Guard and nine in-plant clerks.

Capability to do the job is a prime factor in steel work. All applicants, male and female, must pass industrial fitness requirements. According to Jack

Fritz, Employment Manager, sports enthusiasts and people who previously held factory-type positions are usually good candidates for steel mill work.

The plant hierarchy also plays a part in determining work assignments, Fritz noted.

Hiring is done from the labor pool, from which workers may bid into various production units. Clerical jobs are posted and interested persons may apply. Seniority is also a major factor in final hiring decisions.

Between 100 and 125 persons are hired for permanent full-time

positions each spring to take the place of workers who have successfully bid up to higher jobs the previous year, and, each May, between 75 and 100 high school and college students are hired for temporary positions during the prime vacation months for NSW employee/owners.

Fritz is quick to point out that the women of Northwestern are very much committed to a career. "Whether they work in the office or the plant, women are putting in as many years on the job as men typically do," he noted.

McCloud paves way for Houston opening

There's much to be done in Houston in preparation for the new plant's proposed mid-1990 opening date, including a lot of legwork. One Northwestern official has been there since July in an effort to see that things run smoothly.

Fred McCloud, NSW's Manager of Labor Relations and Employee Benefits, has taken on the assignment. He is currently Acting Director of Human Resources at the Houston plant, a position he expects to hold until the mill begins production.

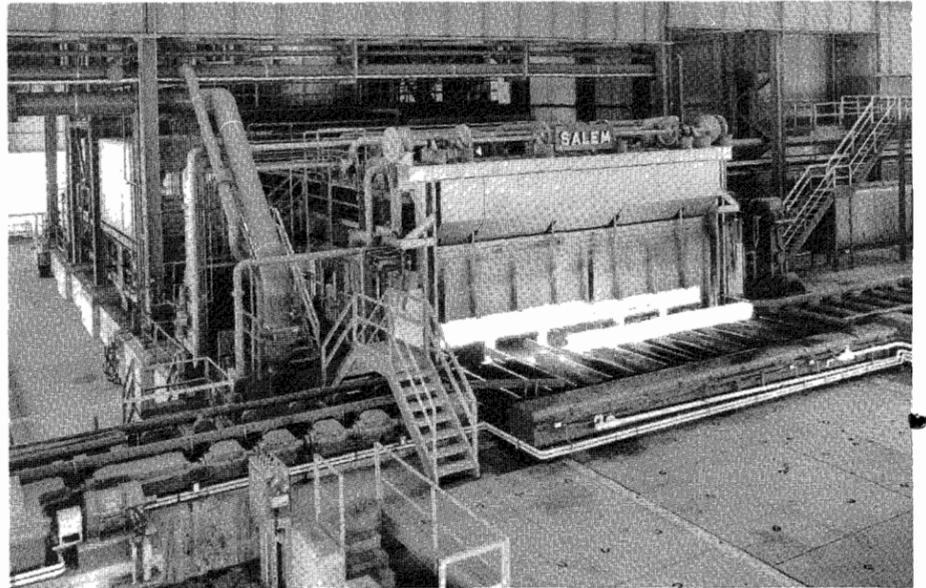
McCloud said he is now setting up offices, performing public relations work and helping the company become established in the Houston

community. In addition, he is the contact person for the numerous salespeople who drop by.

McCloud also plans to initiate a program for the hiring process, which will probably begin between January and March of next year. At a full 15 turn operation, approximately 180 jobs will need to be filled.

"There are currently no other employees here except the contractors who are working on the plant," McCloud noted.

While McCloud is in Houston, Andy Moore will serve as acting Manager of Labor Relations at the Sterling facility, assisted by Marianne Johnson.



The newly purchased Houston facility is currently undergoing a \$30 million facelift. NSW's Fred McCloud, Manager of Labor Relations and Employee Benefits, is at the plant to see that things run smoothly for the mid-1990 opening.

Electric arc melts steel

Furnaces are world's largest

(This is the second in a series of articles highlighting various Northwestern departments. The purpose of the articles is to provide information about each area's function.)

Northwestern Steel and Wire Company is home to the world's largest electric arc furnaces, with each of the three units capable of melting up to 800,000 lbs. of scrap metal during every three hour and 20 minute heat.

"No other furnace even comes close to our furnaces," reports Dave Koncsics, Manager of Primary Operations. The process

of melting scrap, extracting impurities, adding alloys and testing the resulting product demonstrates the magnitude of the operation.

Scrap metal is first sized, graded, and blended to meet the client's requested chemical makeup. Although NSW can produce about 100 grades, 95 percent of the orders are from six of the most popular grades. The exact "recipe" is determined by computer. "Steel is not a simple thing," Koncsics notes.

Next the scrap heads for the furnace, where the electric arc that melts it "resembles a bolt of

lightning." Four giant buckets each with a 250,000 lb. capacity, swing over the top of the furnace and, one bucket at a time, release their load. The steel is melted and lime added to capture the impurities. This produces slag.

Carbon, sulfur and phosphorus are removed from the steel and alloys are added during tapping. The furnace temperature at this time is 3,100 degrees Fahrenheit.

The molten steel is then dumped into a huge ladle and sent to the ladle refining station, where it is homogenized and adjustments are made for temperature and chemistry, depending on whether it is bound for casting or the pouring of ingots.

Needless to say, this all takes a tremendous amount of electricity; 500 kilowatt hours per ton to be exact. During maximum production, Koncsics reports the electric bill for the furnace is \$2.5 million a month. Two furnaces operate around the clock every day of the year. The third is used during off peak night hours when electricity is less expensive.

With the extreme heat, potential for explosion, overhead cranes and other machinery, there is a certain amount of risk for the approximate 250 workers. "But the dangers are well defined and recognized," Koncsics notes. "Statistically, it's as safe as being at home or on the street," he said.



NSW has the world's largest electric furnaces. Each of the three units can melt up to 800,000 pounds of scrap metal every three hours and twenty minutes. During maximum production, the electric bill for the furnaces is \$2.5 million a month.

It's 'time' to pick up your NSW watches

The Deluxe Quartz Watches with the Northwestern logo have been received and those of you who have placed orders may pick your watches up as follows:

Location

Communications Department, located on the second floor of the office annex (ask for Leona or Linda)

Time

9:00 a.m. - Noon and 1:00 - 5:00 p.m.
Monday through Friday

The watches are to be paid for when they are picked up and the cost is \$20.00 each. We would appreciate payment by check made payable to Northwestern Steel and Wire Company. However, if you do not have a checking account, cash will be accepted.

Watches ordered and paid for by retirees residing out of the area will be sent by UPS.

Pipe and nail shops lose two

Two NSW employee/owners with an accumulated total of 67 years of service have retired effective September 1. *Owners Manual* commends these individuals on their longtime dedication to the company and extends best wishes for a happy and productive retirement.

26 Years

Russell Spencer, Pipe Shop.

41 Years

Ynes L. Vasquez, Nail Packaging.

New shop to open in November

Safety is in store for Northwestern workers

NSW employee/owners in need of safety or specialty items will be pleased to find out that the Northwestern Steel and Wire Company Safety Store currently is "in the works" and should be open to NSW workers next month.

According to Chuck Lancaster, Manager of Safety and Security at NSW, groundbreaking for the facility was held in early October and was the result of at least a year's worth of researching the safety store concept.

"Studies conducted by the Safety and Purchasing departments have revealed that a more complete line of safety supplies will become available to NSW employee/owners with the opening of the Safety Store," Lancaster said. He also noted

Wilthew speech draws thanks

A letter of thanks has been sent to NSW President and CEO Robert M. Wilthew for taking time to meet and speak with QIP teams from the Wire Division.

Wilthew recently visited with the teams, co-leaders and the Wire Division Steering Committee. Among the items he discussed were the Houston project, team concepts and the teams' contributions to the bottom line of the company.

Drawing Room Team No. 8 sent Wilthew a letter, thanking him for taking the time to share information with the team members and extending to him an open invitation to attend future team meetings.

a substantial savings for NSW should be generated through the store procedure because it will allow for greater control over the distribution of safety items.

The facility is being constructed on the northeast side of the Avenue G overpass and will house a complete line of safety-related items which presently are supplied by Northwestern. Some of the items will be available for no-charge distribution, while other retail and specialty items will be available for purchase.

Some of the store supplies will include safety shoes and gloves, caps and jackets with the NSW company logo, jeans, flannel shirts and cotton underwear. The shop will be operated by Safety Centers, Inc. of South Holland, Illinois, which, according to NSW Buyer Margaret McCormick, is an innovative leader in the safety store concept.

McCormick explained that she, along with Ron Szakatits, Manager of Purchasing; Gene Jacoby, Safety Engineer; and Lancaster, traveled to the US Steel Gary Works to observe a similar operation. The team approved of what they saw and then held discussions with safety centers and suppliers. At that point, the prospective NSW Safety Store became a reality and the plans for its inception were put in motion.

According to Lancaster, the store's operating hours will be released at a later date. Employee/owners can look for safety store updates in upcoming editions of *Owners Manual*.



Dixon's Matt Hess, 18, the son of East Plant employee/owner Sam Hess, recently was chosen to join the Illinois High School Baseball Coaches Association All-State Team. He has been selected as one of the squad's three third basemen. Hess was previously drafted by the Cubs, but declined the offer so he could enroll in Parkland Junior College in Champaign.

Retiree slots filled by seniority system

After the retirement parties and the fond farewells, life and work continue for those workers who still have their years to put in before they, too, can retire.

While each retiree's friendly face is often missed by his or her working partners, the work must still be done. What happens to the jobs performed by the men and women whose names appear in the monthly retirement column of *Owners Manual*?

Jack Fritz, Employment Manager, explained that all people who retire are replaced. For the last two years, an average of 5.3 workers have retired each month. He explained that there are several ways those openings are filled.

In general, openings are posted in the plant. Since most jobs are based on a "seniority" system, people within the department can move up into a position recently vacated by a retirement. Each department has a seniority line. People doing the scheduling in the departments tell the personnel department when they have permanent or temporary

openings.

People can also jump from one department to another. Those who can perform more than one job are often moved in periods of slack operation from one department to another.

Most new hiring takes place in the spring, Fritz noted. Hiring is cyclic, with about 125 permanent people hired this spring and from 75-100 school kids hired to work through the peak vacation periods of late May through August. These students, who return to school in the fall, take up the slack during a month such as July when as many as 250 employees are on vacation.

Notices for General Laborers are posted in the plant and advertised in the newspapers. After filling out an application, prospective employee/owners take a pre-employment test, have an interview, and must pass a physical examination. Applications are not accepted for specialty craft jobs such as millwrights or inside sales representatives unless there are openings, Fritz explained.

The ESOP Corner

Board election set

(Beginning with this issue, the ESOP Administrative Committee report will be a regular feature in Owners Manual.)

Thanks to all Employee/Owners for an outstanding job this past year. Your efforts really are responsible for the success of our company.

Thanks to the Board of Directors for the 50% increase in the stock allocation, and for all the time that is spent working toward the success of our company.

Ballots for the up-coming election to the "A" Board of Directors and other important issues, such as changing the length of terms of office for the Board of Directors from one year to two years, will be mailed the week of October 22, 1989. You will be voting one share

- one vote. The number of shares listed on your ballot will be the number of votes you have. This number must correspond to the number of shares allocated to you on the "Participant Annual Statement" that you recently received. If any Employee/Owner has not received a ballot by October 28, 1989, or has any other problem with the ballot, please contact one of the people listed at the end of this article.

This is a very important election and we urge you to mark your ballot and return it as soon as possible in the addressed, stamped envelope that you will receive with the ballot.

Tom Walter - 625-3465
Jim Boesen - 625-2500, Ext. 361
Jim Olson - 625-3465
Malon Wilkus - 301/951-6122

Today the U.S., tomorrow the world

Northwestern looking toward new markets

As competition within the steel market expands, so too Northwestern Steel and Wire Company continues to rise and meet that challenge.

Action has been taken or is being explored along several avenues to augment NSW's sale of steel products, including purchase of the Houston facility, increased trade with Canada and the possibility of overseas sales.

"Domestic competition is tough

"Our quality is consistent and our service is perceived as good. You have to have these three things -- quality, service and price."

today," explains Ray Bauer, Assistant Sales Manager, Steel Division. "The volume has dropped off in the market of Steel Division products -- mainly in regard to wide flange beams. They (customers) are not buying as much," he remarked.

One of NSW's major competitors is the Nucor-Yamato facility in Arkansas, which Bauer describes as a low cost producer. NSW has countered, however,

with acquisition of the Houston plant and the prospect of 600,000 tons per year wide flange beam capacity. Also, the new plant will offer "75 to 80 new sizes of beams not produced at Sterling," Bauer notes.

Having visited the Houston plant at the end of August, Bauer said he was impressed with the facility and the possibilities it offers. He remarked he will become more involved in Houston sales in the future.

And, he reports the company is only "scratching the surface" on international sales. Thanks to the nation's new trade agreement, NSW has entered the Canadian sales market. "As they phase out the duties, it will make sales more attractive," Bauer says.

The company also appears to be exploring the possibility of an overseas sales market. While still in the formative stages, Bauer notes there is some interest in trade with the Far East.

The company's selling points also play a role in beating the competition. "Our quality is consistent and our service is perceived as good. You have to have these three things -- quality, service, and price," Bauer said.

Concept catching on fast

Teamworking can help boost profits

Call it employee involvement (EI), worker participation, or as the auto industry labels it, labor-management jointness. In any case, the concept is growing throughout various industries in the United States after gaining favor abroad.

Proponents view the concept as the best hope the American Industry has for competing with Japanese, European, and Third World procedures, according to an article written by John Hoerr in a recent issue of *Business Week*.

As more companies institute EI approaches, the statistics in favor of the concept multiply as example after example point to the increased production and quality the program brings.

The system is a far cry from the old standard where division of production work was accomplished by dividing the work into simple, repetitive tasks, performed by

unskilled labor under close supervision.

In the new model, workers will be multiskilled and will manage themselves, to some degree, through teamwork. Management will train workers, share information, and develop special bonus incentives to spur increased productivity.

At its most advanced stage - self managing work teams - the concept would consist of 5 to 12 multiskilled workers who rotate jobs and produce an entire product or service with only minimal supervision.

Many believe that if the U.S. is to become a competitive world manufacturer, companies must be able to produce small lots customized to meet demands. This calls for flexible work practices and workers who are willing to rotate jobs. "Cross-trained" workers can fill in during absences and make quicker model and production

changes.

The concept is spreading. About 70 percent of the 476 large corporations studied by the U.S. General Accounting Office had the most common EI form - Quality

In order to improve the company's production and profit status, management personnel have taken a positive stand to encourage worker involvement in both union and nonunion plants.

Circles. Quality Circles are considered "offline" discussion groups that can recommend ways to improve quality and cut costs. These groups don't enlarge workers' roles in the production process.

In plants where participatory activities are not mandatory, about 25 percent of the workers join

problem-solving teams. Another 70 percent are passive supporters, while 5 percent are openly opposed to the concept.

In order to improve the company's production and profit status, management personnel take a positive stand to encourage worker involvement in both union and nonunion plants.

Unions, a powerful representation of 24 percent of the workers in the manufacturing sector, have a militant sector opposed to the EI concept. Critics call the system a union-busting ploy. Some unionists also fear that teamwork can reduce the union's influence on grievance procedures and in matters such as seniority.

A combined effort of management, labor, and government will be needed to promote the teamwork concept which is revolutionizing America's workplace.

Dust collector cuts dollars and downtime

Northwestern could eliminate more than \$80,000 worth of downtime per year and eliminate a potential health and environmental hazard by installing a dust collector on the nail galvanizer furnaces, according to a QIP report recently presented by Nail Team No. 5.

NSW also will see an early payback on the \$73,752 cost of installing the baghouse facility, the report adds.

Nail Team No. 5 includes co-leaders Lester Pratt and Sam Hess, Don Podkulski, Jerry Dittmar, Keith Rahn, Larry Bonnell, Jeff Widicombe, Andy Quintana and George Brown.

Ron Leuschke, Manager of Maintenance and Engineering, several company and union safety departments, and outside vendors

also made input into the report.

"When the scrubber isn't drawing," the report states, "it slows down production of the nail galvanizer furnaces and the operators lose control of the quality of galvanized nails."

When this occurs, the scrubber must be shut down for cleaning, and about two hours are required to scrape the disc area and clean the nozzles.

Team members also found that at times when the nail scrubber isn't properly drawing, ammonium chloride fumes filter back into the nail galvanizer area and other nearby production departments. Thus, the problem was referred to the Safety Department.

The scrubber has also proven to be a very costly operation. "During

a six-month period beginning January 1, the scrubber had to be cleaned out 15 times, resulting in over 22 hours of downtime - in addition to the normal shutdown during pit cleaning on Fridays," the report states.

The report adds that the cost for electricity to run the 300 horsepower fan used for drawing the heat and ammonium chloride fumes off the furnace is about \$46,000 per year.

As part of its study, the QIP team toured H.C. Products in Princeville, Illinois. The company has a

baghouse facility and is so pleased with the unit, it plans to buy a second unit. About 68 companies in the state are already using such units, and the NSW team recommended that the company purchase a similar unit.

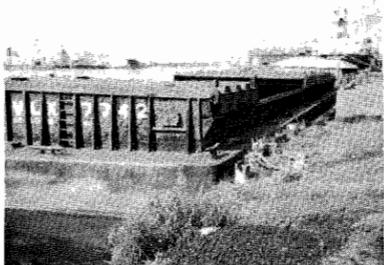
In addition to the financial benefits to NSW, the report states that dry baghouses are more efficient than wet scrubbers.

Therefore, ammonium chloride fumes would no longer filter back into the nail galvanizer and adjoining departments, thereby eliminating a possible health hazard.

Northwestern barges ahead to Texas plant

Northwestern has completed its first shipment of semi-finished steel by barge to Ameri-Forge, a company located in the Armco Houston complex.

The 1,400-ton shipment began its journey August 18th, first by



Billets, which were destined for Ameri-Forge in the Armco Houston complex, are pictured above as they await unloading from a barge which traveled down the Mississippi River and into the gulf port of Houston. NSW anticipates many shipments of the semi-finished steel will be shipped by barge to the Texas plant.

truck from Sterling to the nearby Clinton-Camanche, Iowa barge loading terminal. The cargo was then barged down the Mississippi River, arriving in the Houston gulf port September 7th.

NSW routinely uses barges to ship its products, due to lower freight rates than truck or rail. This shipment, however, marks a first for NSW.

"We do a lot of shipping by barge," explained Jim Galloway, General Manager of Production Control and Inventory Control. "But this is the first time we have shipped semi-finished steel to Houston."

He notes the shipment consisted of 8x8 blooms, 35 ft. long, of forging quality steel. Ameri-Forge will use it in its forging process to make welded pipe flanges.

Galloway anticipates NSW will ship semi-finished steel to the Houston company on a regular basis now that the first shipment has been completed.



Steve Bierman from the 24-Inch Mill and **Mike Quick** of Inside Sales in the Steel Division (both pictured behind the table from left) are shown in the photo above as they man the Northwestern Steel and Wire Company booth at Expo '89 held recently at Westwood Sports Center in Sterling.

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