"Happy Holidays"



The Lightning Bolt

A Publication for Employees and Retirees of Northwestern Steel and Wire Company

A Look Inside

Partnership Update

The Partnership Program continues to grow and produce positive results.

See Page 4

United Way Community Kick-Off Successful

Northwestern employees fared very well in kick-off events.

See Page 5

Safety Recognition Program Rewards Employees

194 employees have won a total of \$26,032 in August, September and October. Learn how you can be a part. See Page 6

WIRE DIVISION REVITALIZATION PROJECT

A team of employees, comprised of both Union and Salaried (with the assistance of some outside consultants), have seized the initiative to return the Wire Division to acceptable profitability and position it for the future. The initial step in this process was to conduct a study of the Wire Division, which is currently underway, and to develop a plan to build a profitable growth track for that Division. Over the next few months, six members of this team will be working to put such a plan together. Those charged with that responsibility are DeWayne Cardwell, Plant 4 Machine Shop; Tom Hager, Plant 1 Millwrights; Jim Meyer, Plant 1 Welders; Dan Potts, Industrial Engineering; Kermit Reins, Finance; and Jim Treacy, Wire Sales.

The team was divided into sub-groups to work on four specific areas: Communication, Market and Competitor Analysis, Operations Improvement Analysis, and Financial Plan. Let's look at a breakdown of these areas.

Communication

Perhaps the most important part of any process is communication. Even the best plans fail if there is not proper communication. The Communication Sub-Group is determined to make the Wire Revitalization Project as transparent and well communicated as possible, and they're off to a very good start. The group meets regularly with the Joint Advisory Committee (every other Monday) to update them on progress. Additionally, throughout the process, four presentation and discussion sessions (also referred to as communication sessions) will be held with Wire Division employees. They have already completed the first, which covered the overall plan of action. Employees in the Wire Division were given the opportunity to attend the 30-45 minute meeting that explained the program, and later had the chance to ask questions. The sub-group worked at scheduling the meetings around the production schedule to avoid any production downtime. Concerns voiced of those in attendance reflected the frustration felt over the Division's crisis situation. Above all, however, it was made very clear that over-communication is impossible, as a lot of people have a genuine interest in certain aspects of the business (such as market conditions, our competitors, or financial performance), but had very little information. This article, in itself, is another effort to inform the Northwestern community about what we are doing. As news becomes available, another means of communication will be via a "news flash" - a posting that will also go to Department Managers to pass down to their people.

Market and Competitor Analysis

The Market and Competitor Analysis will examine how to improve the profitability of the Division by increasing revenues and/or changing product mix, thus allowing us to enjoy lower costs and higher margins. For each of the major segments of our business, we will look at market trends; how we rank against our competitors in terms of cost, quality and service; and whether there are new products that we could make profitably. It is important to be both ambitious and realistic in this regard: Some things we can do something about, such as customer satisfaction and quality products; but some things we can do nothing about, such as import penetration from low cost countries. Much of the findings of this analysis will be the content of the second communication session.

Operations Improvement Analysis

This analysis will evaluate the entire organization, concentrating on improving our efficiencies and being more effective in what we do. No stone will be left unturned. This subgroup will aggressively focus on EVERYTHING that we, at Northwestern, can do to turn around the Wire Division. They will be looking at production, maintenance, logistics, purchasing, sales and marketing, and the shared overhead services such as Accounting, Human Resources, and Management Information Services. The initial step will be to interview approximately 80 people across the Division to get ideas on where improvements could be made. These interviews will be with both Union and Salaried personnel. After completion of the interviews, suggestions will be analyzed to determine the order in which

The Chairman's Office

Tom Gildehaus, Chairman and CEO Richard Way, President and COO

DEAR FELLOW EMPLOYEES,

In the September/October edition of the *Lightning Bolt*, Tom Gildehaus said our first step to long-term survival, prosperity and growth must be a return to profitability. We returned with a vengeance in the first quarter of fiscal 1998, earning a net profit of \$7.8 million (including \$3.1 million in tax refunds). This very positive achievement resulted from good operating performance, healthy market conditions in most of our product lines, elimination of recurring losses at Houston, and a growing Partnership within Northwestern that enables everyone to contribute ideas and participate in problem solving.

In the roughly one year that our Partnership has been active, 55 problem solving teams have been trained and started on their problems. About 70% of these teams have made presentations to their Department Boards recommending solutions to their problems, and about 50% have implemented some or all of their recommendations. These teams

have generated potential benefits exceeding \$3.5 million per year, and have contributed to improvements in safety and customer satisfaction.

Also, over 1000 employees have attended the Heart of Steel presentation which covers the history of the steel industry, the challenges we face, and the need to make changes in the way we do things.

Is Partnership working? You bet it is!

One of the biggest challenges and opportunities facing our Partnership is the on-going project to return the Wire Business to acceptable profitability. This project is described on page one. Next February, the project team will complete its study and make recommendations to the Partnership Joint Advisory Committee (JAC). The JAC will review and act on these recommendations. This surely will result in change, probably very substantial change, in the way we run our wire business, in the way we lead and manage, and in the way we work. All of us need to prepare ourselves for the changes that are coming, and accept and support them. The future viability of our wire business is in our hands.

Sincerely, Richard D. Way President and COO

NEW PRODUCTS, NEW CUSTOMERS EQUAL PROFITABILITY

The need to remain profitable and competitive due to increased competition in the marketplace is the driving force behind management looking at new products monthly, not yearly, as was the case in the past.

In order to start production of one new product, a total of \$2.5 million will be spent on modifications to the 14-Inch Mill. In late November, twelve-inch wide merchant bars were trial rolled after modifications were completed. Introducing wider flats increases the range of products that can be supplied to steel service centers and the metal building industry, which is the fastest growing segment in steel construction. Presently, the Company's maximum width for flats is ten inches. There are only three other domestic producers who have up to twelve-inch capability, versus more than ten or twelve or more domestic competitors for most of Northwestern's products.

Current sizes produced include 3/8 inch thick up to 8 inches wide, 1/2 inch thick up to 10 inches wide, 5/8 inch thick up to 10 inches wide, 3/4 inch thick up to 10 inches wide, and 1 inch thick up to 10 inches wide.

New sizes under development include 1/4 inch thick 6, 7, and 8 inches wide. The 1/4 inch by 7 inch has been rolled and will be used by Butler Manufacturing, which is headquartered in Kansas City, Missouri.

Frank Murphy, Manager of Quality Assurance, says that high strength flats are used in the fabrication of columns for preengineered buildings. Pre-engineered buildings are the fastest growing market for structural steel. Recognizing that there was a market there and that Northwestern had the capability to enter it, gave management the incentive to qualify. The flats used are welded to the web of the column and become the flanges of the welded column structures. The flats are also used in the fabrication of roof trusses. Building flats are very popular because all columns are designed to minimize the amount of steel used. The grade of steel used allows lighter construction because of its higher strength.

Most of the flats that Northwestern supplies end up in the flanges of columns; therefore straightness is a must. These flanges are pre-drilled to accept component parts and straightness is critical for bolthole alignment. The flats are welded end to end, which means a square shear or saw cut is required.

The Company has also started to produce standard I-beams, which used to be produced in Houston. Produced on the 24-Inch Mill, Northwestern is the only North American producer of the larger sections. This results in very little competition, all of which is outside of North America.

Another product with very little competition is high carbon rods. Although high carbon rods are more difficult to produce than low carbon rods, Northwestern is

producing them because there are fewer competitors making them. The percentage of rods sold in the marketplace has gone from zero to 20 percent of the Company's sales in less than two years.

On the Wire Products side, a whole range of new products are currently being looked at to determine the Company's capabilities of producing them. "We are gradually expanding our marketplace for manufacturers' wire, which is not a new product, but has attracted new customers," said David Oberbillig, Vice President of Sales - Wire Products Division.

According to Mike Venie, Vice President of Sales and Marketing, since new products don't always mean new equipment, exploring new products is an ongoing process. Venie stated, "All of our new products have been successful, because a lot of Northwestern people have worked on them and made them successful. Some of the new products came about because people on the mills initiated the ideas thinking they were a strong possibility."



ELECTRICAL CLASS GRADUATES

Ten Northwestern employees graduated from the first electrical training program at Sauk Valley College on Monday, November 3. Several members of Management were present to congratulate them, along with Ron Happach, instructor and Zollie Hall, SVC Dean of Business, Technology and Natural Sciences. Each graduate received a certificate and a T-shirt that stated, "I survived Northwestern Steel and Wire's Training Program."



Andy Moore, Vice President of Human Resources presents Pat Cooney with a T-shirt upon graduation.

The electrical training program began November 14, 1996. Because this particular program is so intense, it took one year for the graduates to complete the class. Other training classes offered by Northwestern through Sauk have taken on average approximately 6 months.

According to Merle Heckman, Training Coordinator, the graduates spent eight hours in classroom training and 32 hours of on-the-job training per week for the past year. In addition to electrical skills, they learned welding, safety, CPR and first aid. Heckman commended the graduates for their dedication to the program. "These guys have exhibited a real commitment, and there were some risks involved." One of the risks was the possibility of returning to the labor pool. Each employee

had to pass their exams by at least 70%. If at any time during their training they failed a test, they were no longer a part of the program and would be placed in the labor pool. Just to qualify for the training program they had to pass an initial exam by at least 50%.

Estel Keefer, Plant 2 Electrical employee and graduate, said he was glad he was a part of the program. He has worked at Northwestern for 19 years. He reaffirmed that just the thought of having to go back to the labor pool is a real incentive to succeed. That incentive, along with personal goals, is what drove him to study approximately 2 hours each day. Two weeks of his vacation were spent studying for tests. Keefer said that in the last two days of class, the group had approximately eleven hours of testing. "When they told us we had passed, I got a headacheit's not an easy thing to do," he said. "But now that it's over, it's great!"

Andy Moore, Vice President of Human

Resources, told the group the mill hasn't had a lot of money to put into equipment over the years, making electrical and other maintenance employees especially valuable. "We've chosen to put our money into our people," he said. "Before you were valuable in producing products; now you're even more valuable as you keep production equipment running. Your jobs are of the utmost importance to the Company, and it's great to see you moving up the ranks. Remember your safety sessions - We care about each one of you."

Graduates in the Electrical Training Program were Pat Cooney, Jim Fischbach, Luis Gonzalez, Ken Green, B.J. Higley, Estel Keefer, Bobby Kibodeaux, Robert Lafferty, Charles McKenna, and Mike Miller. Although their classroom training is completed, their real training is just beginning. Congratulations, and best luck to all the graduates.



Electrical Training Program graduates are pictured above. In the front from left are B.J. Highley, Charles McKenna, Pat Cooney, Henry Fischbach. In the back row from left are Estel Keefer, Ken Green, Luis Gonzalez. Bobby Kibodeaux, Robert Lafferty and Mike Miller.

Wire Division Revitalization Project

continued from page 1

they will be worked. The group will be looking at what additional capital spending will accomplish. Any investments considered would have to address one or all of the following areas: lower our costs, improve production efficiencies, enhance distribution capabilities, and improve sales. All capital spending plans must be affordable, with money available to fund the projects.

Financial Plan

The Financial Sub-Group will be putting together a financial operating plan for the Division that returns it to profitability and benefits all Company stakeholders - employees, customers, shareholders, and lenders. It will include input from all of the team sub-committees. Above all, the financial plan will be believable, acceptable, and will

have the ability to finance the implemention plans that the Company is willing to commit to.

The overall team has been charged with a lot of responsibility. We wish all of them the best of luck in their research on the future of the Wire Division. If you have any questions, comments or suggestions, feel free to visit them at Blackhawk, or call them at 625-3184.

PARTNERSHIP PRODUCES POSITIVE RESULTS

The Partnership Program continues to grow and produce positive results. To date, we have started 55 Problem Solving Teams throughout the entire plant. Each team is made up of an average of six to eight employees, Union and Salaried, who have been recruited by members of their Department Board.

In the beginning, each team spends their first 8-hour day with one of the Partnership Coordinators. The Coordinator trains them in how the Partnership works, explains basic problem solving techniques, as well as informs them as to what their Department Board expects of them. The next step is to establish "team norms" (the rules they will govern themselves by), meeting times and places, and to determine what, if any, data or outside resources they will need. Finally, each team will spend some time reviewing and defining their "Problem Statement" that was given them by their Department Board. In addition, they will set goals for themselves as a team, and establish the criteria that their solutions must meet. After the first day, each team is allowed to set up their own meeting schedule and location. Their Department Board gives them a target completion date for their project.

To date, 37 presentations have been made by Problem Solving Teams. The potential benefits resulting from these presentations are in excess of \$3,500,000. One of the most recent and best examples of the process, from problem statement through presentation, would be in the Primary Department, Team 5. Their problem statement was, "How to increase the efficiency of the porous plugs used in the bottom of every ladle." When the porous plugs work correctly, the need to use the more costly stir lances at the Ladle Met Furnaces is greatly reduced. Team members began to brainstorm solutions to the problem the day after they were trained. They, in turn, took some of these solutions and began to implement and evaluate them as they

continued to meet each week. By the time they made their presentation six weeks later, a good portion of the savings they were projecting was already being realized through a dramatic reduction in the use of the stir lances. The team projected a possible savings of \$630,000 per year (or \$0.43 per cast ton of steel). The actual savings numbers from the month of October indicated this amount or even more is possible. Since all production at Northwestern starts in the Primary Department, a savings of this size is passed on to every department which has a part in this finished product. Team members on this project were Jerry Oltmans, Doyle Fullington, Doug Troxell, and Jack Roberts.

The Wire Division continues to make great strides in the process with 22 teams out of the 55 teams started plant-wide coming from this division. Eleven of those teams have made presentations, which have a potential benefit of more than \$1,000,000. One of the several great examples of the efforts put forth in this area would be Team 2 from the Coiler Department. This team's problem statement was, "How to improve productivity in the department." Team members were Lupe Cantu, Lee Downs, Diane Last, Jamie Oberle, Larry Rosenberg, and Jim Weeks. The team came up with solutions that were projected to increase productivity in the Coiler Department by \$300,000 per year. About five months into the implementation process, at the team's evaluation meeting, it was determined the results were already at 97% of what the team projected. The actual productivity increases are being tracked on a weekly basis, and after 28 weeks, the actual improvement was \$149,573. The projected improvement, which is based on performance to date, is \$300,729 per year, which is slightly higher than team projections. This team performed so well on their first project, they were recently asked by their Department Board to reunite and take on a new problem. They are currently working on reducing costs in other areas of their department, and are expected to make a presentation in the near future.

The numbers speak for themselves. The opportunity to save millions of dollars is most certainly a possibility, but not without a lot of effort. It will take a lot of effort from everyone involved in the process, from the JAC to the most recent employee to join a team. New teams need to continue to form. Every team must get all the resources and help necessary to move quickly through the process and present the best solutions.

A successful Partnership can only result from cooperation and commitment at all levels of the organization. We are witnessing successes with so many of our teams because we are experiencing that type of cooperation and commitment. The process needs to grow and develop into the fullness of all that it was designed to be. We are fully convinced that the Partnership process is headed in the right direction as we see more and more people stepping forward to get involved.

Most everyone at Northwestern understands there are many problems currently facing our Company. Partnership offers the opportunity to be a part of the solutions to those problems. If you would like to be involved in Partnership, contact someone on your Department Board, Rich Nolan at extension 2868, or Ken Ronzone at extension 2867. You can also submit ideas for problem solving teams by filling out an idea form or by calling the Idea Hotline, extension 4747. Idea forms, team updates, and minutes from meetings can be found at the Partnership bulletin boards that have been dispersed throughout the plants.

Teamwork is the fuel that allows common people to achieve uncommon goals.

THE FRIENDLY VOICE FROM EAP

Sally Hunt of Sterling is the friendly voice on the other end of the phone at the Employee Assistance Program (EAP) office located in the Blackhawk Building at 2501 W. 4th Street, Sterling. As an EAP Technician, she reports directly to Jim Gallentine, Manager EAP/Partnership.

Sally's duties include doing intake for Northwestern employees who come to the EAP office. This job entails getting their demographics and their primary reason for visiting the Program. The reasons can range from drug and alcohol related problems to marital and financial difficulties. Referrals are made to CADS and other area agencies.

Sally emphasizes that EAP is not only for the employee, but for the family as well. "I like to stress that there is sometimes some concern as to the confidentiality factor, but once they have passed the threshold of this building, anything they (those seeking help) discuss with us or Jim (Gallentine), stays with us.

Sally moved from Chicago to Sterling two and a half years

ago. She has a grown son who



resides in the Windy City, and an 8-year-old daughter whom she is raising in Sterling.

NORTHWESTERN EMPLOYEES TAKE PART IN KICK-OFF

"A perfect day for us to play," seemed appropriate for the first annual United Way Community Kick-off held Sunday, September 7th. The Kick-off, which replaced the previous Corporate Olympics, is a charity event organized by the United Way. All proceeds from the day's 5K Run/Walk, Volleyball Tournament, and Chili Cook-off went directly to the Sterling/Rock Falls United Way.

The day began with a 5K Run/Walk commemorating Jim DeLange, former member of the Whiteside County Board and head of the CGH Medical Center Public Relations Department. DeLange spent considerable time running the streets of Sterling prior to his death in 1990 at age 41. The race began at Centennial Park in Rock Falls, winding through the streets of Rock Falls, back along the Hennepin Canal to finish at the park. There were 188 energetic participants that took part in the race. Northwestern's Doug Gindt, Caster Department, placed first in the 30-34 age division and third place overall. Great job, Doug! Other Northwestern participants competing in their age divisions were Steve Bierman, Randy Conkling, Karen Freres, Jackie Harrington, Rod Harrington, Dan Potts, David Stickel, Vickie Velasquez, and Gary Velasquez.

The rest of the day's events shifted to the Rock Falls Middle School, host grounds for the volleyball tournament and chili cookoff. Northwestern was represented in the tournament by Lori Carbaugh, Renae Ellis, Jim Gallentine, Gerry Hunsberger, Teri McCormick, Denise Potts, and Dan Potts - Captain.

The highlight of the day came early afternoon when Northwestern made a clean sweep in the United Way Chili Cook-off. The event was a representation of local industries that had gathered to put up their best chili recipes for competition. Northwestern took all three trophies for Best Chili, Showmanship, and the People's Choice Award. A fine representation was given by Dan Loos of the 24 Inch Mill and his team of Penny Loos, Jessie Prado, and Willie Sifuentes. Dan's chili faired very well with the judges when, after the announcement of the winner, they gathered around

Northwestern's booth asking for more.

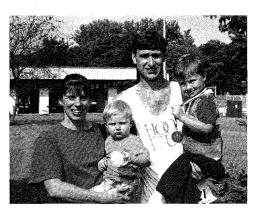
You couldn't help but feel the "Made in the USA" pride with the team's patriotic display of red, white and blue. The display included a red and white tent: a red, white and blue arch of balloons in front of the tent; red shirts with Northwestern's logo emblazoned across the front; small beam samples painted red, white, and blue; and an 8-foot table which proudly displayed their trophy from the Northwestern Internal Chili Cook-off. A new hard hat, turned upside down and lined with napkins, held crackers for the public to use in their chili. Northwestern's 8-foot banner was also displayed from the table, so the public couldn't miss the Company spirit.

Loos qualified to represent Northwestern in the United Way Chili Cook-off after winning Northwestern's Internal Chili Cookoff held on August 26. Loos successfully put his prize-winning recipe up against six others. Random comments made from a panel of ten judges indicated it was a tough decision and a very close race. Judges for the internal contest included Tim Austin, United Way Representative; Dick Prescott, Co-Chairman of the United Way campaign; Tom Gildehaus, NWSW CEO; Jake Kindred, MIS; Sophia Gonzalez, USWA Secretary; Rhonda Gaumer, Wire Sales; Tony Clark, 14 Inch Mill; Steve Bierman, 24 Inch Mill; Bill Free, Carpenter; and Gerald Foskitt, Plant 1 Electrical.

Entries were judged on the appearance of the chili, its smell, and taste. These categories were rated 1 to 5, with 5 being the best. Tom Gildehaus announced the winner and presented the trophy.

Now that Dan has been named the champion chili maker, he has been receiving a lot of requests to make his special recipe for other people. Although he had never entered a cook-off before, Dan does like to dabble in the kitchen. Starting with a plain chili recipe, the champion adjusted the ingredients and practiced for about five years until he deemed it "just right." Dan says he makes chili mainly during the football season.

Many thanks to all United Way Community Kick-off participants, all the Internal Chili Cook-off contestants, the judges, and those who came to give moral support.



Doug Gindt, Caster Department, poses for a picture with his family, while his oldest son proudly wears his fathers Medal around his neck. Doug placed first in his age division in the Jim DeLange 5K Run/Walk.



Northwestern's volleyball team gave a gallant effort in the United Way Community Kick-Off Volleyball Tournament. Pictured front row from left are Renae Ellis and Jim Gallentine. Pictured back row from left are Lori Carbaugh, Teri McCormick, Gerry Hunsberger, Dan Potts, and Denise Potts.



A very proud chili cook-off team! Pictured left to right are Willy Sifuentes, Jessie Prado, Dan Loos and Penny Loos.

The Lightning Bolt

Northwestern **Record Breakers**

Records continue to fall as individuals, departments, and in some cases entire plants combine their efforts to reach these new marks. Congratulations to all these hard working individu-

Plant 1 28,800 lbs. Paul Brunk -Drawing Rm (41 Bull Block) -August 22, 1997 (7-3)

Old Record -27,920 lbs., Jan. 1, 1994

Plant 1

-Plt. 1 Coiler Dept #19 & 20 Elec. Fence Mach. -September 4, 1997 (3-11) 358 spools Tom Garland

Old Record

-345 spools, Nov. 10, 1993

Plant 1 27,290 lbs. Paul Brunk Old Record -Drawing Rm (41 Bull Block) -September 5, 1997 (7-3)

-22,260 lbs., Aug. 29, 1991

Plant 1 150 spools Kris Wolf Old Record -Barb Wire (2 pt. maverick) -October 10, 1997 (7-3)

-132 spools, February 23,

Plant 1 Paul Brunk

Old Record

-Drawing Rm (41 Bull Block) -October 21, 1997 (7-3)

-25,100 lbs., June 10, 1997

Plant 1

-Coiler Dept. #21 & 22 Rebar Machines -October 22, 1997 (7-3) 1147 coils Tom Garland

Old Record

-1100 coils, August 21, 1990

Plant 1 23,160 lbs. Paul Brunk -Drawing Rm (41 Bull Block) -October 30, 1997 (7-3)

Established New Record

BRUNK AT ALL TIME HIGH ON SETTING RECORDS

Paul Brunk of the Drawing Room is on a roll for setting records. In the past three months, Brunk has set six production records in the Drawing Department on the bull blocks. In addition, out of thirty-three records that have been set on the bull blocks, Brunk has twenty-two of those.

Congratulations to Mr. Brunk and to all those hard working individuals who continue to work to set records in their departments.

NEW TECHNOLOGY LINKS ALABAMA COMPANY TO NWSW

O'Neal Steel in Birmingham, Alabama, has become Northwestern's largest customer thanks to an innovative program that allows the Southern based firm to constantly and electronically transmit information from its computers to computers in Northwestern's Sales Department.

Vendor Managed Inventory (VMI) provides Northwestern with O'Neal's current inventory for specific items and their sales forecast for those items, and our Company in turn uses that information to determine when and what quantities of inventory O'Neal needs. Although O'Neal was already a Northwestern customer, the Alabama service center chain asked for a written proposal outlining VMI, and it went into effect early this year.

Northwestern currently supplies 14 of O'Neal's locations. The service center distributes a wide range of steel, aluminum, copper, and brass products. One of the largest product groups distributed are wide flange beams, standard I beams, channel, angles, and flat bars.

Since going on-line with Northwestern,

O'Neal Steel is getting twice as many sales for the amount of investment it has in inventory. Its number of stockouts has been reduced, and Northwestern's sales volume of those products that are included in the VMI program have more than doubled. This equals enormous advantages for both the customer and supplier.

"It is our belief that our computer technology and our MIS (Management Information Systems) Department gives us a competitive advantage compared to other suppliers that are able to offer this type of program," explained Michael Venie, Vice President of Sales and Marketing.

Because of Northwestern's technological capabilities and success with O'Neal Steel, several more customers are being contacted about VMI. Officials are hopeful that at least one more large customer will be with the program by the end of the year, and several more will come on line in 1998. Target customers are selected based on their experience with Northwestern and their technological capability.

SAFETY RECOGNITION PROGRAM PAYS OFF

Since the beginning of August, 194 employees have won a total of \$26,032 through a new awareness program at Northwestern. The Work Safe Recognition Program is a program that rewards employees for doing their regular work every day, injury free. Money has been allocated to the Partnership Co-Chairs within the Steel and Wire Divisions to recognize these valuable employees.

The Work Safe Recognition Program has been budgeted for each of twelve groups of employees. Those groups are: Nails, Galvanizer/Agri Products, East Plant Shipping, East Plant Maintenance, Drawing Room, Plant 4, Scrap Yard, Primary, 12 Inch Mill, Plant 5, Plant 3, and Services (including the Roll Shop, Met/Lab, Services and Plant Maintenance). Budgets were set for each group based on employment levels within the group. Each budget averaged out to be approximately \$100.00 per employee per year. From that budget, each department manager is allocated their share for the awards, and it is up to them to distribute it on a monthly basis.

Drawings or other types of awards will be made each month and also annually in each department. Within certain guidelines, the Department Board Partnership Co-Chairs will determine eligibility for recognition, and the

distribution of the recognition pools (for example, they determine the number of drawings and the amount of each one). As an added bonus, the monthly recognition pool for each area will be doubled in any month where the area has the same or fewer injuries than agreed to in the department Annual Safety Plan. Eligibility guidelines include working regular work (not on light duty or restricted duty), no injuries and no absences. Hourly employees and front-line supervisors are eligible. Excused absences would include military leave, funeral leave, jury duty or Union business.

Although prizes are awarded each month, Lancaster emphasizes that safety statistics are reviewed by Management on a daily basis. "To me, it is not an incentive program, but rather an awareness program that was designed to make people more aware of their own safety on a day-to-day basis. We want our employees to work safe every day. Employees' attitudes are what drives safety."

This is the first time Northwestern has tried this particular type of program. According to Lancaster, there have already been many positive comments about the Program. It proves safety pays in more than one way.

UNITED WAY CAMPAIGN UP FROM LAST YEAR



Tom Gildehaus, Chairman and CEO, kicks off Northwestern's United Way campaign by defining our participation goal while Art Gillihan, Union President, and Tom Hager, Union Vice-President, stand by.

Northwestern Steel and Wire employees increased their United Way participation by 29 percent this year over the 1996 campaign. According to Jim Gallentine, Chairman of Northwestern's United Way Fund Drive, the

goal was 65 percent participation. Actual participation was a little short of that goal with a final participation of 54 percent.

In addition, Benita Leal, owner of First Avenue Jewelry, Sterling, donated a 14-karat gold nugget with a diamond on a 14-karat gold chain to be raffled for United Way funds. Benita's husband, Ron, is employed in the 14 Inch Mill. Raffle tickets sold for \$1 apiece or 6 for \$5. The winning ticket was drawn on October 27, and Steve Peska from the 14 Inch Mill took home the gold. Many thanks to Benita and Ron for their generous donation.

The week of September 22 was designated United Way Kick-Off Week at Northwestern. At that time, a "thermometer" was posted to keep track of the Company's internal goal. And while the thermometer didn't quite get to the point we had hoped, the United Way office was pleased that the percentage of participation was up 29 percent over last year's goal. Thank you to all who made that possible.



Benita Leal, owner of First Avenue Jewelry, presents Steve Peska of the 14" Mill with her donation to Northwestern's United Way campaign. Steve won the 14K gold nugget/diamond necklace in a raffle.

If you haven't already done so, it's not too late to make a pledge. Anyone who is interested in making a United Way pledge or increasing their current amount may contact Jim Gallentine at 815/625-2500, extension 2460.

A MEMORY RELIVED

Lorene Regan Bingham, a young 93 years old, traveled 115 miles with a number 2 pencil and stenobook in hand to meet with our CEO and relive her secretarial days at Northwestern.

Lorene began her employment at



Lorene Bingham and her family pose for a picture with Tom Gildehaus and various members of management.

Northwestern Barb Wire Company on November 1, 1921, working as Secretary for P.W. Dillon. She worked nearly two years before she quit her employment to wed Thomas C. Bingham. Lorene's son, James, said his mother left Northwestern in 1923, "but a part of her heart is still there." He said, "Through the years, she's often talked about how she worked as a Secretary at Northwestern. Many times she's mentioned the Dillon name and remarked about the Museum."

According to Jim, working at Northwestern was only one of two jobs that his mother had in her lifetime. "My father was always proud because my mother never worked a day in her married life, other than being a housewife and raising children, of course." Lorene has 16 children (8 boys and 8 girls), 70 grandchildren, 107 greatgrandchildren, and 2 great-great grandchildren.

Jim arranged for his mother to visit Northwestern on September 26. She was joined by her sons Harry, Bob, John, and Jim, and her daughters Kay Schnell and Ann McMillin. Mary Regan, her niece, and Jim Boesen, a friend of the family, were also in attendance. The group watched the video, "The Story of Steel," had a chance to chat with Andy Moore, Vice President of Human Resources, and later met with Tom Gildehaus, Chairman and CEO. Before leaving, Mr.

Gildehaus presented Lorene with a red rose. The visit was coordinated by Karen Freres and Kelly McDuffy.

According to Jim, his mother had a very pleasant visit and was able to see first hand



Tom Gildehaus presents Mrs. Bingham with a red rose before her departure.

the type of kindhearted people that run Northwestern. Although Lorene was prepared, she did not have the chance to take dictation. She did, however, leave with a fulfilled memory of the good old days and lots of well wishes for what her future holds.





Sunday Bryant has joined Northwestern as a computer operator on the mainframe in the Management Information System (MIS) Department. She reports directly to Anne Hungerford. Sunday's previous employment was secretary to the Director of Community Services for

Sterling Community Unit District No. 5.

Working at Northwestern is a family tradition. Sunday's husband, Billy Sr., works as an assistant roller in the 12 Inch Mill and son, Shane, works in the East Plant. Their other two sons are Corey and Billy Jr.

The couple resides in Sterling. A graduate of Rock Falls High School, Sunday has attended Sauk Valley College.



Lori Carbaugh has joined Northwestern again, this time as a Control Clerk in the Payroll Department. She reports directly to Gerry Hunsberger.

She came to NWSW in March, 1987, and was employed in the Wire Mill. In 1990, she moved to the Payroll Department and then decided to stay home a few years with her children.

Lori is a graduate of Dixon High School and has an Associate's Degree in Business from Sauk Valley College. Her husband, Robert, works in the Shipping Department of the 14 Inch Mill. The couple, along with their three children, Melissa, Elizabeth, and Matthew live in Morrison.



Jill Fredericks has joined Northwestern as a programmer in the Management Information System (MIS) Department. She reports to Jack Mlsna.

Previously, Jill worked for her husband and helped him set up a company and also was employed as a programmer for Natural Gas Pipeline, Chicago.

Jill earned a Bachelor of Science degree in Computer Science from Northern Illinois University, DeKalb.

She and her husband, Al, and sons, Greg and Ian, reside on a farmette near Chadwick.



Teri McCormick, Sterling has joined Northwestern as a Payroll Control Clerk in the Payroll Department. She reports to Gerry Hunsberger.

A recent graduate of Boston College with a Bachelor of Science degree in Business Management, Teri is a Sterling native.

She enjoys playing sports, with basketball as her favorite.



Dan Whichard has joined the Sterling team as Manager of Labor Relations/Personnel, reporting directly to Andy Moore, Vice President, Human Resources.

Reporting to Dan will be Jeannie Hall, Labor Relations Assistant; Mary Kay McCue Employment Supervisor; Kelly McDuffy, Schedule Clerk; and Merle Heckman, Training Coordinator.

A native of Mississippi, Dan joined Northwestern in 1991 at the Houston plant as Manager of Human Resources. Previously, he was with Todd Shipyards in Galveston, Texas, for 11 years as Director of Human Resources.

Now Sterling residents, Dan and his wife, Lynn, resided in Texas for 20 years. They have a daughter, Amanda Kate, who is a student at Southwest Texas State University, San Marcos, Texas.

ACT PROGRAM IS THERE TO LEND HUMAN CONTACT

Faced with a catastrophic injury or longterm illness, most families have questions; ones that if answered by physicians are often littered with medical jargon. Not knowing where to turn for human contact and down to earth answers concerning patient care, families can be frustrated at a time when their loved one is suffering.

The Appropriate Care & Treatment (ACT) Program for all Northwestern Steel and Wire employees, pensioners, and surviving spouses provides assistance from a nurse case manager. There is no charge to the patient for the use of the ACT Program. This helpful program is intended to review the patient's current medical treatment plan and discuss possible alternatives with the patient and physician. It does not provide medical advice.

Annette Hall, Supervisor of Employee Benefits at NWSW, said ACT has been in existence for about a decade. She said, "It was started when our third party administrator (ReliaStar) offered it to us as a cost saving measure. However, we have found it to be much more than that. We have found that when our members receive quality, appropriate care as early as possible in their illness/injury, they not only recover quicker, but are less likely to be hospitalized again."

In September, the Company and the Union decided to send out a letter defining the ACT Program. This came in the wake of people questioning the program's existence and what it stood for. That letter stated in part that the following medical conditions could possibly warrant ACT involvement:

- * High-risk pregnancies, premature births or congenital complications.
- * Neurological problems, such as head or spinal cord injuries or brain tumors.
- * Traumatic injuries, such as burns over 20 percent of the body or multiple

fractures.

- * Chronic psychiatric cases, such as depression/attempted suicide, psychotic conditions, personality disorder or chemical dependency.
 - * AIDS.
 - * Cardiovascular problems.
- * Solid organ and bone marrow transplant procedure.
 - * Cancer.

ReliaStar also offers a transplant program called "Access to Excellence" with negotiated price reductions from certain Centers of Excellence Providers. Information on that program may be obtained by calling 1-800-328-4090, ext. 3887.

The nurse manager is a crucial link with the patient, the insurance company, and the family. For example, the manager might arrange for specialized medical equipment, so the patient can be released from the hospital and be treated instead at home. Sometimes the nurse manager assesses billing, or just lends an ear to the caregiver.

Nancy Ely of Dixon found out just how vital the ACT Program is when her husband, Michael, collapsed at their home on December 14, 1995. He was immediately taken to KSB Hospital in Dixon and then flown to a Rockford hospital, where doctors diagnosed a brain aneurysm. In Rockford, he had surgery, and then was transferred to a Belvidere facility. In a coma, Mike basically needed 24 hour care. Just 50 at the time, Michael had been employed almost 28 years in the Nail Room.

ReliaStar referred Amy Frazier, a medical case manager, to Mike's case. Frazier explained that she took over the case when the patient was in a Rockford nursing home. She arranged for a specialized wheelchair for Mike, so that even though he was in a coma,

he didn't have to sit upright when out of bed. She also had him transferred to a Vencor Unit, which is a chronic care hospital.

Frazier, of Lombard, explained that most of her cases are long term and involve patients who are catastrophically ill or injured. Most cases average six to eight months. A report on each case is written once a month, and that assessment is used to determine patient needs.

Once, when assessing billing in Mike's case, Frazier negotiated with Vencor to get the patient a reduced rate. "We advocate and save dollars for patients to make sure they don't end up on Medicaid. This is to the patient's advantage, just as much as to the insurance company's," stated Frazier. Serving as an extra resource, Frazier said she also works as an advocate for the family.

No one knows that better than Nancy Ely, who credits Frazier for getting Mike into the Vencor Unit, where Nancy says he received the best of care. "I just can't say enough for Amy Frazier. I couldn't have made it through this without her," praises Nancy. The two have stayed in touch since Mike died on March 11, 1997.

Working as a liasion between the patient or family and the doctor, the nurse case manager does not always handle such catastrophic illnesses, such as the one suffered by Mike Ely.

Sometimes when the nurse contacts the family, they feel they have everything under control. In other cases, it is a matter of rounding up the proper medical equipment so the patient can leave the hospital and receive care at home.

The ACT Program is there for the patient and family until they feel they don't need their assistance anymore. The Program provides that extra touch of human contact through a trying time.

NORTHWESTERN AWARDED PLAQUE

North Star Steel Kentucky, Inc. of Calvert City, Kentucky has awarded Northwestern a plaque for achieving excellence as its "Quality Billet Supplier of the Year" for fiscal year 1996-97. Northwestern achieved an overall rating of 91 percent.

In a letter dated October 22, Edwin

Donohoo, North Star's Quality Assurance and Technology Manager, expressed the hope that North Star and Northwestern "will continue to build on the long standing relationship we've enjoyed and look for new opportunities in the future."

The letter addressed to Don Simpson,

Semi-Finished Sales, recognizes strong global competition that will only become more challenging through the years. This competition can only be met by strong customer/supplier relationships such as the one between North Star and Northwestern.

Northwestern Employee Anniversaries

Many employees will be celebrating anniversaries with Northwestern. The Lightning Bolt congratulates those employees listed below for their years of service to the Company.

AUGUST 97 30 Years

Charles Lancaster, 8/17/67 Safety & Security.

NOVEMBER 97 30 Years

Jose Roddriguez, 11/15/67, 14 Inch Mill.

25 Years

Steven Clark, 11/1/72, Furnace Cranes. James Dean, 11/4/72, Plant 2 Millwrights. Albert Johnson, 11/6/72, Wire Mill Shipping James Kenney, 11/6/72, 14 Inch Mill. Santiago Martinez, 11/6/72, 24 Inch Mill. Baltazar Martinez, 11/8/72, 12 Inch Mill. Lee Gerdy, 11/8/72, Plant 5 Welders. Rodney Dublo, 11/20/72, Furnace Cranes. Michael Dunn, 11/15/72, Wire Sales.

15 Years

Michael Dugger, 11/12/82, Nails. John Devine, 11/12/82, 24 Inch Mill.

DECEMBER 35 Years

Robert Fielding, 12/11/62, Electric Furnace.

25 Years

Gary Ege, 12/18/72, Plant 2 Mechanical.

15 Years

Manuel Atilano, 12/9/82, Plant 2 Millwrights. Phillip Nusbaum, 12/13/82, 24 Inch Mill.

10 Years

Tammy Cedro, 12/2/87, Operations Mgmt.

RETIREES REMINISCE ABOUT THE GOOD OLD DAYS

A small group of retirees recently gathered at their place of residency to reminisce about their good old days at Northwestern. All reside at a nursing home in Rock Falls called New Beginnings. Barb Rude, Social Services Director at the nursing home, took the initiative to organize the gathering. Barb is married to Gary Rude, Roller Foreman in the 24 Inch Mill.

Those residents in attendance were Vernon Trickett, retiree of the Nail Room; Leo Todd, retiree of the Wire Galvanizer; Donald Hendryx, retiree of the Furnace Department; and Ed Sandoval, retiree of the Nail Room. Les Skrogstad, retiree of the Nail Room, and Karen Freres, Human Resources, were also present as guest resources. Each retiree received various brochures on the Company. Freres later showed the group the "Story of Steel" video.

Everyone present was asked to share their

fondest memory of working at Northwestern. Hendryx was quick to respond with, "payday." Skrogstad agreed that the pay was the best in the area during his tenure at the mill, but he felt there was much more to it than that. At present, he's very thankful for the wonderful benefits Northwestern offers, especially when it comes to prescription medication. Ed Sandoval agreed the insurance was the best, but he felt a lot of his memories stemmed from his co-workers and supervisors. "I made a lot of good friends, and my supervisors were all very good to me," Sandoval said. Though not his fondest memory, Leo Todd recalled a time when P.W. asked him to take a walk with him through the mills. Nervously, Todd agreed, and on their trek through, they found a man sleeping. "Nothing was said until our tour was completed," Todd said. "Then Mr. Dillon said to me, 'you know what to do son,' and later I had to fire the man that was taking a snooze." Trickett most remembered his supervisor, Frank Russell. He liked his job and was also appreciative of the benefits. Skrogstad interjected, "I never knew Trickett to miss a day of work. He was always very reliable."

They all agreed if they had to do it all over again, they'd make the same fine choice of where they wanted to work. In their shared experiences, it was very obvious that the memory of Northwestern lives on with this fine group of men.



Pictured above from left are Les Skrogstad, Donald Hendryx, Ed Sandoval, Barb Rude (Social Services Director), Vernon Trickett, and Leo Todd.

KEEP THOSE CANS COMING

Jim Boesen caught retiree Wes Peterson sneaking in 10 bags of aluminum cans on September 16. Apparently Wes saw our plea for cans in the last issue of The Lightning Bolt and decided we needed more to meet our goal of \$3,000.00. Thanks, Wes!

Jim will be on the lookout for other donations, and hopes to catch a few more

of you donating cans for the Needy Children's Fund. Remember, fifty-five gallon barrels are dispersed throughout Northwestern plants specifically for employees who wish to donate.

These barrels stay in place all year. Last year, Northwestern employees helped 53 area families with a total of 178 children. Let's top that number this year!

RECORD NUMBER ATTEND RETIREES' DINNER

A record number of 318 people attended the 13th annual retirement dinner for Northwestern retirees and employees. The dinner was held September 19, 1997, at the Latin American Social Center in Sterling.

The retirement dinner was first put together by a group of retirees in 1985. An initial attendance of 39 has now grown to a group of over 300 who come to rekindle old friendships, even if it means travelling a day to get there.

Among those in attendance were two couples who came a considerable distance for the good food, conversation, and an opportunity to meet with fellow retirees. Mr. and Mrs. Mateo Barron traveled 1,484 miles from San Benito, Texas. Not far behind them in distance was Mr. and Mrs. John Manzano who came 1,385 miles from Alamogordo, New Mexico.

This year's committee consisted of Dick

Williams, Charlie Pratt, Don Wiemken, Bob Hoster, Fred Howe, Earl Stevens, Wayne Volkman, Jim Clark, Ralph Alber, and the late Don Noon.

Williams has been in charge of organizing the dinner for the past two years. Since retirees have a genuine interest in what's going on in the Company, Williams asked Tom Gildehaus, Chairman and CEO, to address the group.

Plans are already underway for next year. The committee has set the date for September 18, 1998, starting at 5:00 p.m. at the Latin American Social Center. Mark your calendars and plan to join us.

Williams commented, "There is an old saying that when retired steelworkers get together and begin talking, someone will come up and say, 'You sure are making a lot of steel.'" "A lot of steel was rolled, and the conversation flowed at the annual dinner," laughed Williams.

Retirements

Best wishes for a happy retirement to the following employees who recently completed their employment with Northwestern Steel and Wire Company.

SEPTEMBER 97

Dale Nehring, RF Electrical, 31 years. Howard Clark, Plant 4 Millwrights, 30 years. Larry Berard, Nail Die Room, 30 years. Henry Weaks, Mobile Equipment, 30 years. Russell Schryver, RF General Works, 9 years.

OCTOBER 97

Filemon Sandoval, Drawing Room, 45 years. Ray Carlson, East Plant Millwright, 38 years. Charles Langley, 24 Inch Shipping, 21 years.





RETIREE EXTENDS THANKS FOR BLOOD DONATIONS

When you do a good deed for others, the aid you provide often comes back to you. That is the case with Bernie Spurr, a retiree of Northwestern Steel and Wire.

When Bernie was Commander of the VFW Post, he regularly donated blood, never expecting that someday he would need it himself. Unfortunately, in 1995 Bernie became very ill and needed blood.

A plea was made to Northwestern employees to donate blood, and they came through in a big way. Officials of the American Red Cross, Lincoln Land Chapter, said Bernie's blood drive was the best they had seen in a long time. Donations from Northwestern employees helped not only

Bernie, but others too.

Since the onset of his illness, Bernie has had 53 pints of blood, and is still receiving blood transfusions. Slowly regaining his health, he would like to thank everyone for all the donated blood and the concern that was shown him. Bernie feels very fortunate to have such good friends.

The need for blood never ends. The local chapter of the Red Cross accepts donations from noon to 6 p.m. on the first Wednesday of every month at its offices at 112 West 2nd Street in Rock Falls. Hours for accepting donations the remaining Wednesdays of the month are from 10 a.m. to 4 p.m.

The Lightning Bolt

The Lightning Bolt is published as a source of information for employees of Northwestern Steel and Wire Company.

Managing Editor Karen Freres, Ext. 2275

Associate Editor

Janet Arnold

Northwestern Steel and Wire Company 121 Wallace Street P.O. Box 618 Sterling, IL 61081-0618 Phone: (815) 625-2500

SOFTBALL TOURNAMENT & WALKATHON COMBINE FORCES TO RAISE MONEY FOR THE KIDS

Nearly \$2,000 more was raised this year than in 1996 at the Northwestern Steel and Wire Company Walk-a-Thon/Softball Tournament on September 29 in Centennial Park, Rock Falls.

While this was the third year for the Needy Children's Walk-a-Thon, this was the first year for the Walk-a-Thon Committee to combine forces with the Softball Tournament Committee, hosting one large event

Opening ceremonies on the beautiful, sunny day began at 8 a.m. with Tom Gildehaus, Chief Executive Officer, throwing the first pitch to Art Gillihan, USWA President. Nearly 100 balloons were released by children as part of the opening. In addition, there was food, face painting for the children, a clown passing out balloons, and even a visit from Santa.

Members from the JAC (Joint Advisory Committee), which is made up of senior management and senior union officers, put on their aprons, cooked brats and hot dogs and helped serve food. The Partnership concept was in full force! It was reported some were still wiping smoke from their eyes on Monday morning.

There were six teams that entered the tournament with each paying a \$100 entry fee. A total of \$250 in prize money was donated back to the Needy Children's Fund from the first, second, and third place winning

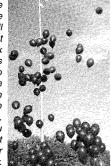


Tom Gildehaus, CEO, helps prepare the children for the release of balloons at the softball tournament.

The following message was placed in nearly 100 balloons and released at the annual Walk-a-thon/SoftballTournament in September:

This message was placed inside a balloon and released on Saturday, September 27th at 8:00 a.m. It

was part of the opening ceremonies for the Northwestern Steel and Wire annual Walk-a-thon/Softball Tournament held at Centennial Park in Rock Falls, Illinois. If you find this message, please mail to Northwestern Steel and Wire Company, ATTN: Human Resources, 121 Wallace Street, P.O. Box 618. Sterling, Illinois 61081. If you do, your name will be a part of our Company Newsletter and we will mail you a copy. Don't forget to give your



name and address. Thank you for your participation!

Roger Kipp of Racine, Wisconsin found one of our messages on the beach in Racine at 10:00 a.m. on September 30. Many thanks to Roger for taking the time to write to us. Roger will receive a copy of this issue of the Lightning Bolt.

teams. First place of \$300 and a trophy went to the 14 Inch Mill, second place with \$200 and a trophy went to the 24 Inch Mill, and third place with \$100 and a trophy was won by the Wire Galvanizer Department.

Les Funderberg, who is employed in Plant 1 Maintenance, had the distinction of playing with his two sons, Les Jr. and Stony. The elder Funderberg said in all the years he has played ball in the mill tournaments, his sons wanted to play, but couldn't. "Now that they are working at Northwestern, they all ended up playing for the same department I came out of," stated Funderberg, referring to the Drawing Room Team.

The most money raised by an individual in the Walk-a-Thon was Steve Bierman of Northwestern's 24 Inch Mill and Shipping. He raised nearly \$600 for the needy children. The most money raised by a department was the 24 Inch Mill and Shipping.

Last year, Northwestern employees helped 53 area families with a total of 178 children. While the Walk-a-Thon/Softball tournament this year was a large fund raiser, most of the money realized for needy children comes from aluminum can collections. Fifty-five gallon barrels are dispersed throughout Northwestern plants specifically for employees who wish to donate aluminum cans.

Many thanks to all the people who made this event such a huge success. Those people include Paige and Autumn Alls, the face painters; Laurie Free, the clown; Ron Spencer, Santa; Tom Gildehaus and Art Gillihan, opening ceremony hosts; those who stayed to help clean up; Rex Gaumer, for his assistance and the use of his grill; and to the Needy Children's Committee who helped organize the function: Jim Boesen, Debbie Decker, Bill and Laurie Free, Karen Freres, Rhonda Gaumer, Cindy Jones, and Carol Siefken. A thank you also is extended to Chris Edmondson and Dale Haberer, softball tourney organizers; and to the following members of the JAC Committee, who cooked and served the food: Dick Way, Andy Moore, Bill Hillpot, Ed Bell, Russ Lovell, Jim Gallentine, Dick Percycoe, and Jim Meyer. Special thanks to JoAnne Way for her assistance, and also to the Company and the Union for donating the food, and to the Company for donating the baseball caps. And finally, a very special thank you to all the participants. It was through the participants that all the money was raised for the children. Great job by all!



The 14" Mill took 1st place in the tournament. Pictured front row from left are Allan Partridge, Ryan Sullivan, Dan McCallister, Jeff Billings, Wes Crow. Back row from left are Larry Dessing, Jim Hall, Ryan Kepner, Paul Blackburn, Chris Olds, Doug Courter, Bob Carbaugh, Chuck Cain.



Dick Way, President, and Ed Bell, USWA Staff Representative, take their turn at the grill, while Russ Lovell, Grievance Committeman, supervises from behind.



Santa came to visit many little ones in September. The little guy pictured above decided to get his order in early.

Northwestern Steel and Wire Company 121 Wallace Street, P.O. Box 618 Sterling, Illinois 61081-0618

Bulk Rate U.S. Postage PAID Permit No. 69 Sterling, IL

