



# THE ProgRESsive

## Mission

RES Manufacturing produces metal stampings, engineered solutions and value added services for companies in markets with significant growth potential.

RES operates profitably to support its customers, provide opportunity and reward for its associates and generate a solid return for its shareholders.

RES Manufacturing is a contract manufacturer of metal components for **SHAPE CRITICAL SURFACE CRITICAL** and **HIGH STRENGTH** applications.

We specialize in:

- ◆ PROGRESSIVE DIE STAMPINGS
- ◆ DESIGN ASSISTANCE
- ◆ PROTOTYPES
- ◆ TOOL BUILD
- ◆ HEAT TREATING, WELDING, TAPPING, MACHINING
- ◆ AUTOMATED ASSEMBLY



## MANAGEMENT VIEWS

For those of us who have spent the better part of our careers in steel related industries, it comes as no surprise that there is upheaval in the metals market. However, this go-around is significantly different. While we have seen wide swings in pricing and availability in the past, this round of increases and shortages is fueled by factors that have not historically been present, and may not be subject to the same market correcting pressures.

Consider the following as reported by various sources:

- The domestic steel industry has been granted protection from foreign suppliers through President Bush's Section 201 ruling that imposed maximum tariffs of 30% in 2002, 24% in 2003, and 18% in 2004.
- 32 U.S. steel companies have filed for bankruptcy since 1997.
- Acme Metals, GalvPro Steel, Gulf States Steel, Huntco Steel, LTV Steel - Cleveland West have shutdown their facilities.
- Beta Steel, Geneva Steel, LTV Steel-Indiana Harbor, LTV Steel-Cleveland East, and Trico Steel have idled their facilities.
- Closures and idling of facilities have reduced U.S. steel-making capacity by 15 million tons. The net loss attributed to LTV alone is 3,000,000 tons of key steel product capacity. All of this is occurring at the same time the U.S. is importing 38% less steel than it did four years ago.
- The financial stability of the remaining steel companies is precarious, as they attempt to remain solvent under the burden of generous retirement benefit packages. National Steel has filed Chapter 11, and Bethlehem, Rouge, Weirton, and W-P are likely to see shutdowns going forward.
- Potential major breakdowns are imminent at many mills due to the lack of capital to repair equipment. On April 19, 2002 Bethlehem Steel Corporation's D-Blast Furnace, Burns Harbor, experienced a mechanical failure that resulted in an unplanned outage and a capacity loss of approximately 6,000 tons per day.
- A fire at the Double Eagle Steel Coating Co. in December 2001 resulted in a loss of 850,000 tons of coated steel products.
- Material shortages are occurring due to tight supply and increased demand. As a result, lead-times have increased to 8-16 weeks.
- Mills are breaking contractual agreements with customers due to their unstable financial condition and current market strength. Customers are expected to pay a higher price than previously negotiated.
- Prices for hot-rolled, cold-rolled, coated and plate steel have risen 30-50% during the past year. Price increases of \$80/ton minimum have been formally announced for 1st and 2nd quarters of 2002.

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*RES is people. Our family of associates are active partners. The enthusiasm, creativity, commitment and team spirit that they bring to their jobs each day is a key to our success. We are proud of their efforts.*



## Management Views

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- Mills are looking at an additional \$50-\$80/ton increase for the third quarter of this year. (USS announced an additional \$80/ton increase for the third quarter.)
- Mills are reinstating quality and lot size extras that had been virtually eliminated. Additional charges are expected for freight equalization.
- The spot price for hot-rolled sheet steel has increased by almost 62% for July 2002 delivery when compared to December 2001.

As we look to the future, we are aware of our responsibilities to our customers. I want to assure you that we will do everything within our power to ensure that you continue to receive quality products, delivered on time at a competitive price.

I hope this information gives you a better understanding of the current situation in the metals market. It is my belief that if we work closely together, we can minimize the negative effects of the ongoing chaos in the metals industry.



**David G. Tomczek**  
Vice President of Sales

## A Res Case Study ...

### Application:

A high volume, powertrain component for a major Tier 1 supplier to the automotive industry.

### Challenge:

The customer had sourced the part with another supplier and was experiencing problems with excess lubricant and poor part quality. They were concerned about the supplier's ability to perform as they ramped up to full production.

### Outcome:

Working closely with the customer, Res associates developed a project plan to ensure the smooth transfer of the tooling, while meeting production requirements.

Res engineers proposed a tool modification that eliminated the need for additional lubricant and improved the formed features of the part. In order to meet the customer's price objectives and delivery schedule, a cross-functional team of Res associates developed an elaborate part ejection chute system to speed up the manufacturing process. Res production associates also came up with a new method for stacking parts in returnable containers, which resulted in safer transport and lower freight costs.

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## Res offers Design Guide

The **Res Design Guide** incorporates over 95 years of experience in the production of progressive die metal stampings and subassemblies. It includes general guidelines in key areas of design that are based on common industry standards and good design practices.

The guide is intended to provide only general guidelines and design assistance. Res engineers would be happy to answer any questions you may have regarding your specific application.

**To obtain a copy of the guide, contact Rachael Shaw at 414-365-5556, or visit our website at [www.resmfg.com](http://www.resmfg.com).**

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