



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

It has been almost three months since I joined Res. I came on board with a great deal of enthusiasm and high expectations based on what I had learned from meeting with Res associates during the interview process. Today, I must confess that my initial impressions have been confirmed. I am extremely impressed with the world class infrastructure of the company and, in particular, our talented group of associates.

2002 Review

General economic uncertainties, along with raw material price and supply issues related to the implementation of the Section 201 steel tariffs, presented some interesting challenges during 2002. At Res, we met those challenges head on. Strong relationships with our suppliers provided the basis for price and delivery negotiations aimed at meeting our customers' expectations. We were able to meet the rapidly changing demands of our customers without a single production shutdown.

Internally, the emphasis during the year was on strengthening our organization. The decision to add a president

is just one example of what has been done to position Res for growth. This move will allow Scott Moon to concentrate on longer-term strategic opportunities for both Res and our sister company, Kondex.

2003 Outlook

Despite the global economic uncertainty, the 2003 outlook for Res is very encouraging. We recently received several significant production orders for new business consisting of the transfer of existing programs as well as new projects. We are well prepared to meet our customers' schedules and quality requirements for startup and production levels in the most efficient way possible. I believe this new business is just the start and through our sales and engineering teams we will capture more new projects to profitably fill out our installed equipment base. We are also in the process of identifying new markets and industries that Res can serve by providing a value-added package that is unique in our industry.

I will continue to accompany Dave Tomczek and our sales executives on customer and prospect visits to

gain a better understanding of what we need to do to further establish Res as a leader in the design, prototyping and production of metal stampings and subassemblies.

Early on, I met with Res employees and told them that I had an open door policy. I encouraged them to come to me with any kind of news — good or bad. I explained that they would always have a receptive audience. They laughed because there are no traditional offices or office doors at Res. Associates at every level are encouraged to express their ideas and concerns. That is the basis of our company's culture and its success. In keeping with that philosophy, please feel free to contact me at any time. I welcome your comments.

I would like to end by wishing all of our associates and their families a safe and joyful time through the upcoming holiday season.

Dr. John Ormerod
President

RES is people. Our 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.



Section 201 Update

Congressman Joe Knollenberg (R-MI) introduced a resolution (H. Con. Res. 507) in the U.S. House of Representatives calling for an expedited review of the Section 201 steel tariffs. According to the existing law, the tariffs must be reviewed by the International Trade Commission in September 2003. This new resolution urges President Bush to request an expedited review of the steel tariffs and report the findings no later than March 20, 2003. Resolution 507 also takes the review a step further by including a report on how the tariffs are affecting steel-consuming industries and US international trade relations. The review under Section 201 only considers the impact on the steel industry.

Purchasing Magazine's monthly price survey shows a wide range of prices being quoted by the mills for autumn delivery primarily based on reports that manufacturing activity has slowed. Market prices for bellwether grade hot-rolled sheet and cold-rolled sheet steel remain high. Availability, however, is improving.

The results of H. Con. Res. 507 could have a major impact on 2003 pricing trends. Please contact your member of Congress to urge support for the resolution. Visit www.congress.org for contact information.

A Res Case Study

Application:

High Volume Automotive Ride Leveling Sensor Components

Challenge:

The Prospect had multiple sources for these critical components. The key supplier had an extended history of not holding dimensional tolerances, mixed parts, billing errors and packaging problems. Due to the number of tools involved to produce these parts, building all new tooling and re-sourcing appeared to be cost prohibitive.

Outcome:

Res tool engineering personnel designed modular tooling that not only resolved the quality related issues, but also made it possible to cost justify new tooling for half of the components in just eight weeks. A tool transfer plan was established for the remaining components. In all, nine tools were transferred and two new tools were built to produce nineteen components at a total estimated annual cost savings to the customer of 10%.

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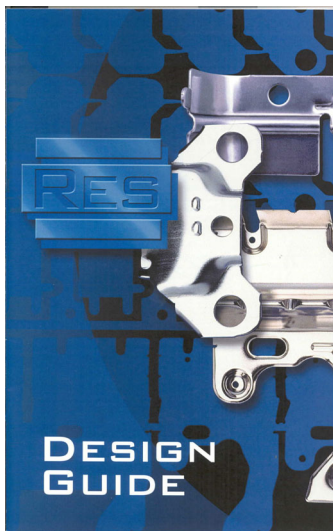
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The Res Design Guide contains helpful information regarding material selection. **To obtain a copy of the guide, visit our Web site at www.resmfg.com.**

Look for upcoming news regarding the **Res Design Course**

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