

ON THE
On the Steel
 STEEL FRONT
Front

Ohio Steel Producers Focus on Research Initiatives to Improve Products, Processes

Ohio steel producers are investing heavily in research initiatives, with the goal of improving steelmaking technologies and developing new and better steels that ultimately benefit consumers.

The industry recognizes that the ability to improve manufacturing processes and bring new products to market is critical to retaining a competitive edge in today's global economy.

"Through the pursuit of continuous innovations, we are positioning the steel industry for enhanced performance well into the next century," said Bill J. Bowling, executive vice president, chief operating officer and president-steel at **The Timken Company** in Canton and a member of the Ohio Steel Council.

"Steel producers regularly are applying the most advanced technologies to develop products. And because of our technical expertise, we often are called upon to serve unique and demanding applications."

Timken, for instance, is leading an industry-wide, international public-private partnership to apply Controlled Thermo-Mechanical Processing (CTMP) to the manufacture of seamless tube and pipe.

This initiative will create benefits for the customer as well as the steel industry.

Customers will see improved product quality and reduced variability, while the industry will realize significant manufacturing and conditioning savings.

The economic value to the domestic steel industry is estimated to exceed \$400 million annually, along with reduced energy consumption, greenhouse gas and toxic waste emissions.

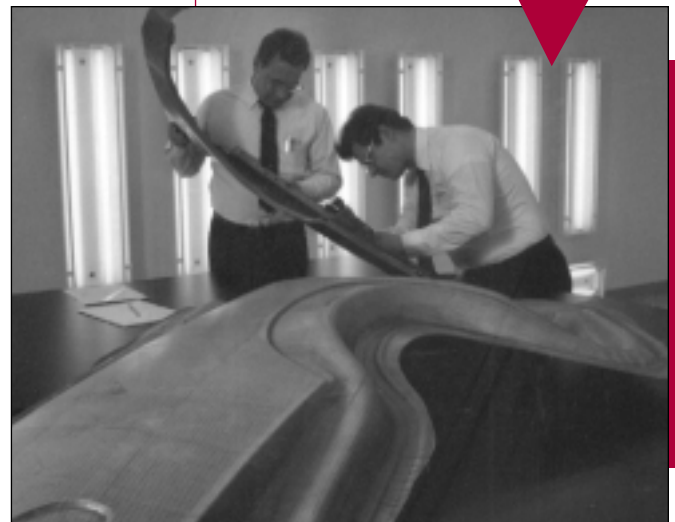
In addition to the Timken research facility in Canton, research and technology centers in Ohio include an Independence facility operated by **LTV Steel Company** and a Middletown facility operated by **AK Steel Corp.**

New steels are used in a range of traditional and high-performance applications, ranging from vehicle panels and wheel bearings to satellites, the world's largest atom smasher, and even replacement parts for hips and artificial hearts.

In many instances, steel producers partner

with government entities, customers and suppliers on projects aimed at reducing energy consumption and waste and improving performance.

LTV Steel Company development engineers evaluate prototypes of automotive parts in what is known as the Green Room at the company's research center. Special green lamps are used to help detect tiny surface imperfections.



LTV Names President

Richard J. Hipple has been named president of **LTV Steel Company** in Cleveland. Hipple previously served as LTV executive vice president.

WCI Earns Honors

WCI Steel, Inc. in Warren recently was ranked number-one in overall service and on-time delivery in an independent survey of U.S. and Canadian carbon steel users.

Timken Receives Edison Award

Governor Bob Taft presented **The Timken Company** in Canton with the 1999 Thomas Edison Award, which recognizes global leadership in fostering or implementing innovation.

Wheel-Pitt Secures Joint Venture

Wheeling-Pittsburgh Steel Corp. purchased Middletown-based **AK Steel**

Corp.'s 49 percent ownership in a joint venture in Dover, Ohio, that produces cut-to-length galvanized sheets for the heating, ventilating and air conditioning market.

Republic Names President

Joseph F. Lapinsky has been named chief executive officer of **Republic Technologies International** in Fairlawn, adding to his positions as president and chief operating officer.

2000 Ohio Appliance Roundup Underway

The 6th annual Ohio Appliance Recycling Roundup kicked off this spring with events in the Canton area, including a tour of operations at **The Timken Company** to demonstrate the important role the steel industry plays in recycling efforts.

This year's roundup follows a successful campaign in 1999, when a total of 24,067 appliances were collected statewide — 7,397 more than the previous year — and returned to the steel industry for recycling. A record 30 solid waste districts representing 62 Ohio counties participated. Stark County alone contributed 2,674 appliances, followed closely by Wayne County with 2,096 appliances.

To date, 95,102 appliances have been collected and turned over to the scrap recovery network since the program's inception in 1995. This accounts for more than 8,000 tons of recovered materials used in the production of new steels.

The kickoff event included a tour of Timken's scrap yard, shredder operations and Faircrest Steel Plant Facility.

To encourage participation this year, Whirlpool Corp. is donating three sets of washers and dryers for a drawing. Each person who turns in a used appliance for recycling will be given a coupon to enter the drawing.

The Ohio Roundup is the most successful and comprehensive statewide appliance collection effort in the U.S., according to the Steel Recycling Institute, which has sponsored the event each year with the support of the Ohio Department of Natural Resources, Institute of Scrap Recycling Industries and the Ohio Steel Council.



*An employee of **The Timken Company** works in the scrap yard, where scrap steel is sorted and then shipped to Timken steelmaking facilities for use in the production of new steel products.*

Steel Producers Oppose Kilowatt-Hour Tax, Suggest Alternative

Ohio steel producers are speaking out in opposition to a proposed electricity tax because it would be based on the number of kilowatt hours consumed, as opposed to the price paid per kilowatt hour.

The issue is crucial because a tax based on units consumed — without consideration for the price paid — would run directly counter to the purposes of the new deregulated electricity market.

Ohio steel producers have no objection to paying the same proportionate share of electricity tax that they have been paying for years.

However, the proposed tax based on kilowatt hours consumed could result in a considerable tax increase, unfairly penalizing large industrial consumers.

The issue is being reviewed by the Joint Legislative Committee on the Kilowatt-Hour Tax,

composed of Ohio House and Senate members. The committee is to complete its report by September 30. Electricity restructuring is scheduled to begin January 1, 2001.

"One of the intended benefits of electricity restructuring is competitive pricing — allowing consumers to negotiate or choose the best price possible. The kilowatt-hour tax would defeat that purpose by charging the consumer for every kilowatt hour consumed, regardless of the market value of the electricity," explained Marty Suhoza, director of energy and metals at **LTV Steel Company** in Cleveland and

Legislative Lookout

chairman of the Ohio Steel Council's energy committee.

"This new kilowatt tax runs directly counter to the fundamental purposes of electricity restructuring," Suhoza said.

Ohio is considering an electricity consumption tax as a means of recovering tax revenue that will be lost when electricity restructuring goes into effect. Under deregulation,

electricity companies will pay a personal property tax based on asset generation capabilities at a much lower rate. In addition, the value-based gross receipts tax on utility bills will be totally eliminated. Both these taxes are included in current bills.

A consumption tax is the designated

means of recovering the tax revenue lost due to the reduction in personal property and gross receipts taxes. The tax would appear as a separate line item on electricity bills.

The point at issue is whether this consumption tax should be based on the number of kilowatt hours consumed or the cost of the electricity purchased.

As the largest users of electricity in the state, Ohio steel producers believe the kilowatt-hour tax would undermine their ability to reduce energy costs and maintain a competitive position in the domestic and global marketplace.

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STEEL At Work: Global Automakers Deem Steel Their Material of Choice

Steel continues to be the dominant material in today's automobiles, despite aggressive steps from producers of competing materials to make inroads into the vehicle market.

The American Iron and Steel Institute reported during the recent 2000 North American International Auto Show that steel has sustained a 55 percent share of the average vehicle weight for more than a dozen years, largely due to the industry's continual focus on improving the performance of its materials.

Initiatives such as the Ultra Light Steel Auto Body (ULSAB) project — an industry-sponsored project to develop a lightweight vehicle that reduces gas consumption — have severely limited the opportunities for competing materials to make gains at steel's expense.

The AISI noted that the vast majority of cars, sport utility vehicles, light trucks and even concept cars use steel as their

primary material for structures, body panels, closures, bumpers and wheels.

Ohio steelmakers and workers produce a range of steel products for use in the auto industry.

"Through the development of new steels that deliver superior strength at lighter weight, the steel industry is making a significant contribution to a new generation of environmentally responsible vehicles," said Dick Wardrop, chairman and chief executive officer of **AK Steel Corp.** in Middletown.

"At the same time, consumers are assured of enhanced safety at an affordable price."

According to the AISI, use of high-strength and ultra-high-strength steel sheet has outpaced the growth rate of aluminum by 13 percent, making it the fastest-growing automotive lightweight material. Less than 2 percent of auto aluminum goes into body structures and closures.

Steel sheet is an unsurpassed material for producing crashworthy vehicles and offers engineers the greatest design flexibility for packaging engines, passengers and cargo.

The industry's continuing work is helping automakers to produce vehicles that reduce emissions of harmful greenhouse gases, including CO₂.

Through initiatives such as the Ultra Light Auto Body project, steelmakers are doing their part to ensure that steel remains the dominant material in automobiles.



Steelmakers Invest Heavily in Ohio Operations

Steel producers plan to make significant investments in their Ohio operations in 2000, continuing a pattern that has seen them spend in excess of \$3 billion in the past five years alone to improve and streamline facilities.

The Ohio Steel Council reported that producers project to spend in excess of \$310 million in capital improvements this year, compared to the \$427 million spent in 1999.

The Council noted that capital spending in 1999 was negatively affected by the continued influx of unfair steel imports, which reduced profits and prompted some companies to postpone projects. Imports hit their second-highest level of all time in 1999.

The reduction in anticipated spending in 2000 reflects the completion of major upgrades at several plants.

"Ohio steel producers have long recognized the value of reinvesting in their

facilities, enabling companies and workers to achieve greater efficiencies and produce the highest-quality products possible," said Edward Caine, president of **WCI Steel, Inc.** in Warren and a member of the Ohio Steel Council.

"By honing production processes and introducing new technologies, we have further enhanced our energy efficiency."

Among the investments that are planned for 2000 are:

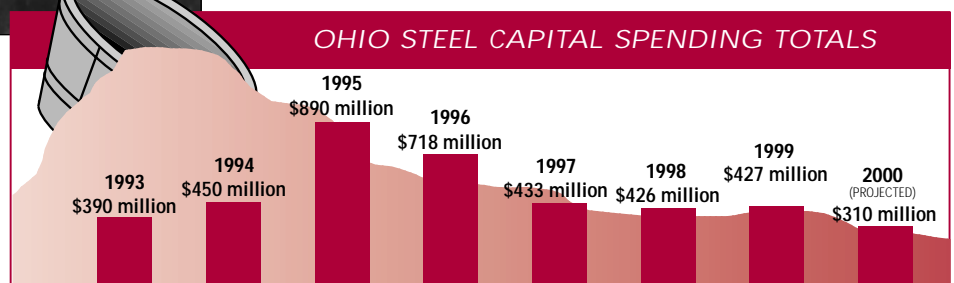
- **Wheeling-Pittsburgh Steel Corp.'s** \$31 million investment to install additional segments to the two-strand continuous caster and install automatic roll changers at the Mingo Junction hot strip mill.

- **North Star Steel Ohio's** completion of a \$30 million upgrade at its Youngstown plant with the installation of a new metallurgy furnace, which follows the 1999 start-up of a new electric arc furnace.

- **CSC Ltd.'s** installation of a new continuous caster, the final component of a \$100 million modernization that included a new electric arc furnace, among other improvements.



New cooling racks for steel bars have been installed at CSC Ltd. as part of the company's modernization project.



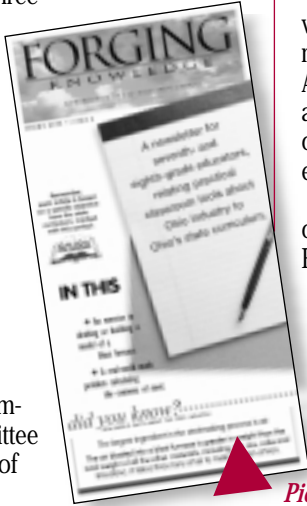
Source: Ohio Steel Council

Ohio Steel Council Reaches Out to Educators with Curriculum-Based Newsletter

The Ohio Steel Council's education committee has launched a newsletter that provides educators throughout the state with practical classroom tools relating to steel and the industrial community.

The premier issue of *Forging Knowledge* was distributed recently to more than 3,500 seventh- and eighth-grade teachers, middle school principals and district superintendents. The newsletter will be published three times a year.

"Through this initiative, we're aiming to share steel's proud heritage with Ohio residents and educate our youth about the contributions steel makes to our economy and well-being," said Cole Tremain, chairman of the communications committee and vice president of



industrial relations and public affairs at **LTV Steel Company** in Cleveland.

In addition, the Council is hoping to interest young people in careers in the steel industry.

Ohio is the second-leading steel-producing state and recently was ranked the number-one steel state in a Standard & Poor's study examining the value of steel produced and processed in each state.

Forging Knowledge provides teachers with creative, hands-on ideas for incorporating the steel industry into lesson plans. Articles, math problems and experiments are organized around the Ohio Department of Education's curriculum for seventh and eighth grades.

Each article is based on a specific objective from the state curriculum.

For example, the premier issue included:

- Information on the benefits of steel recycling
- A history exercise about steel-making in the 1800s
- A science experiment on steel wool's heat-generating properties

Pictured is the most recent educator newsletter.

Ohio Steel Council Welcomes New Member

Ohio Gov. Bob Taft has appointed Bill J. Bowling, executive vice president, chief operating officer and president-steel at **The Timken Company**, to the Ohio Steel Council.



Bowling

Named to his current position in 1997, Bowling has held numerous posts with increasing responsibility since joining Timken in 1965. He has served as steel project director, director-Faircrest Steel Plant, director-manufacturing-steel, vice president-human resources and logistics, and executive vice president and president-steel. He at one time was assistant to the managing director at Timken France and executive vice president and president of Timken Latrobe Steel.

Timken, based in Canton, is a leading international manufacturer of engineered bearings and alloy steels. With operations in 24 countries, Timken employs 21,000 people worldwide and reported 1999 sales of \$2.5 billion.

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OHIOSTEEL REPORT
Pride & Progress
is published by the Ohio Steel Industry
Advisory Council.

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77 S. High Street / 28th Floor
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