

# Marmon/Keystone LLC

THE PIPE AND TUBING PEOPLE

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J.T. "TIM" SPATAFORE  
PRESIDENT

## TO OUR VALUED CUSTOMERS...

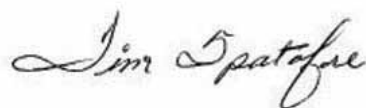
With another new year of possibilities upon us, one constant that you can always rely on is your Marmon/Keystone team. Meeting your requirements and providing you with the first-rate service that you deserve remains our number one priority; our employees are always willing to go the extra mile for you. We held our 21st annual Quality Renewal Celebration this year, reaffirming our company-wide commitment to continual quality improvement. The Quality process continues to be a major part of Marmon/Keystone's everyday operations.

Marmon/Keystone has been and always will be committed to expanding within the United States in order to offer you better service and selection. We have recently opened a new facility in Tulsa, Oklahoma, and have plans to launch additional facilities in the near future.

Marmon/Keystone continues to grow our extensive inventory of over 15,000 sizes and grades in carbon, alloy, stainless and aluminum tube and bar products, which are readily available to a wide variety of industries.

Our employees understand that you, our Customer, have choices and we go out of our way to ensure you continue to choose Marmon/Keystone. We appreciate your support throughout the year.

Sincerely,

A handwritten signature in cursive script that reads "Tim Spatafore".

J.T. "Tim" Spatafore  
President

## **The Marmon/Keystone Mission Statement**

Create and maintain a positive and ethical environment in which quality employees develop efficient and economical methods to purchase from responsible suppliers to warehouse, market and timely deliver quality tubular and bar products, and provide related services to responsible customers worldwide to earn an acceptable return on investment while maintaining a manageable rate of growth.

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## **Marmon/Keystone's Statement of Quality**

MARMON/KEYSTONE LLC, dedicated to serving the customer and continuing as a world-class distributor of tubular and bar products, is committed to the following principles of Total Quality Improvement:

1. To know, understand and fulfill internal and external customer requirements.
  2. Through the quality process, to achieve zero defects in all areas by creating a spirit of doing the right things right the first time.
  3. With regard to continuous quality improvement company-wide, assure that all employees receive equal opportunity to express themselves openly, honestly, orally, and in writing to receive timely feedback, and to be recognized for their efforts.
  4. To utilize a manageable number of suppliers consistent with our requirements.
  5. Plan, establish, review and communicate quality goals.
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## **The Pipe and Tubing People**

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[www.marmonkeystone.com](http://www.marmonkeystone.com)

# INFORMATION AT A GLANCE

## WHO WE ARE

- With locations throughout the United States, Canada and Mexico, Marmon/Keystone is the largest stocking distributor of tubular products and specialty bar in the world.
- We employ more than 1,300 people worldwide, representing a total of more than 20,000 years of steel industry experience.

## FINANCIAL STABILITY

- Marmon/Keystone LLC is a Marmon Distribution Services Company and a member of The Marmon Group, an international association of more than 125 business units that operate independently within diverse business sectors. Member companies have collective revenues of \$7 billion. The Marmon Group is a Berkshire Hathaway company.

## CONTINUOUS QUALITY IMPROVEMENT

- A company-wide Quality Improvement Process places responsibility for quality in the hands of the people who can make a difference — every single employee.
- Our Quality Improvement Process represents a capital investment of more than \$1 million per year.
- We train every employee in the quality ideals through 20 hours of intensive instruction.
- Every employee serves on one of 100 unit teams, which act as steering committees for long-range process planning and quality improvement.
- Interdepartmental and interdisciplinary Corrective Action Teams submit thousands of corrective action measures per year.
- Statistical process control is used to monitor each location's performance with regard to:
  - On-time deliveries (99%+ company-wide)
  - Customer service level
  - Rate of returned merchandise
  - Productivity per man hour
  - Safety (1/4% company-wide)
- All suppliers are subject to a rigorous Supplier Quality System that holds them to high standards of quality of materials, delivery and service performance, as well as competitive pricing.

## FACILITIES AND EQUIPMENT

- Marmon/Keystone encompasses over 2.5 million square feet of office and warehouse space along with more than 300 acres of outside storage.
- Over the last several years, numerous facilities have received more than \$50 million for expansion and enhancements, including high volume stacker systems, state-of-the-art material handling systems, new saws, cranes, and other equipment, all aimed at improving efficiency of work stations.

## SYSTEMS

- We support numerous systems related customer services from EDI to inventory access to e-Commerce. These systems enable us to integrate with customers and vendors to facilitate seamless data sharing and improved communications. They provide our staff with instant access to customer, inventory and shipping information enabling them to service our customers more accurately and faster. Marmon/Keystone constantly works on upgrading these systems to keep them current and state of the art.

## INVENTORY

- Marmon/Keystone stocks more than \$100 million in inventory and offers more than 400 product classifications comprising over 10,000 individual items.
- Our entire inventory is readily available to all locations.

## TRANSPORTATION

- Delivery easily arranged and expedited via our fleet of tractor trailers.
- Timely delivery also provided through M/K Express, our subsidiary trucking company.

## LOCATIONS (see details on page 5)

- Marmon/Keystone's comprehensive network of facilities spans the United States, Canada and Mexico.
- Subsidiary companies such as Future Metals and Bushwick Metals enable us to serve an expanded range of industries and markets.
- We aggressively seek strategically located acquisitions domestically and abroad.

**Bar Coding:** Allows for efficient handling of material through electronic receipt and distribution of goods.

**Consigned Inventory:** On-site storage of inventory that is invoiced only when used.

**Cost of Possession Analysis:** Use of computerized model to determine true cost of inventory possession.

**Credit Analysis:** Creative use of financial analysis to increase the customer's purchasing power.

**Customer Analysis Team:** A cross-functional team of Marmon/Keystone and customer employees used to identify cost saving techniques.

**Distributor-Managed Inventory:** Marmon/Keystone takes direct responsibility for inventory control of customer's pipe and tubing requirements.

**Electronic Commerce:** Visit our Internet site at [www.marmonkeystone.com](http://www.marmonkeystone.com) to request a quote, place an order, or request a variety of other services.

**Electronic Data Interchange (EDI):** A standardized and systematic method of conducting paperless business transactions.

**Global Purchasing Council:** A worldwide team of Marmon/Keystone employees who evaluate international supply sources and leverage our purchasing power so we can assure customers of the best possible service.

**International Development:** Our increased international presence makes us particularly well suited to satisfy customer's international requirements.

**In-Plant Personnel:** On-site representation by Marmon/Keystone to expedite purchasing transactions.

**Lotus Notes Applications:** The ability to develop and share Lotus Notes-based business applications that streamline procedures.

**Management Panels:** Periodic meetings of management from Marmon/Keystone and customers to review current business issues and to develop and enact effective strategies.

**Monthly/Statement Invoicing:** A periodic accumulation of invoices for payment resulting in increased efficiencies and decreased costs.

**On-Time Delivery Performance:** The ability to track delivery performance by location and to maintain exceptional delivery performance.

**Paper Flow Analysis:** The systematic review of a customer's paper flow to determine inefficiencies and areas of potential cost reduction.

**Process Analysis:** A cross functional team of Marmon/Keystone and customer employees reviews – from beginning to end – the processes involved with the application of the material we furnish to single out potential areas of cost savings.

**Quality Process:** The implementation and the resulting benefits of a formal, company-wide Quality Improvement Process.

**Round Table Forums:** Periodic meetings of top industry executives to discuss specific issues impacting our organizations.

**Special Packaging:** The ability to package material to the exact requirements of our customers.

**Product Substitution/Conversion:** The ability to identify and recommend potential savings through product substitution or conversion.

**Technological Analysis:** Review of the technological procedures used to conduct business transactions between our organizations with the goal of identifying inefficiencies and implementing solutions.

**Training Sessions:** Periodic educational programs aimed at increasing individuals' technical and product knowledge.

**Value Added Development:** The ability to find areas where Marmon/Keystone's expertise can be applied to reduce cost, improve process flow and/or generate savings.

**Vendor Certification Process:** A rigorous set of criteria used to evaluate our suppliers to ensure that top quality material is available on a timely and efficient basis.

**Volume Incentives:** A variety of incentives aimed at developing incremental business.

**Warehouse and Mill Tours:** Provides customers with an understanding of the processes involved in the manufacturing, warehousing and distribution of tubular and bar products.

## VALUE-ADDED SERVICES

Marmon/Keystone can enhance your manufacturing capabilities by providing a full range of finished or semi-finished parts which can be moved directly to the assembly line. Additionally, we can provide individual services which can include, but are not limited, to the following:

Anodizing	Drilling	Honing	Polishing
Bending	Fabricating	Machining	Punching
Beveling	Grinding	Milling	Tapping
Boring	Grooving (I.D., O.D.)	Precision Cutting	Threading
Cleaning	Heat Treatment	Plating	Welding