



**Fedmet Service Group: ACE PROGRAM**  
**A**ccountability  
**C**ost control  
**E**fficiency

## FEDMET SERVICE GROUP'S **ACE** PROGRAM

### PURPOSE

*To present an innovative business relationship that will provide the Customer with a functioning furnace or ladle, when it is needed, at the lowest total cost per ton of material processed.*

### OBJECTIVE

To form a co-operative partnership and to provide lowest cost furnace and ladle maintenance. Fedmet Resources will maximize its performance, increase efficiency and establish accountability. Our goal is to develop an agreement where both parties share risk and rewards.

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## ACCOUNTABILITY

- *Thorough and systematic tracking of various parameters*
- *Statistical analysis and periodic review of costs and performance*
- *Ability to spot trends before problems arise along with a single point contact*

## COST CONTROL

- Reduce workload in purchasing / clerical departments by single point accountability
- Reduce inventory levels and numbers of redundant items
- Shift responsibility for scheduling to the partner, establish a fixed cost per ton of steel produced

## EFFICIENCY

- *Eliminate non-value added tasks*
- *Minimize disruptions*
- *Focus on steelmaking*

## PROGRAM ADVANTAGES

- Reduce workload in support departments by single point accountability
- Reduce inventory levels
- Shift responsibility for scheduling to the partner
- Known furnace and ladle operating costs
- Focus on steel making by allowing partner to make decisions in their area of expertise
- Statistical furnace and ladle cost and performance analysis
- Ability to spot trends before they arise

## SCOPE OF THE ACE PROGRAM

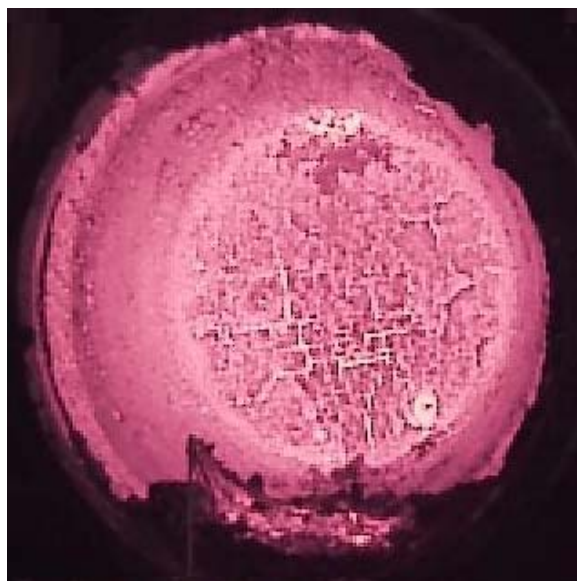
- Monitoring of furnace and ladle in service
- All materials required for lining
- Labor for entire process: "cradle to grave"
- Technical expertise

## FURNACE AND LADLE MAINTENANCE

- Installation by a local contracting partner
- Monitoring of furnace and ladle by Fedmet Services Group
- Analysis of furnace and ladle campaign by Fedmet Services Group
- Demolition by a local contractor
- Removal of debris by a local contractor

## LADLE and FURNACE MONITORING

- Accurate bill of material for every furnace and ladle
- Tracking of operational variables affecting furnace and ladle performance
- Statistical evaluation of furnace and ladle campaigns
- Post-mortem evaluation of every lining
- Reporting of results for review



## FEDMET'S LEADERSHIP ROLE

- *Fedmet can offer all refractory products potentially needed for furnace and ladles: mag-carbon, mag-chrome, alumina, alumina-carbon, alumina-mag-carbon, dolomite and castables*
- *Fedmet is the lowest-cost supplier of all these products*
- *All of Fedmet's products have multiple sourcing world-wide to assure a "full pipeline", and the ability to take advantage of a dynamic world economy*
- *Fedmet is a global company with experience in steel making applications world-wide*
- *Fedmet has expertise in installation, construction, engineering, analysis, monitoring and product application*

## SAVINGS OPPORTUNITIES

- Bundled support services
- World-wide refractory product knowledge
- Reduce customers internal costs:
  - Inventory levels
  - Inventory management
  - Procurement
  - Furnace and Ladle support
  - Environmental compliance

Shared productivity improvements

## HOW DO WE WORK TOGETHER?

- Fedmet on site to understand customers needs
- Present Fedmet Services Group Plan: Fixed price furnace and ladle maintenance per ton of product processed
- Define business arrangement
  - *Risk/reward sharing*
  - *Emergency response capability*
  - *Environmental compliance*
  - *Reporting structure*
  - *Define normal operational practice*



## SUMMARY

- Fedmet Service Group understands the importance of a properly functioning furnace and ladle
- Fedmet has immediate access to all required consumables and support expertise
- Fedmet has a mature "eyes open" approach that ensures mutual satisfaction over the long term

