FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1993-11-12** | Period of Report: **1993-09-30**
SEC Accession No. 0000950131-94-000025

FILER

CLARK REFINING & MARKETING INC

CIK:**20762**| IRS No.: **431491230** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **033-28146** | Film No.: **94501561**
SIC: **2911** Petroleum refining

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- - ---

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 1993

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

COMMISSION FILE NUMBER 1-11392

CLARK REFINING & MARKETING, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	43-1491230 (I.R.S. EMPLOYER IDENTIFICATION NO.)
8182 MARYLAND AVENUE ST. LOUIS, MISSOURI (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	63105-3721 (ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (314) 854-9696

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( ).

Number of shares of registrant's common stock, $.01 par value, outstanding as of November 12, 1993: 100, all of which are indirectly owned by The Horsham Corporation.

- - ---

[Coopers & Lybrand Letterhead]

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Clark Refining & Marketing, Inc.:

We have reviewed the accompanying balance sheet of Clark Refining & Marketing, Inc. (formerly Clark Oil & Refining Corporation) (a Delaware Corporation and wholly-owned subsidiary of Clark R&M Holdings, Inc.) as of September 30, 1993, and the related statements of earnings for the three-month and nine-month periods ended September 30, 1993 and 1992 and statements of cash flows for the nine-month periods ended September 30, 1993 and 1992. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet of Clark Refining & Marketing, Inc. as of December 31, 1992, and the related statements of earnings, stockholder's equity, and cash flows for the year then ended (not presented herein); and in our report dated February 1, 1993, except for Notes 6 and 7 for which the date is February 17, 1993, we expressed an unqualified opinion on those statements.

In our opinion, the information set forth in the accompanying balance sheet as of December 31, 1992 is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

/s/ Coopers & Lybrand
COOPERS & LYBRAND

St. Louis, Missouri
October 27, 1993

CLARK REFINING & MARKETING, INC.
BALANCE SHEETS
(Dollars in thousands except per share data)

<TABLE>
<CAPTION>

ASSETS	Reference Note	September 30, 1993	December 31, 1992
		(Unaudited)	
<S>	<C>	<C>	<C>
CURRENT ASSETS:			
Cash and cash equivalents		$ 42,829	$ 18,643
Short-term investments		119,621	187,487
Accounts receivable		56,064	52,150
Inventories	2	162,432	151,083
Prepaid expenses and other		15,870	23,178
Total current assets		396,816	432,541
PROPERTY, PLANT AND EQUIPMENT		355,881	320,870
OTHER ASSETS	3	36,306	34,384
		$789,003	$787,795

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:			
Accounts payable		$ 97,872	$107,211
Accrued expenses and other	4	47,028	45,902
Accrued taxes other than income		29,010	34,370
Total current liabilities		173,910	187,483
LONG-TERM DEBT		401,498	401,514
DEFERRED TAXES	6	42,004	44,593
LIABILITY FOR POSTRETIREMENT BENEFITS	6	16,540	--
STOCKHOLDER'S EQUITY:			
Common stock ($.01 par value per share; 1,000 shares authorized and 100 shares issued and outstanding)			
Paid-in capital		30,000	30,000
Retained earnings	6	125,051	124,205
Total stockholder's equity		155,051	154,205
		$789,003	$787,795

</TABLE>

The accompanying notes are an integral part of these statements.

CLARK REFINING & MARKETING, INC.
STATEMENTS OF EARNINGS
(Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

	Reference Note	For the three months ended September 30, 1993	1992
<S>	<C>	<C>	<C>
NET SALES AND OPERATING REVENUES		$ 549,024	$ 615,751
EXPENSES:			
Cost of sales		(459,053)	(542,732)
Operating expenses		(56,219)	(54,301)
General and administrative expenses		(6,667)	(6,303)
Depreciation		(5,864)	(5,274)
Amortization	3	(3,141)	(2,296)
		(530,944)	(610,906)
OPERATING INCOME		18,080	4,845
Interest and financing costs, net	3, 4	(8,607)	(5,546)
Other income	5	--	--
EARNINGS (LOSS) BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		9,473	(701)
Income tax provision	6	(3,244)	(138)
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		6,229	(839)
Extinguishment of debt (net of taxes of $7,192)		--	(11,538)
EARNINGS (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		6,229	(12,377)
Cumulative effect of change in accounting principle	6	--	--

NET EARNINGS (LOSS)	$ 6,229	$ (12,377)
	=========	=========

</TABLE>

The accompanying notes are an integral part of these statements.

<TABLE>
<CAPTION>

CLARK REFINING & MARKETING, INC.
STATEMENTS OF EARNINGS
(Unaudited)
(Dollars in thousands)

	Reference Note	For the nine months ended September 30, 1993	1992
<S>	<C>	<C>	<C>
NET SALES AND OPERATING REVENUES		$ 1,719,067	$ 1,685,303
EXPENSES:			
Cost of sales		(1,485,186)	(1,463,164)
Operating expenses		(162,009)	(156,285)
General and administrative expenses		(19,350)	(19,490)
Depreciation		(17,244)	(15,745)
Amortization	3	(8,652)	(6,902)
		(1,692,441)	(1,661,586)
OPERATING INCOME		26,626	23,717
Interest and financing costs, net	3, 4	(21,714)	(21,157)
Other income	5	11,370	--
EARNINGS (LOSS) BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		16,282	2,560
Income tax provision	6	(5,841)	(20)
EARNINGS BEFORE EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE		10,441	2,540
Extinguishment of debt (net of taxes of $7,192)		--	(11,538)
EARNINGS (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		10,441	(8,998)

Cumulative effect of change in accounting principle (net of taxes of $5,992)	6	(9,595)	--
NET EARNINGS (LOSS)		$ 846	$ (8,998)

</TABLE>

The accompanying notes are an integral part of these statements.

CLARK REFINING & MARKETING, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

	For the nine months ended September 30, 1993	1992
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	$ 846	$ (8,998)
Extraordinary item	--	11,538
Cumulative effect of change in accounting principle	9,595	--
Non-cash items:		
Depreciation	17,244	15,745
Amortization	9,540	9,353
Share of earnings of affiliates	(2,439)	(1,904)
Deferred taxes	6,935	(473)
Other	953	(173)
Cash provided by (reinvested in) working capital -		
Accounts receivable, prepaid expenses and other	(3,647)	(14,751)
Inventories	(11,349)	(2,601)
Accounts payable, accrued expenses, taxes other than income, and other	(14,324)	10,410
Net cash provided by operating activities	13,354	18,146
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(92,835)	(608,215)
Sales of short-term investments	160,902	646,356
Expenditures for property, plant and equipment	(55,381)	(45,428)
Expenditures for turnaround	(17,989)	(1,931)
Payment received on CMAT, Inc. note	10,000	--
Proceeds from disposals of property, plant and equipment	4,477	993
Dividends received from nonconsolidated affiliates	2,454	1,568

Other investing activity	(201)	1,052
Net cash provided by (used in) investing activities	11,427	(5,605)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	--	175,000
Long-term debt payments	(315)	(207,334)
Deferred financing costs	(579)	(6,021)
Other	299	135
Net cash used in financing activities	(595)	(38,220)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	24,186	(25,679)
CASH AND CASH EQUIVALENTS, beginning of period	18,643	45,320
CASH AND CASH EQUIVALENTS, end of period	$ 42,829	$ 19,641

</TABLE>

The accompanying notes are an integral part of these statements.

FORM 10-Q - PART I
ITEM 1 Financial Statements (continued)

Clark Refining & Marketing, Inc. (formerly Clark Oil & Refining Corporation)

NOTES TO FINANCIAL STATEMENTS (Unaudited)
September 30, 1993

1. Basis of Preparation

The unaudited interim financial statements of Clark Refining & Marketing, Inc. (the "Company" or "Clark"), a Delaware corporation, as of September 30, 1993 and 1992, and for the three month and nine month periods then ended, have been reviewed by independent accountants. As discussed in Note 6 below, the financial information for the three month and nine month periods ended September 30, 1992 and at December 31, 1992 presented herein have been restated for the adoption of SFAS 109. In the opinion of the management of the Company, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included therein. The results of these interim periods are not necessarily indicative of results for the entire year.

The financial statements have been prepared in accordance with the instructions to Form 10-Q. Accordingly, certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These unaudited statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 1992.

2. Inventories

The carrying value of inventories consisted of the following:

<TABLE>
<CAPTION>

<S>	September 30, 1993 <C>	December 31, 1992 <C>
	(in thousands)	
Crude oil...................	$ 59,233	$ 46,120
Refined and blend stocks....	84,988	89,064
Convenience products........	11,756	10,480
Warehouse stock and other...	6,455	5,419
	$162,432	$151,083

</TABLE>

The market value of these inventories at September 30, 1993, was approximately $7.6 million (December 31, 1992 - $13.2 million) higher than the carrying value.

3. Other Assets

Amortization of deferred financing costs for the three month and nine month periods ended September 30, 1993, was $0.3 million (1992 - $0.8 million) and $0.9 million (1992 - $2.5 million), respectively, and is included in "Interest and Financing Costs, Net".

Amortization of turnaround costs for the three month and nine month periods ended September 30, 1993, was $3.1 million (1992 - $2.2 million) and $8.6 million (1992 - $6.8 million), respectively.

4. Interest and Financing Costs, Net

Interest and financing costs, net, consisted of the following:

<TABLE>
<CAPTION>

<S>	For the three months ended September 30,		For the nine months ended September 30,	
	1993 <C>	1992 <C>	1993 <C>	1992 <C>
	(in thousands)		(in thousands)	
Interest expense.......	$11,351	$11,470	$30,298	$ 35,624
Financing costs........	376	784	1,147	3,128
Interest income........	(2,309)	(5,163)	(7,403)	(13,698)
	9,418	7,091	24,042	25,054

Capitalized interest...	(811)	(1,545)	(2,328)	(3,897)
	$ 8,607	$ 5,546	$21,714	$ 21,157

</TABLE>

Accrued interest payable at September 30, 1993, of $8.7 million (December 31, 1992 - $6.7 million) is included in "Accrued Expenses and Other".

5. Other Income

Final settlement was reached in the first quarter of 1993 on the litigation arising out of funds on deposit with Drexel Burnham Lambert Trade Finance, Inc. ("Drexel") at the time of their bankruptcy. The settlement with Drexel, Drexel Burnham Lambert Group Inc. and Internationale Nederlanden Bank N.V. resulted in the recognition of other income of $8.5 million.

In June, 1993, Clark sold 21 "non-core" retail stores in Kentucky and Minnesota, which resulted in the recognition of other income of $2.9 million.

6. Changes in Accounting Principles

On January 1, 1993, Clark adopted Statement of Financial Accounting Standards No. 106 ("SFAS 106"), "Employer's Accounting for Postretirement Benefits Other Than Pensions." This standard requires that Clark accrue the actuarially determined costs of postretirement benefits during the employees' active service periods. Previously, Clark had accounted for these benefits on a "pay as you go" basis, recognizing an expense when an obligation was paid. In accordance with SFAS 106, Clark elected to recognize the cumulative liability, a non-cash "Transition Obligation" of $9.6 million, net of the tax benefit of $6.0 million, as of January 1, 1993.

A discount rate of 8.0% was assumed as well as a 5.0% rate of increase in the compensation level. For measuring the expected postretirement benefit obligation, the health care cost trend rate ranged from 9.8% to 14.0% in 1993, grading down to an ultimate rate in 2001 of 6.0%. The effect of increasing the average health care cost trend rates by one percentage point would be immaterial.

The following table sets forth the determination of the transition obligation for the health and life insurance plans at January 1, 1993:

<TABLE>

<S>	<C>
Accumulated postretirement benefit obligation	
Retirees....................................	$ 7,223
Fully eligible plan participants.............	6,314
Other plan participants......................	2,050
Total......................................	15,587
Accrued postretirement benefit cost............	--
Less: Plan assets at fair value...............	--
Transition obligation..........................	$15,587

=======

</TABLE>

On January 1, 1993, Clark adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109"), "Accounting for Income Taxes." This standard requires the use of the liability method for computing deferred income taxes and provides for restatement of prior years' financial statements to record the effect of adopting SFAS 109. As a result of the restatement of prior years, deferred income taxes has increased and retained earnings has decreased at December 31, 1992 and December 31, 1991 by $8.4 million and $5.2 million, respectively.

During the quarter ended September 30, 1993, Clark charged approximately $1.4 million to earnings to adjust for the effect on cumulative temporary differences of the increase in the federal tax rate from 34% to 35% created by the Revenue Reconciliation Act of 1993.

For the three month and nine month periods ended September 30, 1992, the net loss before the retroactive application of SFAS 109 was $12.1 million and $8.1 million, respectively. The respective effect of the retroactive application of SFAS 109 on these periods' earnings was a $0.3 million and $0.9 million increase in the tax provision, resulting in a net loss after retroactive application of SFAS 109 of $12.4 million and $9.0 million, respectively.

The following represents the approximate tax effect of each significant temporary difference giving rise to deferred tax liabilities and assets.

<TABLE>
<CAPTION>

<S>	September 30, 1993 <C>	December 31, 1992 <C>
	(in thousands)	
Deferred tax liabilities:		
Property, plant and equipment................	$52,874	$42,183
Other..	24,820	23,978
	77,694	66,161
Deferred tax assets:		
Alternative minimum tax credit...............	15,994	9,458
Other..	22,444	18,391
	38,438	27,849
Net deferred tax liability....................	39,256	38,312
Current portion - included in "Prepaid Expenses and Other"...........................	2,748	6,281
Deferred taxes................................	$42,004	$44,593

</TABLE>

7. Contingencies

Forty-one individual civil suits by residents of Hartford, Illinois have been filed against Clark in Madison County Illinois, alleging damage from groundwater contamination. The relief sought in each of these cases is an unspecified dollar amount. The litigation proceedings are in the initial stages and discovery which could be lengthy and complex, has not yet begun. Clark moved to dismiss the thirty-four cases filed in December 1991 on the ground that Clark is not liable for alleged activity of Old Clark. On September 4, 1992 the trial court granted Clark's motions to dismiss. The plaintiffs were given leave to re-file their complaints but only on alleged activity of Clark occurring since November 8, 1988, the date on which the bankruptcy court with jurisdiction over Old Clark's bankruptcy proceedings issued its "free and clear" order. In November 1992, the

plaintiffs filed thirty-three amended complaints. In addition, one new complaint involving nine plaintiffs was filed. The litigation proceedings are in the early stages and Clark cannot predict whether any of these cases will go to trial.

Clark is subject to certain governmental regulations and legal proceedings arising in the ordinary course of business. Management is of the opinion that the outcome of these proceedings will not have a material adverse effect on the financial position or results of operations of Clark.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The following tables reflect Clark's financial and operating highlights for the three and nine month periods ended September 30, 1993 and 1992. All dollars listed are in millions except per barrel or gallon information.

Financial Results:

<TABLE>
<CAPTION>

	For the three months ended September 30,		For the nine months ended September 30,	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
Retail	$19.9	$ 11.9	$ 41.6	$ 26.7
Refining	13.8	6.9	30.3	39.1
General and administrative	(6.7)	(6.4)	(19.5)	(19.5)
Depreciation and amortization	(9.0)	(7.6)	(25.9)	(22.7)
Interest and financing costs	(8.6)	(5.5)	(21.7)	(21.1)
Other income	--	--	11.4	--

	9.4	(0.7)	16.2	2.5
Income tax (provision) benefit	(3.2)	(0.2)	(5.8)	--
	6.2	(0.9)	10.4	2.5
Extinguishment of debt	--	(11.5)	--	(11.5)
	6.2	(12.4)	10.4	(9.0)
Change in accounting principle (SFAS 106)	--	--	(9.6)	--
Net earnings (loss)	$ 6.2	$(12.4)	$ 0.8	$ (9.0)

</TABLE>

Net earnings from operations for the third quarter improved as retail market conditions and refinery productivity improved over the year ago period. The prior year's third quarter included an extraordinary item of $11.5 million related to the extinguishment of Clark's 12 1/4% First Mortgage Fixed Rate Notes due July 15, 1996. Net earnings from operations for the first nine months of 1993 were negatively affected by reduced production associated with the scheduled maintenance turnaround at Clark's Blue Island, Illinois refinery and overall lower Midwest refining margins. Nine month net earnings include a second quarter pre-tax gain of $2.9 million related to the sale of 21 retail stores located in "non-core" markets and the favorable first quarter settlement of litigation relating to funds that were on deposit with Drexel Burnham Lambert Trade Finance, Inc. which contributed $8.5 million of pre-tax earnings (see Note 5 "Other Income" to the financial statements). In addition, effective January 1, 1993, Clark adopted the provisions of Statement of Financial Accounting Standards No. 106 "Employer's Accounting for Postretirement Benefits Other Than Pensions" and No. 109 "Accounting for Income Taxes". See Note 6 "Changes in Accounting Principles" to the financial statements for further details on these charges.

Net sales and operating revenues decreased 10.8% for the quarter, but were up 2.0% for the first nine months from the same periods in 1992. The third quarter decline in net sales and operating revenues reflected a drop in crude and related product prices from the year ago period. For the quarter and first nine months retail gasoline volumes were up 7.1% and 9.3%, respectively, from the year ago periods and wholesale sales volumes were up 25.4% and 21.6%, respectively, from the year ago periods.

Retail

Operating Statistics:

<TABLE>
<CAPTION>

	For the three months ended September 30,		For the nine months ended September 30,	
	1993	1992	1993	1992

<S> <C> <C> <C> <C>

Gasoline volume (millions of gallons)	257.6	240.6	770.0	704.6
Gasoline volume (thousand gallons per month per store)	101.3	90.5	98.8	88.3
Gasoline gross margin per gallon	12.9c	9.9c	10.6c	9.3c
Gasoline gross margin (millions)	$ 33.2	$ 23.9	$ 81.3	$ 65.4
Company operated stores (end of quarter)	838	875	838	875
Dealer operated stores (end of quarter)	10	11	10	11
Convenience product sales (millions)	$ 58.2	$ 54.5	$ 166.2	$ 151.0
Convenience product sales (per month per store)	$22,892	$19,722	$21,328	$18,924
Convenience product gross margin	25.4%	24.2%	25.5%	23.7%
Convenience product gross margin (millions)	$ 14.7	$ 13.2	$ 42.4	$ 35.8
Convenience product gross margin (per month per store)	$ 5,798	$ 4,956	$ 5,437	$ 4,491
Operating expenses (millions)	($28.0)	($25.2)	($82.1)	($74.5)
Contribution to operating income (millions)	$ 19.9	$ 11.9	$ 41.6	$ 26.7

</TABLE>

The retail division contributed $19.9 million (1992 - $11.9 million) to Clark's operating income in the third quarter of 1993 and $41.6 million (1992 - $26.7 million) for the first nine months. Gasoline margins per gallon averaged 12.9c (1992 - 9.9c) for the quarter and 10.6c (1992 - 9.3c) for the first nine months of 1993. Third quarter margins per gallon were strengthened versus the prior year principally due to improved retail market conditions during a period of falling product costs. Improved productivity and increased promotional activity contributed to a 7.1% increase in 1993 third quarter and 9.3% increase in nine month retail gasoline volumes. In the first quarter the company ran a promotion which offered higher octane grades at the same price as regular unleaded. This promotion was designed to attract new customers and increase higher margin premium and extra unleaded sales on a long-term basis and had a favorable impact on nine month results. The above factors combined to improve the third quarter 1993 margin from gasoline sales by 38.9% versus the prior year with an improvement of 24.3% for the first nine months compared to the year-ago period. Average gasoline volumes per month per store for the 1993 first nine months and third quarter were up 11.9% over the comparable periods a year ago.

The gross margin from convenience product sales for the three months ended September 30, 1993 was $14.7 million (1992 - $13.2 million) up 11.4% from the year-ago period and the nine month gross margin of $42.4 million (1992 - 35.8 million) was up 18.4% versus the comparable period in the prior year. This improvement was principally due to improved vendor allowances attributed to the new brand management department, the carry-over effect of the promotion mentioned above and store marketing and incentive plans. Average contribution from convenience product sales per month per store for the 1993 third quarter and first nine months were up 17.0% and 21.1%, respectively, versus the year-ago period.

Third quarter operating expenses in the retail division of $28.0 million (1992 - $25.2 million) rose 11.1% over last year's third quarter and first nine months operating expenses were up 10.2% versus the prior year principally as a result of increased promotional expenses and higher labor costs.

Refining

Operating Statistics:

<TABLE>
<CAPTION>

	For the three months ended September 30,		For the nine months ended September 30,	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
Crude oil throughput (thousand barrels per day)	131.4	126.6	119.8	129.3
Production (thousand barrels per day)	139.5	139.6	130.1	141.0
Utilization	107.3%	107.4%	100.1%	108.5%
Gross margin per barrel	$ 3.28	$ 2.80	$ 3.10	$ 3.13
Gross margin (millions)	$ 42.0	$ 36.0	$ 110.2	$ 120.9
Operating expenses (millions)	($28.2)	($29.1)	($79.9)	($81.8)
Contribution to operating income (millions)	$ 13.8	$ 6.9	$ 30.3	$ 39.1

</TABLE>

The refining division contributed $13.8 million (1992 - $6.9 million) to Clark's operating income during the third quarter of 1993 and $30.3 million (1992 - $39.1 million) for the first nine months. Third quarter refining division results improved on the strength of recent productivity improvements, heavy oil and wholesale margins, despite inventory losses incurred relating to a drop in crude and product prices. Additionally, Midwest flooding and the related significant drop in Midwest #2 oil prices hurt earnings. The principal reasons for the drop in contribution in the first nine months from the year-ago period were lower Midwest refining margins and reduced production at the Blue Island refinery associated with a scheduled maintenance turnaround which began in early March and was completed at the end of April. Refinery production for the three months ended September 30, 1993 averaged 139,500 barrels per day (107.3% utilization rate) versus 139,600 barrels per day (107.4% utilization rate) in the year-ago period and refinery production for the nine months ended September 30, 1993 averaged 130,100 barrels per day (100.1% utilization rate) versus 141,000 barrels per day (108.5% utilization rate) in the comparable period a year-ago. Refining margins averaged $3.28 per barrel (1992 - $2.80 per barrel) during the third quarter and $3.10 per barrel (1992 - $3.13 per barrel) for the first nine months. Despite the American Petroleum Institute reporting an apparent modest increase in demand in the first nine months of 1993, the markets remain under pressure by ample product supplies resulting from additions to industry cracking capability over the past year and high industry refining runs.

General and Administrative; Depreciation and Amortization

Third quarter general and administrative expenses of $6.7 million (1992 -

$6.4 million) were slightly over the 1992 third quarter while the $19.5 million for the first nine months matched the prior year, which included charges related to an early retirement and severance program. Third quarter depreciation and amortization expenses of $9.0 million increased by $1.4 million compared to a year-ago and first nine months expenses were up $3.2 million versus the prior year. Depreciation and amortization increased versus the prior year principally due to increased amortization related to the recently completed maintenance turnaround at Blue Island and final adjustments recorded in the first quarter related to the 1990 Blue Island turnaround. In addition, depreciation expense rose due to the cumulative effect of increased levels of capital spending.

Interest and Financing Costs, Net

Net interest and financing costs of $8.6 million (1992 - $5.5 million) for the quarter increased over the year ago period due to investment trading gains being recognized last year. Nine month net interest and financing costs of $21.7 million compared with $21.1 million in the year ago period.

Other Income

See Note 5 "Other Income" to the financial statements.

Outlook

Clark believes the demand for refined products could grow modestly over the next several years, but expects that regulatory requirements and costs of entry will limit the industry's ability to meet demand. High current industry refinery utilization and the expected closure of marginal refineries due to increasing requirements for regulatory capital investments may result in a positive long-term outlook for the refining and marketing industry, but in the near-term, Clark is looking to achieve significant productivity gains to secure its ongoing profitability. Management believes Clark is positioned to successfully meet these challenges through its strategically located refining, distribution and marketing systems and highly motivated, empowered workforce. Clark is pursuing acquisitions which would provide increased retail store concentration in core markets and additional refining flexibility.

Liquidity and Capital Resources

Cash generated by operating activities, before working capital changes, for the nine months ended September 30, 1993 improved to $42.7 million from $25.1 million in the year-ago period. Cash reinvested in working capital increased principally due to increased inventory and the related effect on accounts receivable and payable during the first nine months. Working capital at September 30, 1993 was $222.9 million (a 2.3:1 current ratio) versus $245.1 million (a 2.3:1 current ratio) at December 31, 1992. The drop in working capital was primarily related to capital and turnaround expenditures.

Capital and turnaround expenditures totaled $73.4 million during the first nine months of 1993 compared to $47.4 million in the year-ago period when there was no turnaround. Of the 1993 total, refinery capital and turnaround expenditures totaled $50.8 million (1992 - $40.1 million), including $18.0 million for the maintenance turnaround at the Blue Island refinery. Retail division expenditures of $20.7 million (1992 - $6.6 million) related principally to a store automation project, mandatory underground storage tank and line projects and store upgrades.

Funds generated from operating activities, together with Clark's existing cash, cash equivalents and marketable investments, are expected to be adequate to fund requirements for working capital and capital expenditure programs for the next year. Future discretionary and environmentally-mandated spending may require additional financing.

The market value of inventories at September 30, 1993 exceeded LIFO book value by $7.6 million versus the December 31, 1992 excess of $13.2 million.

Clark has in place a $100.0 million committed revolving line of credit expiring December 31, 1994, for cash borrowings and for the issuance of letters of credit primarily for purchases of crude oil, other feed stocks and refined products. At September 30, 1993, $41.8 million of the line of credit was utilized for letters of credit. There were no borrowings under the line of credit.

PART II - OTHER INFORMATION

ITEM 1 - Legal Proceedings

On February 13, 1990, Drexel Burnham Lambert Trade Finance, Inc. ("Drexel"), which was supplying a $180 million revolving line of credit to Clark at that time, filed for relief under Chapter 11 of the U.S. Bankruptcy Code. As a result of this filing, new advances to Clark were not being extended under the terms of the revolving line of credit and funds which Clark had on deposit with Drexel in the amount of $11.6 million had not been returned. This deposit was fully reserved during 1990. To recoup the deposit and other damages incurred, Clark withheld $14.7 million of funds from Internationale Nederlanden Bank N.V. ("INB"), which had issued letters of credit for Clark's use under its line of credit with Drexel. On January 4, 1993, Drexel paid $9.4 million to INB. The payment was made pursuant to a claims agreement among DBL Liquidating Trust, Drexel, INB and Clark. The claims agreement settled any Clark claims against Drexel and provided that Drexel assign its rights against Clark to INB, but that any recoveries by INB from Drexel, including the above $9.4 million, will be applied as a reduction of its claims against Clark. On March 31, 1993, the parties settled all remaining litigation upon payment by Clark to INB of $5.5 million and upon entry of a stipulated order in the Drexel Burnham Lambert Group. Inc. bankruptcy proceedings of an allowed unsecured claim in favor of Clark from which Clark received payment of approximately $1.3 million in May, 1993 and expects to receive an additional $0.2 million. In addition, INB released all rights to a certificate of deposit Clark had pledged as escrow in the dispute (see Note 5 to the Financial Statements).

On May 5, 1993, Clark received correspondence from the Michigan Department of Natural Resources ("MDNR") indicating that the MDNR believes Clark may be a Potential Responsible Party ("PRP") in connection with ground water contamination in the vicinity of one of its retail stores in the Sashabaw Road area north of Woodhull Lake and Lake Oakland, Oakland County Michigan. Clark has begun an initial investigation into the matters raised by the MDNR. At the request of the MDNR, Clark is conducting an investigation into the historical use of its site, potential contaminants used at the site, and third party sites which may be the source of contaminants, and is also conducting a subsurface investigation of its site. Clark has incurred approximately $10,000 in preliminary investigative activities to date. Clark has no information on the identity of other parties which MDNR may suspect to be PRPs, nor does it have any estimate of potential total remediation costs.

Clark received an Administrative Complaint from the United States Environmental Protection Agency ("EPA") on September 12, 1992 alleging record keeping violations of the Resource Conservation and Recovery Act concerning 22 stores in Michigan, Indiana, and Wisconsin and seeking civil penalties of $0.6 million. On March 18, 1993, Clark received an Amended Complaint from the EPA involving similar allegations but reducing the amount of civil penalties sought to $0.1 million. Clark received an Administrative Complaint from the EPA on August 6, 1992 alleging record keeping violations of the Toxic Substance Control Act concerning PCB usage at the Blue Island refinery and seeking civil penalties of $0.1 million. Clark has settled this matter with the EPA with payment of $25,000. Clark received an Administrative Complaint from the EPA on January 5, 1993 alleging record keeping and related violations of the Clean Air Act concerning the Hartford refinery and seeking civil penalties of $0.1 million.

An impoundment at the Hartford refinery contains hazardous wastes that were produced as the result of past operations. Clark has been evaluating remedial options with respect to that waste since 1992, and has been in discussions with the Illinois Environmental Protection Agency ("IEPA") concerning those options. In April, 1993 an employee of IEPA told Clark that the presence of those hazardous wastes may require a permit under the Resource Conservation and Recovery Act, and that in turn may require corrective action with respect to the entire refinery. Clark has received no formal notice or complaint with respect to these issues from IEPA. Clark has begun an investigation with respect to the need for a permit and consequent corrective action.

In addition to the proceedings described above, Clark has various suits and claims against it. While it is impossible to estimate with certainty the ultimate legal and financial liability in respect to these other suits

and claims, Clark believes the outcome of these other suits and claims will not be material in relation to its financial position.

ITEM 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

October 1, 1993 Change of Corporate Name and Trademark

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLARK REFINING & MARKETING, INC.
(Registrant)

/s/ James A. Zweifel

James A. Zweifel
Controller

November 12, 1993