

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1995-07-12** | Period of Report: **1995-07-10**  
SEC Accession No. **0000950148-95-000391**

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FILER

**FOOTHILL GROUP INC**

CIK: **37941** | IRS No.: **941663353** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-05467** | Film No.: **95553390**  
SIC: **6153** Short-term business credit institutions

Business Address  
11111 SANTA MONICA BLVD  
SUITE 1500  
LOS ANGELES CA 90025  
3109967000

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: July 10, 1995

THE FOOTHILL GROUP, INC.

-----  
(Exact name of registrant as specified in charter)

Delaware  
-----

0-5467  
-----

94-1663353  
-----

(State of Incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

11111 Santa Monica Boulevard  
Los Angeles, California 90025

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(Address of principal executive office)

Registrant's telephone number: (310) 996-7000

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Item 7: Financial Statements, Pro Forma Financial Information and Exhibits

Exhibit 28 - Additional Exhibits

Press release announcing first quarter results.

Press release announcing quarterly dividend.

Press release announcing an increase in the commercial paper program and bank credit facilities.

SIGNATURES

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, hereunto duly authorized.

Dated: July 10, 1995

THE FOOTHILL GROUP, INC.

By: /S/HENRY K. JORDAN

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Henry K. Jordan  
Vice President and  
Chief Financial Officer

<TABLE>			
<S>	<C>	<C>	<C>
Contact:	HENRY K. JORDAN	[LOGO]	THE FOOTHILL GROUP, INC.
	Senior Vice President &		11111 Santa Monica Boulevard
	Chief Financial Officer		Los Angeles, California 90025
	310-996-7000		
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NEWS

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THE FOOTHILL GROUP, INC. REPORTS

FIRST QUARTER RESULTS

LOS ANGELES, CALIFORNIA, April 17, 1995 . . . The Foothill Group, Inc. (NYSE-FGI) today reported net income for the first quarter ended March 31, 1995 of \$8,394,000, or 48 cents per fully diluted share, compared with net income of \$11,442,000, or 65 cents per fully diluted share, for the quarter ended March 31, 1994. The 1994 first quarter results include previously reported substantial gains, principally from the sale of the Company's debt and equity positions in G. Heileman Brewing Company, Inc.

Henry K. Jordan, Senior Vice President and Chief Financial Officer, said, "First quarter results reflect strong profitability of our asset-based lending operations and continued growth of the asset-based loan portfolio. Finance receivables reached \$745,305,000 as of March 31, 1995, up 52% on an annualized basis from \$659,356,000 as of December 31, 1994. Foothill Capital enters the 1995 second quarter with a record loan backlog and anticipates continued strong portfolio growth.

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"We are especially pleased that interest margins remained strong during the first quarter ended March 31, 1995. Net interest revenue, as a percent of average assets, was 9.00% for the 1995 first quarter, compared with 8.95% for the first quarter ended March 31, 1994. Volatility in the interest rate environment has minimal impact on the Company's margins due to its policy of matching interest sensitive assets and liabilities. The credit quality of the Company's asset-based loan portfolio remains strong as first quarter repossessed and sixty day contractually delinquent accounts totaled \$6,679,000, or approximately 0.9% of the loan portfolio.

"Equity and purchased bank debt positions owned by the Company have unrealized gains totaling \$30,698,000 as of March 31, 1995, up from \$28,107,000 as of December 31, 1994. In addition, investments of Foothill's managed partnerships show substantial unrealized gains which, if realized, will contribute to future earnings. The Company is marketing a new fund, Foothill Partners III. This newest fund is expected to commence operations in 1996. Foothill Partners III will continue the managed partnerships focus of investing in distressed debt and other securities of companies in reorganization or in the process of restructuring.

"Book value per common share was \$10.90 as of March 31, 1995, up from \$10.32 as of December 31, 1994. Total stockholders' equity increased in the 1995 first quarter to a record \$185 million."

The Foothill Group, Inc. is a specialized financial services company which operates two tightly linked businesses: commercial lending and money management. Foothill Capital Corporation, its wholly-owned subsidiary, provides asset-based financing to businesses throughout the United States. The parent company's money management operation conducts business through institutional limited partnerships, seeking above

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average returns by investing in debt instruments of companies in reorganization or in the process of restructuring. As of March 31, 1995, Foothill had total assets owned or under management of more than \$1.3 billion.

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THE FOOTHILL GROUP, INC.  
 CONSOLIDATED BALANCE SHEETS  
 MARCH 31, 1995 AND DECEMBER 31, 1994  
 (Dollars in thousands)

<TABLE>  
<CAPTION>

	MARCH 31, 1995	DECEMBER 31, 1994
<S>	<C>	<C>
<b>ASSETS</b>		
Cash and cash equivalents	\$12,851	\$33,584
Equity, debt and partnership investments	42,026	38,301
Finance receivables:		
Revolving loans	556,214	481,063
Term loans	189,091	178,293
Finance receivables	745,305	659,356
Allowance for credit losses	18,960	17,260
Finance receivables, net	726,345	642,096
Repossessed assets, net	556	556
Prepaid income taxes	7,985	10,463
Deferred fund and debt issuance costs, net	7,612	7,598
Property and equipment, at cost less accumulated depreciation and amortization (\$2,138 at March 31, 1995; \$2,438 at December 31, 1994)	2,565	2,387
Other assets (principally monies due from loan participants)	11,303	3,205
	\$811,243	\$738,190
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Commercial paper	\$259,177	\$214,897
Other short term borrowings	-	10,000
Senior notes payable	255,231	268,829
Accounts payable and accrued liabilities	61,369	21,504
Subordinated notes and debentures	50,550	50,550
Total liabilities	626,327	565,780
Stockholders' equity:		
Convertible preferred stock, \$1.00 par value, \$30.00 per share liquidation preference, 9% cumulative, 100,000 shares issued and outstanding	2,900	2,900
Class A common stock, no par value, 16,705,594 shares issued and outstanding (16,420,410 at December 31, 1994)	100,684	99,048
Unrealized gains, net of tax, on marketable debt and equity securities	17,477	15,001
Retained earnings	63,855	55,461
Total stockholders' equity	184,916	172,410
	\$811,243	\$738,190

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THE FOOTHILL GROUP, INC.  
SELECTED FINANCIAL DATA  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	Three months ended March 31,			
	1995		1994	
<S>	<C>	<C>	<C>	<C>
<b>SELECTED OPERATING DATA*:</b>				
Interest and fees earned	\$26,858	14.29%	\$17,857	12.60%
Interest expense	9,947	5.29%	5,177	3.65%
Net interest revenue	16,911	9.00%	12,680	8.95%
Asset management fees	1,251	0.67%	1,539	1.09%
Gains from asset sales and managed partnerships	6,318	3.36%	14,861	10.47%
Provision for credit losses	3,538	1.88%	2,415	1.70%
General and administrative expenses	6,216	3.31%	6,591	4.65%
Income before income taxes	14,726	7.84%	20,074	14.16%
Provision for income taxes	6,332	3.37%	8,632	6.09%

Net income	\$ 8,394	4.47%	\$11,442	8.07%
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\*Percentages are computed using average assets (excluding unrealized gains on investments) and have been annualized.

Per share data (shares in thousands):

Primary earnings per share	\$0.50	\$0.67
Fully diluted earnings per share	\$0.48	\$0.65
Number of shares used in per share computations		
Primary	16,770	16,962
Fully diluted	17,451	17,629

SELECTED BALANCE SHEET DATA:

Total assets	\$811,243	\$580,083
Average assets**	751,978	567,013
Average stockholders' equity**	162,294	139,961
Finance receivables	745,305	520,697
Average finance receivables**	689,606	520,821

Sources of funds employed:

Commercial paper	\$259,177	\$98,829
Senior notes	255,231	236,806
Subordinated notes and debentures	50,550	53,725
Stockholders' equity	184,916	163,983
Total funds employed	\$749,874	\$553,343

</TABLE>

\*\*Averages are for the three months ended. Average assets and average equity exclude unrealized gains on marketable debt and equity securities.

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THE FOOTHILL GROUP, INC.  
 SELECTED FINANCIAL DATA FOR FOOTHILL CAPITAL CORPORATION  
 (Dollars in thousands)

<TABLE>  
 <CAPTION>

	Three months ended March 31,			
	1995		1994	
	<C>	<C>	<C>	<C>
SELECTED OPERATING DATA*:				
Interest and fees earned	\$ 26,739	14.92%	\$ 17,527	13.14%
Interest expense	10,166	5.67%	5,425	4.07%
Net interest revenue	16,573	9.25%	12,102	9.07%
Gains from asset sales	4,628	2.58%	9,322	6.99%
Provision for credit losses	3,538	1.97%	2,415	1.81%
General and administrative expenses	5,351	2.99%	5,199	3.90%
Income before income taxes	12,312	6.87%	13,810	10.35%
Provision for income taxes	5,294	2.95%	5,938	4.45%
Net income	\$ 7,018	3.92%	\$ 7,872	5.90%

\*Percentages are computed using average assets (excluding unrealized gains on investments) and have been annualized.

SELECTED BALANCE SHEET DATA:

Total assets	\$768,567	\$538,292
Average assets**	717,010	533,470
Finance receivables	735,331	513,563
Average finance receivables**	681,998	513,412

Sources of funds employed:		
Commercial paper	\$259,177	\$ 98,829
Senior notes	254,633	233,817
Subordinated notes and debentures	58,300	63,225
Stockholders' equity	138,734	121,424
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Total funds employed	\$710,844	\$517,295
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\*\*Averages are for the three months ended. Average assets exclude unrealized gains on marketable debt and equity securities.

SELECTED BALANCE SHEET DATA:

Nonperforming finance receivables and repossessed assets***	\$ 6,679	\$ 15,382
Allowance for credit losses	\$ 18,657	\$ 14,457
Actual writeoffs during the period	\$ 1,838	\$ 1,815
Number of employees	139	111

\*\*\* Includes repossessed assets and loans that have contractual installments more than sixty days past due.

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	Senior Vice President & Chief Financial Officer		11111 Santa Monica Boulevard
	310-996-7000		Los Angeles, California 90025

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NEWS

THE FOOTHILL GROUP, INC. DECLARES

QUARTERLY DIVIDEND

LOS ANGELES, CALIFORNIA, April 28, 1995 . . . The Foothill Group, Inc. (NYSE-FGI) Board of Directors today declared a \$.08 quarterly cash dividend on its Class A common stock. The dividend is payable on July 20, 1995, to shareholders of record on June 20, 1995.

The Foothill Group, Inc. is a specialized financial services company which operates two tightly linked businesses: commercial lending and money management. Foothill Capital Corporation, its wholly owned subsidiary, provides asset-based financing to businesses throughout the United States. The parent company's money management operation conducts business through institutional limited partnerships, seeking above average returns by investing in debt instruments of companies in reorganization or in the process of restructuring. As of March 31, 1995, Foothill had total assets owned or under management of more than \$1.3 billion.

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NEWS

FOOTHILL GROUP SUBSIDIARY INCREASES

COMMERCIAL PAPER PROGRAM AND BANK CREDIT FACILITIES

TO \$460 MILLION

LOS ANGELES, CALIFORNIA, June 7, 1995 . . . The Foothill Group, Inc. (NYSE-FGI) announced today that its subsidiary, Foothill Capital Corporation, has increased its commercial paper program and its bank credit facilities to \$460 million from their present level of \$375 million. The bank credit

facilities, with 26 banks, consist of a 3 year facility expiring on May 31, 1998 with \$306.7 million in commitments and a 364 day facility expiring on May 29, 1996 with \$153.3 million in commitments. These facilities are used primarily to support Foothill Capital's outstanding commercial paper.

Kent W. Dahl, Senior Vice President and Treasurer of Foothill Capital, stated, "Foothill Capital is pleased to announce the increases to our commercial paper program and bank credit facilities which will be used to fund the continued growth of our asset-based lending business. We continue to have strong support from the banking and investment communities for our business strategy."

The Foothill Group, Inc. is a specialty financial services company which operates two tightly linked businesses: commercial lending and money management. Foothill Capital Corporation, its wholly-owned subsidiary, provides asset-based financing to businesses throughout the United States. The parent company's money management operation conducts business through institutional limited partnerships, seeking above average returns by investing in the debt instruments of companies in reorganization or in the process of restructuring. At March 31, 1995, Foothill had total assets owned or under management of over \$1.2 billion. On May 15, 1995, Norwest Corporation and The Foothill Group, Inc. signed a definitive agreement for the acquisition of The Foothill Group by Norwest. The acquisition is expected to close in the fourth quarter of 1995.