FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-08-25** | Period of Report: **1994-05-31**
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FILER

CHAPARRAL STEEL CO

CIK:**833226**| IRS No.: **751424624** | State of Incorp.:**DE** | Fiscal Year End: **0531**
Type: **10-K** | Act: **34** | File No.: **001-09944** | Film No.: **94545934**
SIC: **3312** Steel works, blast furnaces & rolling mills (coke ovens)

Mailing Address
300 WARD RD
MIDLOTHIAN TX 76065

Business Address
300 WARD RD
MIDLOTHIAN TX 76065
2147758241

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MAY 31, 1994

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 1-9944

CHAPARRAL STEEL COMPANY
(Exact name of registrant as specified in its charter)

<TABLE>

<S>	<C>
DELAWARE	75-1424624
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
300 WARD ROAD, MIDLOTHIAN, TEXAS	76065
(Address of principal executive offices)	(Zip Code)

</TABLE>

Registrant's telephone number, including area code: A/C 214 775-8241
Securities registered pursuant to Section 12(b) of the Act:

<TABLE>

<S>	<C>
TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, PAR VALUE $.10	NEW YORK STOCK EXCHANGE

</TABLE>

Securities registered pursuant to Section 12(g) of the Act:

NONE

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 periods 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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X).

Aggregate market value of the voting stock (which consists solely of shares of Common Stock) held by non-affiliates of the registrant as of August 5, 1994, computed by reference to the closing sale price of the registrant's Common Stock on the New York Stock Exchange on such date: $53,249,063.

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of the latest practicable date.

COMMON STOCK - $.10 PAR VALUE
29,679,900 SHARES AS OF AUGUST 5, 1994

DOCUMENTS INCORPORATED BY REFERENCE

PORTIONS OF THE REGISTRANT'S ANNUAL REPORT TO STOCKHOLDERS FOR THE YEAR ENDED MAY 31, 1994 INCLUDED AS EXHIBIT 13 TO THIS ANNUAL REPORT ARE INCORPORATED BY REFERENCE INTO PART II.

PORTIONS OF THE REGISTRANT'S DEFINITIVE PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD OCTOBER 19, 1994 (S.E.C. FILE NUMBER: 1.001-09944), ARE INCORPORATED BY REFERENCE INTO PART III.

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PART I

ITEM 1. BUSINESS

(a) General development of business

Chaparral Steel Company (the "Company") was organized as a Delaware corporation in July 1973 by Texas Industries, Inc. ("TXI") and Co-Steel Inc.("Co-Steel"), a Canadian corporation, which owns steel mills in New Jersey, Canada and the United Kingdom. TXI is a New York Stock Exchange listed company which produces cement and concrete. At the time of the Company's organization, TXI and Co-Steel each owned a 50% interest in the Company. TXI owned 100% of the Company from November 1985 when it acquired the remaining 50% of the outstanding securities of the Company from Co-Steel, until July 1988 when approximately 19.8% of the outstanding securities were sold in an initial public offering of common stock by the Company. The consolidated financial statements include the operations of Chaparral Steel Company, America Steel Transport and Chaparral's inactive wholly-owned subsidiaries.

(b) Financial information about industry segments

The Company operates in the steel industry only; therefore, no industry segment information is presented.

(c) Narrative description of business

The Company's original steel mill facility was completed in 1975 and consisted of an electric arc furnace and a rolling mill, which produced rebar used in concrete construction, and small size angles, channels, rounds and flats. The mill achieved a production rate of approximately 500,000 tons per year, which was substantially above its original design capacity.

In 1982, a major expansion of the steel mill, at a cost of approximately $180 million, added an additional electric arc furnace and rolling mill to produce medium-sized structural products. The expansion enabled the Company to produce beams up to 8" wide. Additional modifications to the medium section mill now enable the Company to produce beams up to 14" wide, in addition to large channels and angles.

During fiscal 1992, commissioning was completed on a large beam mill which has expanded the existing product range up to include 24" wide flange beams. The expansion was financed with long-term senior unsecured notes of $80 million.

PRODUCTS

The Company's products are sold generally to steel service centers and steel fabricators for use in the construction industry, as well as to cold finishers, forgers and original equipment manufacturers for use in the railroad, defense, automotive, mobile home and energy industries.

The Company designed its bar and structural mills to efficiently produce bar mill products (31% of 1994 sales on a tonnage basis), structural mill products (52% of 1994 sales on a tonnage basis) and large beam mill products (17% of 1994 sales on a tonnage basis). The bar and structural mills can be modified, without substantial cost or delay, to change current product mix in order to comply with customer needs or changes in market conditions.

After inspection, bundling and strapping, finished products are delivered by common carrier, customer-owned truck, rail or barge. The Company maintains an inventory of finished products based on anticipated short-term usage to provide prompt shipments to customers when possible.

The following is a general description of the Company's products:

REINFORCING BAR

The Company produces all commercial sizes of rebar from 3/8" diameter to 1-3/8" diameter for use in construction applications ranging from highway and public works projects to residential and high-rise construction.

MERCHANT QUALITY ROUNDS

Merchant quality rounds are cylindrical steel bars used in construction and fabrication operations. Common uses include roof joists, anchor bolts and truss supports.

SPECIAL BAR QUALITY ROUNDS

Special Bar Quality ("SBQ") rounds are produced in a large variety of carbon and alloy grades primarily for use in the forging, machining and cold drawing industries for production of automotive gears and hand tools. SBQ rounds are also used as sucker rod material in the oil industry.

BEAMS

Beams are used for building construction and the non-building fabrication industries. Sales of beams currently constitute approximately 64% of the Company's sales on a tonnage basis. Beams produced by the Company's medium section mill include wide-flange beams (ranging in size from 4" x 4" to 14" x 6-3/4"), certain sizes of standard "I" beams and Bantam(TM) beams. Those beams are used in low-rise construction (up to five stories) and in various fabrication operations for industrial machinery and mobile home frames. The large beam mill has enabled the Company to produce wide-flange beams from 8" to 24" in diameter that are used in multi-story buildings, short-span bridges and other heavy industrial applications.

STRUCTURAL MERCHANT SHAPES AND OTHER PRODUCTS

These products consist of structural channels, flat bars and squares used in the equipment manufacturing and construction industries, particularly in low-rise structures.

The Company's products are predominately marketed in North America exclusively by Company salespersons. Approximately 47% of the Company's products are sold in Texas, Oklahoma, Louisiana and Arkansas. Other regional sales of the Company's products are approximately 17% in the midwest United States and approximately 11% in the southeastern United States. Rebar, merchant shapes and other products are sold principally to customers located in the southwestern United States. The Free Trade Agreements between the United States, Canada and Mexico may continue to favorably affect the Company's position as a supplier of certain steel products in the Canadian and Mexican markets. Export sales accounted for 7% of 1994 shipments.

EXPANDING CAPACITY

Historically, the Company's philosophy was to operate its mill at full production capacity. Recently, the Company refocused on serving customer requirements and specific markets while striving to achieve the lowest possible unit cost of production. The Company's strategy is to continually increase its melting capacity through productivity improvements, the utilization of new technology and capital expenditures. Continuing increases in melting capacity have dictated further capital spending for increases in rolling capacity to allow maximum use of the Company's facilities to take advantage of marketplace opportunities.

RAW MATERIALS AND ENERGY

The Company's primary raw material is scrap steel, which includes shredded steel. The Company produces a major portion of its shredded steel requirements from its own shredder operation at the site of the steel mill. Shredded material, which constitutes approximately 28% of the Company's raw material mix, is produced by the Company at its facility and is primarily composed of crushed auto bodies purchased on the open market. Another grade of scrap steel is #1 Heavy, which constitutes approximately 29% of the Company's scrap steel requirements and is also purchased on the open market. Historically, the Company has had an adequate supply of scrap steel for its operations, and the Company believes that the supply of scrap steel will be adequate to meet future requirements. The purchase price of scrap steel is subject to market forces largely beyond the control of the Company. The Company has historically maintained a scrap inventory commensurate with market conditions.

The Company's steel mill consumes large amounts of electricity and natural gas. Electricity is obtained from a local electric utility under an interruptible supply contract with price adjustments which reflect increases or decreases in the utility's fuel costs. The Company believes that the savings in the cost of electricity resulting from the interruption provisions of the contract offsets any loss which might result from interruptions. Natural gas is purchased in the open market generally under a one year supply contract. The Company believes that adequate supplies of both electricity and natural gas are readily available.

SEASONALITY

While there is generally no seasonality in demand for the Company's products, production at the mill is normally shut down for up to two weeks each summer and up to one week in December, in order to conduct comprehensive maintenance (in addition to normal maintenance performed throughout the year) and to install capital improvements. During these periods, much of the equipment in the plant is dismantled, inspected and overhauled. The resulting lower production during the three month periods ending August and February affect the Company's financial results for those periods.

MARKETING AND BACKLOG

At present, the Company has approximately 1,100 customers, no one of which accounted for more than 10% of the Company's products sold in 1994. The commodity nature of certain of the Company's products is generally not characteristic of a long lead time order cycle. The Company does not believe that backlog is a significant factor in its business. While the Company has a small number of long-term customer contracts, most contracts are for quarterly customer requirements or for immediate shipment. Orders are generally filled within 45 days and are cancelable.

COMPETITION AND OTHER MARKET FACTORS

The Company competes with steel producers, including foreign producers, on the basis of price, quality and service. Intense sales competition exists for substantially all of the Company's products. A substantial portion of the Company's products is sold to the construction industry.

Both the domestic and foreign steel industries are characterized by excess mill capacity. Steel producers in the United States have faced strong competition from producers around the world. The Company believes that its success in increasing productivity, reducing production costs and shifting into higher margin product lines should continue to enable it to compete effectively with both foreign and domestic producers.

ENVIRONMENTAL MATTERS

The operations of the Company and its subsidiaries are subject to various federal and state environmental laws and regulations. Under these laws the U.S. Environmental Protection Agency ("EPA") and agencies of state government have the authority to promulgate regulations which could result in substantial expenditures for pollution control and solid waste treatment. Three major areas regulated by these authorities are air quality, water quality and hazardous waste management. Pursuant to these laws and regulations emission sources at the Company's facilities are regulated by a combination of permit limitations and emission standards of statewide application, and the Company believes that it is in substantial compliance with its permit limitations and applicable laws and regulations.

The Company's steel mill generates, in the same manner as other similar steel mills in the industry, electric arc furnace ("EAF") dust that contains lead, chromium and cadmium. The EPA has listed this EAF dust, which is collected in baghouses, as a hazardous waste. The Company has contracts with reclamation facilities in the United States and Mexico pursuant to which such facilities receive the EAF dust generated by the Company and recover the metals from the dust for reuse, thus rendering the dust non-hazardous. In addition, the Company is continually investigating alternative reclamation technologies and has implemented processes for diminishing the amount of EAF dust generated.

In March 1991, the EPA issued an Administrative Order for Removal Action requiring the Company, along with several other companies, to undertake final removal activities (the "Final Activities") at a site to which it had shipped EAF dust. The Company had participated earlier in preliminary remedial activities at the site under an Administrative Order on Consent entered into in January 1986 among the EPA, Chaparral and the other companies. Chaparral's share of the costs associated with the Final Activities did not have a material adverse effect on its competitive position, operations or financial condition.

The Company intends to comply with all legal requirements regarding the environment but since many of them are not fixed, presently determinable, or are likely to be affected by future legislation or rule making by government agencies, it is not possible to accurately predict the aggregate future costs of compliance and their effect on the Company's operations, future net income or financial condition.

EMPLOYEES

At May 31, 1994, the Company had 943 employees.

ITEM 2. PROPERTIES

The Company's original steel mill facility in Midlothian, Texas, was completed in 1975. In 1982, a major expansion of the steel mill, added an additional electric arc furnace and rolling mill. In 1992, a large beam mill was commissioned that results in excess rolling capacity over the production capacity of the melting operation. The Company's real property, plant and equipment are subject to liens securing its long-term debt.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is involved in litigation relating to claims arising in the ordinary course of business operations. No material litigation is pending against or currently affects the Company.

The Company maintains insurance with financially sound insurance companies against certain risks, which insurance the Company believes to be adequate in relation to the Company's business. The Company also maintains a hazardous waste liability policy against certain third party claims.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Common stock market prices, dividends and certain other items as shown in the "Quarterly Stock Prices and Dividends" information located on page 15 of the Registrant's Annual Report to Stockholders for the year ended May 31, 1994, are incorporated herein by reference. The restriction on the payment of dividends described in Note E to the Consolidated Financial Statements entitled "Long-Term Debt" on page 12 of the Registrant's Annual Report to Stockholders for the year ended May 31, 1994, is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The "Selected Financial Data" on page five of the Registrant's Annual Report to Stockholders for the year ended May 31, 1994, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages three and four of the Registrant's Annual Report to Stockholders for the year ended May 31, 1994, are incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements and Supplementary Data of the Registrant and its subsidiaries, included in the Registrant's Annual Report to Stockholders for the year ended May 31, 1994, are incorporated herein by reference:

Consolidated Balance Sheets - May 31, 1994 and 1993
Consolidated Statements of Income - Years ended May 31, 1994, 1993 and 1992
Consolidated Statements of Cash Flows - Years ended May 31, 1994, 1993 and 1992
Consolidated Statements of Stockholders' Equity - Years ended May 31, 1994, 1993 and 1992
Notes to Consolidated Financial Statements - May 31, 1994
Quarterly Financial Information

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Reference is made to "Election of Directors" on page two of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held October 19, 1994. Information on the directors and executive officers of the Registrant is presented below:

<TABLE>
<CAPTION>

NAME	AGE	POSITIONS WITH REGISTRANT, OTHER EMPLOYMENT DURING LAST FIVE YEARS
Robert D. Rogers........	58	Chairman of the Board of the Company; President, Chief Executive Officer and Director of TXI; Director of Consolidated Freightways, Inc. (2)(3)
Gordon E. Forward.......	58	President, Chief Executive Officer and Director; 1988 to 1991, Cement/ Concrete Division President of TXI; Director of TXI (2)
Kenneth R. Allen........	37	1990 to present, Director of Investor Relations of Chaparral Steel and TXI; 1991 to present, Treasurer of TXI; 1988 to 1990, Corporate Financial Manager of TXI
Dennis E. Beach.........	55	Vice President - Administration
Larry L. Clark..........	50	October 1993 to present, Vice President - Controller and Assistant Treasurer; 1976 to September 1993, Controller and Assistant Treasurer
David A. Fournie........	46	1992 to present, Vice President of Operations; 1990 to 1991, General Manager - Medium Section Mill; 1987 to 1989, Superintendent-Medium Section Mill
Richard M. Fowler.......	51	1990 to present, Senior Vice President - Finance; 1986 to 1990, Vice President - Finance; Vice President - Finance of TXI
Richard T. Jaffre.......	51	Vice President - Raw Materials
Robert C. Moore.........	60	1990 to present, Vice President - General Counsel and Secretary; 1985 to 1990,

		Secretary; Vice President - General Counsel and Secretary of TXI
Libor F. Rostik.........	60	1992 to present, Senior Vice President - Engineering; 1985 to 1991, Vice President - Engineering

</TABLE>

<TABLE>

<S>	<C>	<C>
Jeffry A. Werner........	51	Senior Vice President - Commercial
Peter H. Wright.........	52	1991 to present, Vice President Quality Control and SBQ Sales; 1986 to 1991, Vice President - Quality Control
Robert Alpert...........	62	1989 to present, Director; Director of TXI and Consolidated Freightways, Inc.; Chairman of the Board of Alpert Investment Corporation (3)
John M. Belk............	74	Director; Chairman of the Board of Belk Stores Services, Inc.; Director of Lowe's Companies, Inc. and Coca-Cola Bottling Co. Consolidated (3)
Gerald R. Heffernan.....	75	Director; 1990 to present, President - G. R. Heffernan & Associates, Ltd.; 1987 to 1990, Chairman of the Board of Co-Steel Inc.; Director of TXI (1) (2)
Gerhard Liener..........	62	Director; Chief Financial Officer of Daimler-Benz AG; Director of Consolidated Freightways, Inc. (1)
Eugenio Clariond Reyes..	51	October 1993 to present, Director; Director General and Chief Executive Officer, Grupo IMSA. S. A.; President, Mexico - U.S. Chamber of Commerce; Director, Instituto Tecnologico y de Estudias Superiores de Monterrey, A.C.(1)

</TABLE>

(1) Member of the Audit Committee.

(2) Member of the Executive Committee.

(3) Member of the Compensation Committee.

Directors who are not employees of the Company currently receive $15,000 per year plus $1,000 for each day that a Board and/or a Committee Meeting is attended. All references to years in the above biographies are references to calendar years.

ITEM 11. EXECUTIVE COMPENSATION

The "Executive Compensation" and "Report of the Compensation Committee on Executive Compensation" on pages five through eight of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held October 19, 1994, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The "Security Ownership of Certain Beneficial Owners" on page two and the "Security Ownership of Management" on page four of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held October 19, 1994, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

No reportable transactions occurred between the Company and any director, nominee for director, officer or any affiliate of, or person related to, any of the foregoing since the beginning of the Company's last fiscal year (June 1, 1993).

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) and (2) The response to this portion of Item 14 is submitted as a separate section of this report.

(a)(3) Listing of Exhibits

3. Articles of Incorporation. (incorporated by reference from Chaparral Steel Company's Form S-1 Registration No. 33-22103 as filed June 29, 1988)

4. Instruments defining rights of security holders. (incorporated by reference from Chaparral Steel Company's Form S-1 Registration No. 33-22103 as filed June 29, 1988)

10. Material contracts. (incorporated by reference from Chaparral Steel Company's Form S-1 Registration No. 33-22103 as filed June 29, 1988)

11. Statement re: computation of per share earnings.

13. Annual report to security holders--Registrant's annual report to security holders for its last fiscal year, except for those portions thereof which are expressly incorporated by reference in this filing, is furnished for the information of the Commission and is not to be deemed "filed" as part of this filing. Since the financial statements in the report have been incorporated by reference in this filing, the accountant's certificate is manually signed in the signed copy of this filing.

21. Subsidiaries of the Registrant.

23. Consents of experts and counsel.

24. Power of Attorney for certain members of the Board of Directors.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended May 31, 1994.

(c) Exhibits -- The response to this portion of Item 14 is submitted as a separate section of this report.

(d) Financial Statement Schedules -- The response to this portion of Item 14 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dallas, State of Texas, on the 25th day of August, 1994.

CHAPARRAL STEEL COMPANY

By: /s/GORDON E. FORWARD
(Gordon E. Forward)
President, Chief
Executive Officer
and Director

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

Signatures	Title	Date
<S>	<C>	<C>
/s/ROBERT D. ROGERS* -------------------- (Robert D. Rogers)	Chairman of the Board	August 25, 1994
/s/GORDON E. FORWARD -------------------- (Gordon E. Forward)	President, Chief Executive Officer and Director	August 25, 1994
/s/RICHARD M. FOWLER -------------------- (Richard M. Fowler)	Senior Vice President - Finance Chief Financial and Accounting Officer	August 25, 1994
--------------- (Robert Alpert)	Director	August 25, 1994
/s/JOHN M. BELK* ---------------- (John M. Belk)	Director	August 25, 1994

</TABLE>

<TABLE>

<S>	<C>	<C>
/s/GERALD R. HEFFERNAN* ----------------------- (Gerald R. Heffernan)	Director	August 25, 1994
/s/GERHARD LIENER* ------------------ (Gerhard Liener)	Director	August 25, 1994
/s/EUGENIO CLARIOND REYES* -------------------------- (Eugenio Clariond Reyes)	Director	August 25, 1994

</TABLE>

*By /s/RICHARD M. FOWLER
(Richard M. Fowler)
Attorney-in-Fact

ANNUAL REPORT ON FORM 10-K

ITEM 14 (A)(1) AND (2), (C) AND (D)

LIST OF FINANCIAL STATEMENTS AND SCHEDULES

FINANCIAL STATEMENT SCHEDULES

CERTAIN EXHIBITS

YEAR ENDED MAY 31, 1994

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

MIDLOTHIAN, TEXAS

FORM 10-K

ITEM 14 (a)(1) and (2) and ITEM 14(d)

LIST OF FINANCIAL STATEMENTS AND SCHEDULES

The following consolidated financial statements of Chaparral Steel Company included in the annual report of the Company to its stockholders for the year ended May 31, 1994, are incorporated by reference in Item 8:

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets - May 31, 1994 and 1993
Consolidated Statements of Income - Years ended May 31, 1994, 1993 and 1992
Consolidated Statements of Cash Flows - Years ended May 31, 1994, 1993 and 1992
Consolidated Statements of Stockholders' Equity - Years ended May 31, 1994, 1993 and 1992
Notes to Consolidated Financial Statements - May 31, 1994

The following consolidated financial statement schedules for the years ended May 31, 1994, 1993 and 1992 are submitted herewith:

Schedule V	- Property, plant and equipment
Schedule VI	- Accumulated depreciation, depletion and amortization of property, plant and equipment
Schedule VIII	- Valuation and qualifying accounts
Schedule IX	- Short-term borrowings
Schedule X	- Supplementary income statement information

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, or are inapplicable and therefore, have been omitted.

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

SCHEDULE V--PROPERTY, PLANT AND EQUIPMENT

For the Years Ended May 31, 1994, 1993 and 1992

(In thousands)

Col. A Classification	Col. B Balance at Beginning of Period	Col. C Additions at Cost	Col. D Retirements	Col. E Other Changes--Add (Deduct)--Describe	Col. F Balance at End of Period
Year ended May 31, 1994:					
Buildings and improvements..	$ 46,634	$ 583	$ -		$ 47,217
Machinery and equipment.....	430,614	7,222	(3,795)		434,041
Land........................	1,288	-	-		1,288
	$478,536	$ 7,805	$(3,795)		$482,546
Year ended May 31, 1993:					
Buildings and improvements..	$ 46,546	$ 88	$ -		$ 46,634
Machinery and equipment.....	423,362	7,336	(84)		430,614
Land........................	1,288	-	-		1,288
	$471,196	$ 7,424	$ (84)		$478,536
Year ended May 31, 1992:					
Buildings and improvements..	$ 46,149	$ 397	$ -		$ 46,546
Machinery and equipment.....	411,283	12,219	(140)		423,362
Land........................	1,288	-	-		1,288
	$458,720	$12,616	$ (140)		$471,196

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

SCHEDULE VI--ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF PROPERTY, PLANT AND EQUIPMENT

For the Years Ended May 31, 1994, 1993 and 1992

(In thousands)

<TABLE>
<CAPTION>

Col. A Classification	Col. B Balance at Beginning of Period	Col. C (2) Additions at Cost	Col. D Retirements	Col. E (1) Other Changes--Add (Deduct)--Describe	Col. F Balance at End of Period
Year ended May 31, 1994:					
Buildings and improvements..	$ 17,304	$ 2,327	$ -	$ -	$ 19,631
Machinery and equipment.....	205,670	26,095	(3,736)	-	228,029
	$ 222,974	$ 28,422	$ (3,736)	$ -	$ 247,660
Year ended May 31, 1993:					
Buildings and improvements..	$ 15,345	$ 1,959	$ -	$ -	$ 17,304
Machinery and equipment.....	179,234	26,520	(84)	-	205,670
	$ 194,579	$ 28,479	$ (84)	$ -	$ 222,974
Year ended May 31, 1992:					
Buildings and improvements..	$ 13,073	$ 2,164	$ -	$ 108	$ 15,345
Machinery and equipment.....	153,318	23,991	(121)	2,046	179,234
	$ 166,391	$ 26,155	$ (121)	$ 2,154	$ 194,579

</TABLE>

(1) Charges capitalized for the large beam mill.

(2) The annual provisions for depreciation have been computed principally in accordance with the following ranges of rates:

Buildings and improvements	2% to 5%
Machinery and equipment	5% to 20%

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

SCHEDULE VIII--VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended May 31, 1994, 1993 and 1992

(In thousands)

<TABLE>
<CAPTION>

Col. A Description	Col. B Balance at Beginning of Period	Col. C Additions Charged to Costs and Expenses	Col. D Deductions	Col. E Balance at End of Period
1994:				
Allowance for doubtful accounts........	$3,425	$ 800	$ 377(1)	$3,848
1993:				
Allowance for doubtful accounts........	$3,425	$ 150	$ 150(1)	$3,425
1992:				
Allowance for doubtful accounts........	$3,735	$ 450	$ 760(1)	$3,425

</TABLE>

(1) Uncollectible receivables written off.

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

SCHEDULE IX--SHORT-TERM BORROWINGS

For the Years Ended May 31, 1994, 1993 and 1992

(Dollars in thousands)

Col. A Classification	Col. B Balance at End of Period	Col. C Weighted Average Interest Rate	Col. D Maximum Amount Outstanding During the Period	Col. E Average Amount Outstanding During the Period (1)	Col. F Weighted Average Interest Rate During the Period (2)
Borrowings from banks:					
Year ended May 31, 1994	$ 15,000	4.34%	$20,000	$7,250	4.36%
Year ended May 31, 1993	$ -	6.21%	$ 4,000	$ - (3)	- (3)
Year ended May 31, 1992	$ -	6.51%	$13,000	$4,500	7.12%

(1) Computed on total of each month's ending balance divided by twelve.

(2) Computed by dividing interest expense for the period by the Average Amount Outstanding During the Period.

(3) The Company had no borrowings outstanding at the month-ends during fiscal 1993.

CHAPARRAL STEEL COMPANY AND SUBSIDIARIES

SCHEDULE X--SUPPLEMENTARY INCOME STATEMENT INFORMATION

For the Years Ended May 31, 1994, 1993 and 1992

(In thousands)

Col. A Item	Col. B Charge to Costs and Expenses 1994	1993	1992

Maintenance and repairs..........................	$52,215	$55,130	$53,930
	=======	=======	=======
		(1)	(1)
Depreciation and amortization of intangible assets, preoperating costs and similar deferrals................	$ 5,334	$ 5,334	$ 3,322
	=======	=======	=======
Taxes, other than payroll and income taxes:			
Real estate..................................	$ 5,164	$ 5,067	$ 3,889
Other..	279	357	511

</TABLE>

Royalties and advertising costs did not exceed 1% of total revenues and therefore are not presented.

(1) Certain items in prior year amounts were reclassified to conform to current year presentation

INDEX TO EXHIBITS

EXHIBIT	DESCRIPTION
3.	Articles of Incorporation. (incorporated by reference from Chaparral Steel Company's Form S-1 Registration No. 33-22103 as filed June 29, 1988)
4.	Instruments defining rights of security holders. (incorporated by reference from Chaparral Steel Company's Form S-1 Registration No. 33-22103 as filed June 29, 1988)
10.	Material contracts. (incorporated by reference from Chaparral Steel Company's Form S-1 Registration No. 33-22103 as filed June 29, 1988)
11.	Statement re: computation of per share earnings.
13.	Annual report to security holders--Registrant's annual report to security holders for its last fiscal year, except for those portions thereof which are expressly incorporated by reference in this filing, is furnished for the information of the Commission and is not to be deemed "filed" as part of this filing. Since the financial statements in the report have been incorporated by reference in this filing, the accountant's certificate is manually signed in the signed copy of this filing.
21.	Subsidiaries of the Registrant.
23.	Consents of experts and counsel.
24.	Power of Attorney for certain members of the Board of Directors.

EXHIBIT 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS
CHAPARRAL STEEL COMPANY

	Year Ended May 31, 1994	1993	1992
	(In thousands except per share)		
AVERAGE SHARES OUTSTANDING:			
For 1994, 1993 and 1992, weighted average shares outstanding	29,680	29,675	29,675
Primary:			
Average shares outstanding	29,680	29,675	29,675
Stock options and other equivalents treasury stock method	41	-	47
TOTALS	29,721	29,675	29,722
Fully diluted:			
Average shares outstanding	29,680	29,675	29,675
Stock options and other equivalents treasury stock method	49	-	59
TOTALS	29,729	29,675	29,734
INCOME APPLICABLE TO COMMON STOCK			
Primary and fully diluted:			
NET INCOME (LOSS)	$11,919	$(2,051)	$7,090
Add:			
Pre-September 1990 contingent amortization	233	233	233
NET INCOME (LOSS) AVAILABLE TO COMMON STOCK	$12,152	$(1,818)	$7,323
PRIMARY AND FULLY DILUTED:			
NET INCOME (LOSS) PER COMMON SHARE	$ .41	$ (.06)	$ .25

======= ======= ======

</TABLE>

EXHIBIT 13

CHAPARRAL -- STEEL

1994 ANNUAL REPORT

CORPORATE PROFILE

Chaparral Steel Company, located in Midlothian, Texas, owns and operates a technologically advanced steel mill which produces bar and structural steel products by recycling scrap steel. The plant commenced operations in 1975 and more than doubled in capacity in 1982. In 1992, a large beam mill was completed which further expanded Chaparral's capacity and product range. The Company now has two electric arc furnaces with continuous casters, a bar mill, structural mill and a large beam mill which enable it to produce a broader array of steel products than traditional mini mills.

Chaparral follows a market mill concept which entails the production of a wide variety of products ranging from reinforcing bar and specialty products to large-sized structural beams at low cost and is able to change its product mix to recognize changing market conditions or customer requirements.

The Company's steel products include beams, reinforcing bars, special bar quality rounds, channels and merchant quality rounds. These products are sold principally to the construction industry and to the railroad, defense, automotive, mobile home and energy industries. Chaparral's principal customers are steel service centers, steel fabricators, cold finishers, forgers and original equipment manufacturers.

The Company distributes its products primarily to markets in North America, and under certain market conditions, to Europe and Asia. Chaparral is listed on the New York Stock Exchange, and is 81 percent-owned by Texas Industries, Inc.

FINANCIAL HIGHLIGHTS

<TABLE>
<CAPTION>

	1994	1993	1992
	(In thousands except per share)		
<S>	<C>	<C>	<C>
RESULTS OF OPERATIONS			
Tons shipped:			
Bar mill	424	422	484
Structural mills	938	962	914
TOTAL	1,362	1,384	1,398
Net sales:			
Bar mill	$138,353	$126,830	$141,538
Structural mills	320,210	289,862	272,474
Transportation service	3,712	3,518	2,598
TOTAL	462,275	420,210	416,610
Net income (loss)	11,919	(2,051)	7,090
PER SHARE INFORMATION			
Net income (loss)	.41	(.06)	.25
Dividends	.20	.20	.20
FOR THE YEAR			
Net cash provided by operating activities	10,603	25,087	28,841
Capital expenditures	7,805	7,424	12,616
YEAR END POSITION			
Total assets	488,307	480,811	504,905
Net working capital	95,225	80,901	75,252
Stockholders' equity	265,623	259,598	267,584

</TABLE>

TO OUR STOCKHOLDERS:

Several changes that were expected to improve the financial performance of the Company were implemented at the beginning of this year. The results of these changes have been satisfying-selling prices improved as Chaparral began marketing its products closer to home and cost-reduction programs were successful. These actions, carried out by our employees, have contributed to a return to profitability.

The year ended with net income of $11.9 million compared to a net loss of $2.1 million for the previous year. Average selling prices were up 12% over last year while shipments of 1,362,000 tons were 2% lower than the previous year.

At the same time Chaparral was implementing the steps to positively impact its financial results, the scrap market was experiencing unprecedented demand pull that increased scrap pricing. In spite of record prices for the raw material used to manufacture Chaparral's products, gross profit per ton improved by more than 40% this year. Higher scrap costs were a universal problem for the entire steel industry. Chaparral believes that because of its operational efficiency, it has an advantage over many of its competitors during periods of rapidly escalating scrap prices.

A look at the two major markets served by Chaparral's products found them moving in different directions in 1994. The markets for special bar quality products were very strong as domestic manufacturing continued to sustain its performance begun during the prior year. The construction industry and corresponding consumption of structural beams continued to perform below historic average levels. Chaparral continues to work on new applications for lightweight, wide flange beams; but as with many new product development applications, it takes time to accomplish meaningful change.

During the upcoming year Chaparral will continue to fine tune its operations with improvements being made this summer to the melting operations. The marketplace and the Company's role with its major customers are important areas of management focus. Near-term market conditions for Chaparral's largest product, wide flange beams, are not expected to improve quickly, but the Company continues to pursue those products in which it has significant competitive advantage.

/s/ GORDON E. FORWARD
Gordon E. Forward, Ph.D.
President and Chief Executive Officer
July 14, 1994

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

GENERAL

The Company's steel plant is a market mill with the flexibility to produce a wide range of steel products. The ability to produce a variety of products at low cost has enabled the Company to penetrate markets throughout the United States and overseas. The principal components of the Company's cost of sales are raw material and conversion costs. Scrap steel, the cost of which fluctuates with market conditions, is the Company's primary raw material. Conversion costs are comprised principally of energy, maintenance and labor.

RESULTS OF OPERATIONS

NET SALES

In 1994, net sales increased $42.1 million from the previous year as a 12% increase in average selling price was offset by a 22,000 ton decrease in shipments. The change in pricing strategy for certain structural products announced in the May 1993 quarter and general price increases in the current fiscal year, intended to offset the continued escalation in scrap prices, have combined to produce the improvement in selling price. Excess industry capacity will continue to affect the structural beam market and the Company anticipates average steel prices for these products to decrease slightly in fiscal 1995 unless current levels of demand change. Chaparral will continue to optimize its product mix to remain competitive and maintain market share. Export sales were 7% of total shipments in 1994.

Net sales in 1993 increased $3.6 million from the prior year as a 2% increase in average selling price offset a 14,000 ton decrease in shipments. The Company's average net selling price increased despite numerous rebate and free steel programs offered by competitors that Chaparral effectively matched to stay competitive. Export sales were 6% of total shipments in 1993.

COST OF SALES

Higher scrap costs in 1994 accounted for a significant portion of the 7% increase in average cost per ton. All areas of melt shop conversion costs were slightly lower than the previous year. Combined rolling conversion costs were unchanged from 1993.

In 1993, cost of sales increased $11.7 million due primarily to a 4% increase in average cost per ton. An increase in shipments of larger and higher quality products contributed to the increase in cost of sales.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

Selling, general and administrative expenses generally fluctuated with the provisions for employee incentive programs that are based on profitability which amounted to $(.1) million, $(2.4) million and $.6 million for 1994, 1993 and 1992, respectively. In an effort to stay competitive and reduce costs, the Company decreased its number of employees in the first quarter of fiscal 1994. As a result, a non-recurring charge of $1.6 million for severance pay is included in selling, general and administrative in 1994.

INTEREST EXPENSE

Payment of scheduled maturities of long-term debt during the three years ended May 31, 1994 served to reduce the amount of interest expense. In addition, interest deferred in connection with the large beam mill was $3.4 million in 1992.

PROVISION FOR INCOME TAXES

The provisions for income taxes fluctuated with income (loss) before income taxes. The income tax rate differs from the statutory rate principally due to non-deductible goodwill amortization. In August 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law that contained a provision raising the top effective rate for corporations to 35%. The rate increase, when applied to the Company's temporary differences, resulted in a charge of $1.4 million which is included in the income tax provision in 1994.

NET INCOME (LOSS)

Net income (loss) improved $14 million in 1994 due primarily to a $36 increase in average selling price due to the change in pricing strategy and the market reaction to higher raw material prices. Depreciation costs were unchanged as the Company did not incur any major capital improvements during 1994. Amortization of

commissioning costs, that are being expensed over a five year period, totaled $3 million in 1994. Amortization of goodwill totaled $2.3 million in the current period.

Net income (loss) decreased $9.1 million to a loss of $2.1 million in 1993 caused principally by a 4% increase in cost of sales per ton due in part to a shift in mix to higher cost products. Depreciation costs increased as a complete year of large beam mill expense was recognized. Amortization of commissioning costs, that are being expensed over a five year period, totaled $3 million in 1993. Amortization of goodwill totaled $2.3 million in 1993.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased $14.3 million to $95.2 million at May 31, 1994. Cash provided by operations decreased by $14.5 million as the increase in net income of $14 million was offset by increases in inventory of $24.9 million and accounts receivable of $7.5 million. At May 31, 1994, the Company had net borrowings of $15 million from its short-term credit facilities. As a result, cash and cash equivalents decreased $.6 million after the Company acquired $7.8 million of capital additions, repaid $12.8 million of long-term debt and paid cash dividends of $5.9 million.

Capital expenditures for fiscal 1995 are currently estimated to be approximately $17 million; which represents normal replacement and technological upgrades of existing equipment. The Company currently does not plan any major capital expenditures requiring significant capital resources within the next two years.

The Company's capitalization of $361.8 million at May 31, 1994, consisted of $96.2 million in long-term debt and $265.6 million of stockholders' equity. The Company's stockholders' equity includes additional paid-in-capital which resulted from the excess of cost over fair value of net assets acquired, net of amortization. The long-term debt-to-capitalization ratio was 27% at May 31, 1994 versus 31% at May 31, 1993. The decrease was caused by the repayment of $12.8 million of long-term debt and the increase in stockholders' equity which was due to the net income of $11.9 million minus the payment of cash dividends of $5.9 million.

The Company's earnings improved in 1994 due primarily to the dramatic increase in average selling price. Based on the current outlook for steel consumption levels and its impact on prices, in 1995, the Company expects its average selling price and cost per ton levels to remain virtually unchanged from 1994. The Company plans to lower finished goods inventory to return to previous years' levels. Significant changes in average selling price without a corresponding change in the scrap raw material costs could have a substantial effect on the Company's operating results and liquidity.

The Company has short-term credit facilities with two banks totaling $20 million which will expire in January 1995, if not renewed by the banks or the Company. The Company had maximum borrowings of $20 million at any one time under these arrangements during fiscal 1994. At May 31, 1994, the Company had $15 million of outstanding borrowings under these facilities. The Company believes that it will be able to renew these credit facilities or negotiate similar arrangements with other financial institutions if they are deemed necessary. The Company expects the current financial resources, anticipated cash provided from operations and reductions in certain working capital components in fiscal 1995 will be sufficient to provide funds for capital expenditures, meet scheduled debt payments and satisfy other known working capital needs for fiscal 1995. If additional funds are required to accomplish long-term expansion of its productive capabilities, the Company believes that funding can be obtained to meet such requirements.

INFLATION

Energy, scrap and labor, which are the principal components of the Company's manufacturing costs, are generally susceptible to inflationary pressures, while finished product prices are more readily influenced by competition within the steel industry. Since May 31, 1991, inflation has not materially affected the Company's results of operations or financial condition.

SELECTED FINANCIAL DATA

Chaparral Steel Company and Subsidiaries

<TABLE>
<CAPTION>

	1994	1993	1992	1991	1990
	(In thousands except per share)				
<S>	<C>	<C>	<C>	<C>	<C>
RESULTS OF OPERATIONS					
Net sales	$462,275	$420,210	$416,610	$418,311	$404,155
Gross profit	81,777	58,624	66,678	81,478	80,188
Employee profit sharing	1,896	-	1,199	2,699	3,210
Interest expense	13,439	14,650	12,541	10,513	12,556
Net income (loss)	11,919	(2,051)	7,090	19,125	24,046
PER SHARE INFORMATION					
Net income (loss)	$ .41	$ (.06)	$ .25	$ .63	$ .74
Dividends	.20	.20	.20	.20	.13
FOR THE YEAR					
Net cash provided by operating activities	$ 10,603	$ 25,087	$ 28,841	$ 45,827	$ 31,192
Capital expenditures	7,805	7,424	12,616	94,099	36,711
YEAR END POSITION					
Total assets	$488,307	$480,811	$504,905	$499,654	$382,621
Net working capital	95,225	80,901	75,252	55,459	87,509
Long-term debt	96,219	113,997	126,714	119,214	94,012
Stockholders' equity	265,623	259,598	267,584	266,429	181,021

</TABLE>

CONSOLIDATED BALANCE SHEETS

Chaparral Steel Company and Subsidiaries
May 31
<TABLE>
<CAPTION>

<S>	1994 (In thousands) <C>	1993 <C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,203	$ 3,763
Trade accounts receivable, net of allowance of $3.8 million and $3.4 million, respectively	41,734	34,187
Inventories	117,583	92,672
Prepaid expenses	8,914	8,147
TOTAL CURRENT ASSETS	171,434	138,769
PROPERTY, PLANT AND EQUIPMENT		
Buildings and improvements	47,217	46,634
Machinery and equipment	434,041	430,614
Land	1,288	1,288
	482,546	478,536
Less allowance for depreciation	247,660	222,974
	234,886	255,562
OTHER ASSETS		
Goodwill, commissioning costs and other assets, net of accumulated amortization of $16.9 million and $11.6 million, respectively	81,987	86,480
	$488,307	$480,811

</TABLE>

<TABLE>
<CAPTION>

<S>	1994 (In thousands) <C>	1993 <C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 15,000	$ -
Trade accounts payable	28,667	27,202
Accrued interest payable	2,435	3,044
Other accrued expenses	12,124	14,902
Current portion of long-term debt	17,983	12,720
TOTAL CURRENT LIABILITIES	76,209	57,868
LONG-TERM DEBT	96,219	113,997
DEFERRED INCOME TAXES AND OTHER CREDITS	50,256	49,348
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value, 500,000 authorized, none outstanding	-	-
Common stock, $.10 par value, 50,000,000 authorized, 29,679,900 and 29,675,400 outstanding	2,994	2,994
Paid-in capital	188,037	188,050
Retained earnings	77,096	71,113
Cost of common shares in treasury	(2,504)	(2,559)
	265,623	259,598
	$ 488,307	$ 480,811

</TABLE>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Chaparral Steel Company and Subsidiaries
Year Ended May 31

<TABLE>
<CAPTION>

	1994	1993	1992
	(In thousands except per share)		
<S>	<C>	<C>	<C>
Net sales	$ 462,275	$ 420,210	$ 416,610
Costs and expenses:			
Cost of sales	380,498	361,586	349,932
Selling, general and administrative	15,937	13,992	17,437
Depreciation and amortization	33,756	33,814	29,477
Interest	13,439	14,650	12,541
Other income	(3,372)	(2,072)	(5,217)
	440,258	421,970	404,170
INCOME (LOSS) BEFORE INCOME TAXES	22,017	(1,760)	12,440
Provision for income taxes	10,098	291	5,350
NET INCOME (LOSS)	$ 11,919	$ (2,051)	$ 7,090
NET INCOME (LOSS) PER COMMON SHARE	$ .41	$ (.06)	$ .25

</TABLE>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Chaparral Steel Company and Subsidiaries
Year Ended May 31

<TABLE>
<CAPTION>

	1994	1993	1992
		(In thousands)	
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income (loss)	$11,919	$(2,051)	$ 7,090
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	33,756	33,814	29,477
Provision for deferred income taxes	3,101	3,005	4,105
Other deferred credits	(2,193)	(3,044)	(1,481)
Changes in operating assets and liabilities:			
Trade accounts receivable, net	(8,380)	2,362	(5,779)
Inventories	(24,911)	(2,177)	(7,765)
Prepaid expenses	(767)	(3,472)	(2,346)
Trade accounts payable	1,465	(6,102)	8,128
Accrued interest payable	(609)	(627)	(550)
Other accrued expenses	(2,778)	3,379	(2,038)
Net cash provided by operating activities	10,603	25,087	28,841
INVESTING ACTIVITIES			
Capital expenditures	(7,805)	(7,424)	(12,616)
Commissioning costs and other	93	-	(8,347)
Net cash used in investing activities	(7,712)	(7,424)	(20,963)
FINANCING ACTIVITIES			
Short-term borrowings	30,000	7,000	18,000
Repayments on short-term debt	(15,000)	(7,000)	(28,000)

Long-term borrowings	260	-	20,237
Repayments on long-term debt	(12,775)	(12,718)	(14,305)
Dividends paid	(5,936)	(5,935)	(5,935)
Net cash used in financing activities	(3,451)	(18,653)	(10,003)
Decrease in cash and cash equivalents	(560)	(990)	(2,125)
Cash and cash equivalents at beginning of year	3,763	4,753	6,878
Cash and cash equivalents at end of year	$ 3,203	$ 3,763	$ 4,753

</TABLE>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Chaparral Steel Company and Subsidiaries

<TABLE>
<CAPTION>

	Preferred Stock	Common Stock Shares	Common Stock Amount	Paid-in Capital (In thousands)	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at May 31, 1991	$ -	29,940	$ 2,994	$ 188,050	$ 77,944	(265)	$ (2,559)
Net income for the year ended May 31, 1992	-	-	-	-	7,090	-	-
Dividends paid to stockholders ($.20 per share)	-	-	-	-	(5,935)	-	-
Balance at May 31, 1992	-	29,940	2,994	188,050	79,099	(265)	(2,559)
Net loss for the year ended May 31, 1993	-	-	-	-	(2,051)	-	-
Dividends paid to stockholders ($.20 per share)	-	-	-	-	(5,935)	-	-
Balance at May 31, 1993	-	29,940	2,994	188,050	71,113	(265)	(2,559)
Net income for the year ended May 31, 1994	-	-	-	-	11,919	-	-
Dividends paid to stockholders ($.20 per share)	-	-	-	-	(5,936)	-	-
Treasury stock issued for options - 4,500 shares	-	-	-	(13)	-	5	55
Balance at May 31, 1994	$ -	29,940	$ 2,994	$ 188,037	$ 77,096	(260)	$ (2,504)

</TABLE>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Chaparral Steel Company and Subsidiaries
May 31, 1994

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND RELATED MATTERS:

The consolidated financial statements include the operations of Chaparral Steel Company (the "Company"), America Steel Transport and inactive wholly-owned subsidiaries. The Company is 81% owned by Texas Industries, Inc. ("TXI").

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS:

The Company operates in the steel industry only; therefore, no industry segment information is presented.

CASH EQUIVALENTS:

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

CREDIT RISK:

The Company extends credit to various companies in steel distribution, fabrication and related industries. Such credit risk is considered by management to be limited due to the Company's sizable customer base and the geographical dispersion of the customer base. The Company performs ongoing credit evaluations of its customers and generally does not require collateral.

INVENTORIES:

Inventories are stated at the lower of cost (last-in, first-out) or market, except rolls which are stated at cost (specific identification) and supplies which are stated at average cost.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is computed using the straight-line method over the estimated useful lives of the property.

EXCESS OF COST OVER FAIR VALUE OF NET ASSETS ACQUIRED:

The amount of goodwill net of amortization, arising from the purchase of 50% of the outstanding securities of the Company by TXI, was recorded using the purchase method of accounting and totaled $73 million and $75.3 million at May 31, 1994 and 1993, respectively. This goodwill is being amortized over 40 years using the straight-line method and reduced earnings by $2.3 million in 1994, 1993 and 1992.

COMMISSIONING COSTS:

The Company's policy for new facilities is to capitalize certain costs until the facility is substantially complete and ready for its intended use.

INCOME TAXES:

The Company, its subsidiaries and TXI have tax sharing agreements (the "Agreements") whereby the Company and its subsidiaries are included in the consolidated income tax return of TXI. The Agreements provide that the Company will account for income taxes on a stand-alone basis. Accordingly, the Company and its subsidiaries make payments to or receive payments from TXI in amounts equal to the income taxes they would have otherwise paid or received.

The Company adopted the provisions of Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes," (SFAS 109) effective June 1, 1992. As permitted under SFAS 109, prior years' financial statements have not been restated and no cumulative effect resulted from this change.

COMPUTATION OF NET INCOME (LOSS) PER COMMON SHARE:

Net income (loss) per common share is calculated based upon a weighted average of 29,721,000, 29,675,000 and 29,722,000 shares outstanding (including common stock equivalents that are not antidilutive) during 1994, 1993 and 1992, respectively.

The calculations of net income (loss) per common share for periods after August 31, 1990, contain an adjustment for the previous amortization of an estimated amount of goodwill.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - INVENTORIES

Inventories consist of the following:

<TABLE>
<CAPTION>

May 31	1994	1993
	(In thousands)	
<S>	<C>	<C>
Finished goods	$ 72,946	$ 49,596
Work in process	14,477	7,817

Raw materials:		
Scrap	10,407	10,843
Crushed cars	-	171
Rolls	15,602	14,579
Supplies	14,878	14,684
LIFO adjustment	(10,727)	(5,018)
	$ 117,583	$ 92,672

</TABLE>

NOTE C - COMMISSIONING COSTS

In fiscal 1990, the Company began construction of the large beam mill and commissioning commenced in February 1991.

The Company's policy for new facilities is to capitalize certain costs until the facility is substantially complete and ready for its intended use. The mill was substantially complete and ready for its intended use in the third quarter of fiscal 1992 with a total of $15.1 million of costs deferred. The amounts of amortization charged to income were $3 million, $3 million and $1 million in 1994, 1993 and 1992, respectively, based on a five year period.

NOTE D - CONTINGENCIES

The Company and subsidiaries are defendants in lawsuits which arose in the normal course of business. In management's judgement (based on the opinion of counsel) the ultimate liability, if any, from such legal proceedings will not have a material effect on the Company's financial position.

The Company has no post-retirement health benefits and, therefore, realizes no effect from accounting requirements under Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post-retirement Benefits Other Than Pensions" (SFAS 106).

The Company is subject to federal, state and local environmental laws and regulations concerning, among other matters, air emissions, furnace dust disposal and wastewater discharge. The Company believes it is in substantial compliance with applicable environmental laws and regulations. Notwithstanding such compliance, if damage to persons or property or contamination of the environment has been or is caused by the conduct of the Company's business or by hazardous substances or wastes used in, generated or disposed of by the Company, the Company may be held liable for such damages and be required to pay the cost of investigation and remediation of such contamination. The amount of such liability could be material. Changes in federal or state laws, regulations or requirements or discovery of unknown conditions could require additional expenditures by the Company. At May 31, 1994, the Company had approximately $1.5 million accrued for environmental matters.

NOTE E - LONG-TERM DEBT

Outstanding long-term debt is as follows:

<TABLE>
<CAPTION>

May 31	Interest Rate	1994	1993
		(In thousands)	
<S>	<C>	<C>	<C>
First mortgage notes payable:			
$61.4 million note, due in annual installments through January 2001	14.2%	$ 26,595	$ 30,687
$70.9 million note, due in semiannual installments through June 1995	10.2%	-	8,502
	1.5% to 2% over Libor (1)	7,257	7,257
		33,852	46,446
$80 million senior unsecured notes due in annual installments from April 1995 through 2004	10.2%	80,000	80,000
Other notes payable, due through 1998	Various	350	271

	114,202	126,717
Less current portion	17,983	12,720
	$ 96,219	$113,997

(1) London Interbank Offered Rate (Libor) (3.5% at May 31, 1994).

Scheduled maturities of long-term debt at May 31, 1994 for each of the five succeeding fiscal years are as follows:

	(In thousands)
1995	$17,983
1996	13,766
1997	12,128
1998	12,096
1999	12,092

Substantially all of the assets of the Company except accounts receivable, inventories and certain equipment not forming an integral part of the mill have been pledged as collateral on the first mortgage notes.

The Company has arrangements for up to $20 million of short-term borrowings with banks for which it pays quarterly fees at an annual rate of 3/8 of 1% on the unused portion of the commitment. These short-term credit lines are due to expire in January 1995, if not renewed by the banks or the Company.

The terms of the loan agreements impose certain restrictions on the Company, the most significant of which require the Company to maintain minimum amounts of working capital, limit the incurrence of certain indebtedness and restrict payments of cash dividends and purchases of treasury stock. The amounts of earnings available for restricted payments were approximately $33 million at May 31, 1994 and 1993.

Interest payments were $14 million, $15.2 million and $16.4 million in 1994, 1993 and 1992, respectively. In addition, interest deferred as commissioning costs totaled $3.4 million in 1992.

NOTE F - INCOME TAXES

The provisions for income taxes are comprised of:

Year ended May 31	1994	1993 (In thousands)	1992
Current	$ 6,982	$ 3,196	$ 470
Deferred	3,116	(2,905)	4,880
	$10,098	$ 291	$5,350

The reasons for the differences between the provisions for income taxes and the amounts computed by applying the statutory federal income tax rates to income (loss) before income taxes are:

Year ended May 31	1994	1993 (In thousands)	1992
Statutory rate applied to income (loss) before income taxes	$ 7,706	$(598)	$4,230
Increase in taxes resulting from:			
Change in statutory federal tax rate	1,443	-	-
Goodwill amortization	811	787	787
State income tax	135	48	234
Other - net	3	54	99
	$10,098	$ 291	$5,350

The components of deferred income tax expense result from:

Year ended May 31	1992 (In thousands)
Depreciation	$ 3,439
Commissioning costs	3,236
Deferred compensation	498
Environmental costs	128
Recognition of minimum tax credit carryforwards	(2,986)
Expenses not currently tax deductible	565
	$ 4,880

The components of the net deferred tax liability as of May 31, 1994 and 1993 are summarized below:

Year ended May 31	1994 (In thousands)	1993
Deferred tax assets:		
Deferred compensation	$ 290	$ 1,027
Accounts receivable	1,347	1,164
Uniform capitalization expense	1,388	1,262
Net operating loss carryforwards	15	2,068
Alternative minimum tax credit carryforwards	6,491	6,983
Expenses not currently tax deductible	1,302	1,626
Total deferred tax assets	10,833	14,130
Deferred tax liabilities:		
Accelerated tax depreciation	(53,085)	(52,506)
Commissioning costs	(2,817)	(3,762)
Other - net	(268)	(83)
Total deferred tax liabilities	(56,170)	(56,351)
Net deferred tax liability	(45,337)	(42,221)
Current portion	4,038	4,053
Non-current portion of deferred tax liability	$ (49,375)	$ (46,274)

Deferred income taxes and other credits as reflected on the consolidated balance sheets include deferred income tax liability of $49.4 million and $46.3 million at May 31, 1994 and 1993, respectively. On June 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). This standard, which changes the classification of current versus non-current deferred taxes, did not have a material effect on the Company's financial position or operating results. In August 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law and contained a provision raising the top effective rate for corporations to 35%. This rate increase, when applied to the Company's temporary differences, resulted in a charge of $1.4 million which is included in the income tax provision in the August 1993 quarter. The Company made income tax payments of $7.2 million, $2.5 million and $4.3 million in 1994, 1993 and 1992, respectively. The amounts of federal income taxes currently payable were $1 million and $1.3 million at May 31, 1994 and 1993, respectively.

NOTE G - RETIREMENT PLAN

There exists a non-contributory defined contribution plan to provide retirement benefits for substantially all employees. The Company makes a regular contribution of 1% of annual compensation for each participant and a variable contribution equal to 1/2 of 1% of pre-tax income, as defined, to this plan. The amounts of expense charged to income for this plan were $.5 million, $.4 million and $.4 million in 1994, 1993 and 1992, respectively. It is the Company's policy to fund the plan to the extent of charges to income.

NOTE H - INCENTIVE PLANS

The Company has a profit-sharing plan which provides that all personnel employed as of May 31 share currently in the pre-tax income, as defined, of the Company for the year then ended based on a predetermined formula. The duration of the plan is one year and is subject to annual renewal by the Board of Directors. The provisions for this plan were $1.9 million, $-0- and $1.2 million for 1994, 1993 and 1992, respectively.

In 1987, the Board of Directors approved a deferred compensation plan for certain executives of the Company. The plan is based on a five-year average of earnings. Amounts recorded as expense (income) under this plan were ($2) million, ($2.4) million and ($.6) million for 1994, 1993 and 1992, respectively. The amount of deferred compensation currently payable was $.2 million and $.6 million at May 31, 1994 and 1993, respectively. The amount of accrued deferred compensation was $.8 million and $3 million at May 31, 1994 and 1993, respectively.

NOTE I - STOCK OPTION PLAN

In 1989, the stockholders approved a stock option plan whereby options to purchase Common Stock may be granted to officers and key employees at prices not less than the market value at the date of grant. Generally, options become exercisable beginning two years after date of grant, and expire ten years after the date of grant.

A summary of option transactions for the two years ended May 31, 1994, follows:

<TABLE>
<CAPTION>

	Shares under Option	Option Price	Aggregate Option Price
	(In thousands except option price)		
<S>	<C>	<C>	<C>
Outstanding at May 31, 1992	1,110	$ 8.88 - 12.13	$ 12,053
Terminated	(40)	8.88 - 12.13	(438)
Outstanding at May 31, 1993	1,070	8.88 - 12.13	11,615
Granted	108	10.625	1,162
Terminated	(63)	8.88 - 12.13	(691)
Exercised	(5)	8.88	(40)
Outstanding at May 31, 1994	1,110	$ 8.88 - 12.13	$ 12,046

</TABLE>

<TABLE>
<CAPTION>

May 31	1994	1993
	(In thousands)	
<S>	<C>	<C>
Shares at end of year:		
Exercisable	785	413
Available for future grants	390	430

</TABLE>

The options outstanding at May 31, 1994, expire on various dates to January 13, 2004.

NOTE J - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments". The estimated fair value amounts at May 31, 1994 and 1993 have been determined by the Company using available market information and the following methodologies:

* Cash and cash equivalents, accounts receivable, accounts payable: The carrying amounts of these items are a reasonable estimate of their fair values at May 31, 1994 and 1993.

* Long-term debt: Interest rates that are currently available to the Company for issuance of the debt with similar terms and remaining maturities are used to estimate fair value for debt issues using

discounted cash flow analysis.

May 31	1994	1993
	(In millions)	
Long-term debt:		
Carrying amount	$ 114.2	$ 126.7
Estimated fair value	130.0	150.0

QUARTERLY FINANCIAL INFORMATION

The following table is a summary of quarterly financial information for the two years ended May 31, 1994:

Three months ended	May	Feb.	Nov.	Aug.
	(In thousands except per share)			
1994				
Net sales	$ 124,467	$ 118,687	$ 117,225	$ 101,896
Gross profit	20,454	22,403	22,371	16,549
Net income (loss)	3,962	4,408	4,423	(874)
Net income (loss) per common share	.14	.15	.15	(.03)
1993				
Net sales	$ 108,688	$ 103,396	$ 106,568	$ 101,558
Gross profit	14,906	15,800	16,630	11,288
Net income (loss)	(999)1)	590	667	(2,309)
Net income (loss) per common share	(.03)	.02	.03	(.08)

1) The Company's fourth quarter results in fiscal 1993 contain an income tax rate in excess of the effective rate used in the previous quarters due to lower than expected pre-tax income.

QUARTERLY STOCK PRICES AND DIVIDENDS

The Company's common stock is listed on the New York Stock Exchange (ticker symbol CSM). The number of record holders of the Company's common stock at May 31, 1994 was 1,013. High and low stock prices and dividends for the last two years were:

1994	Stock Prices		Dividends
Quarter	High	Low	
First	10 1/8	7 7/8	$ .05
Second	10 1/8	8 3/8	.05
Third	11 1/2	9 1/4	.05
Fourth	12 1/4	8 7/8	.05

1993	Stock Prices		Dividends
Quarter	High	Low	
First	11 5/8	8 5/8	$ .05
Second	10 1/8	8 1/4	.05
Third	12	9 1/4	.05
Fourth	11 7/8	8 7/8	.05

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Chaparral Steel Company

Midlothian, Texas

We have audited the accompanying consolidated balance sheets of Chaparral Steel Company and subsidiaries as of May 31, 1994 and 1993, and the related consolidated statements of income, cash flows and stockholders' equity for each of the three years in the period ended May 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chaparral Steel Company and subsidiaries at May 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended May 31, 1994, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Dallas, Texas
July 14, 1994

CHAPARRAL STEEL COMPANY

<TABLE>
<CAPTION>

DIRECTORS	OFFICERS
<S>	<C>
Robert D. Rogers Chairman of the Board	Gordon E. Forward President and Chief Executive Officer
Gordon E. Forward President and Chief Executive Officer	Kenneth R. Allen Director-Investor Relations
Robert Alpert Chairman of the Board Alpert Companies Dallas, Texas	Dennis E. Beach Vice President- Administration
John M. Belk Chairman of the Board Belk Stores Services, Inc. Charlotte, North Carolina	Larry L. Clark Vice President-Controller and Assistant Treasurer
Lic. Eugenio Clariond Reyes Director General and Chief Executive Officer Grupo IMSA, S.A. Monterrey	David A. Fournie Vice President-Operations
Gerald R. Heffernan President G.R. Heffernan & Associates, Ltd. Toronto, Ontario	Richard M. Fowler Senior Vice President- Finance
Dr. Gerhard Liener Chief Financial Officer Daimler-Benz AG Stuttgart	Richard T. Jaffre Vice President-Raw Materials
	Robert C. Moore Vice President-General Counsel and Secretary
	Libor F. Rostik Senior Vice President- Engineering
	Jeffry A. Werner Senior Vice President- Commercial
	Peter H. Wright Vice President-Quality Control and SBQ Sales

</TABLE>

TRANSFER AGENT AND REGISTRAR OF STOCK

Chemical Bank
Common Stock
Stockholder Inquiries
1-800-635-9270

STOCK EXCHANGE LISTING

New York Stock Exchange

FORM 10-K REQUESTS

Stockholders may obtain, without charge, a copy of the Company's Form 10-K for the year ended May 31, 1994, as filed with the Securities and Exchange Commission. Written requests should be addressed to the Director-Investor Relations.

The information contained herein is not given in connection with any sale or offer of, or solicitation of any offer to buy, any securities.

ANNUAL MEETING

The Annual Meeting of Stockholders of Chaparral Steel Company will be held Wednesday, October 19, 1994, at 9:30 a.m., CDT, at The Ballpark in Arlington, 1000 Ballpark Way, Arlington, Texas.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT
CHAPARRAL STEEL COMPANY

<TABLE>
<CAPTION>

Subsidiary	Jurisdiction of Incorporation
<S>	<C>
Wholly-Owned:	
Ferrco Dallas, Inc.	Texas
TA Joist, Inc.	Delaware
80% Owned:	
America Steel Transport, Inc.	Texas

</TABLE>

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Chaparral Steel Company of our report dated July 14, 1994, included in the 1994 Annual Report to Stockholders of Chaparral Steel Company.

Our audits also included the financial statement schedules of Chaparral Steel Company listed in Item 14(a). These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-39626) pertaining to the Chaparral Steel Company Stock Option Plan and in the related Prospectus of our report dated July 14, 1994, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedules included in this Annual Report (Form 10-K) of Chaparral Steel Company.

/s/ Ernst and Young LLP
Dallas, Texas
August 23, 1994

Exhibit 24

POWER OF ATTORNEY

Each of the undersigned hereby constitutes and appoints GORDON E. FORWARD, RICHARD M. FOWLER and JAMES R. McCRAW, and each of them, with full power of substitution as the undersigned's attorney or attorney-in-fact, to sign for each of them and in each of their names, as members of the Board of Directors, an Annual Report on Form 10-K for the year ended May 31, 1994, and any and all amendments, filed by CHAPARRAL STEEL COMPANY, a Delaware corporation, with the Securities and Exchange Commission under the provisions of the Securities Act of 1934, as amended, with full power and authority to do and perform any and all acts and things necessary or appropriate to be done in the premises.

DATED: July 14, 1994

ROBERT ALPERT
(Director)

/s/ JOHN M. BELK
JOHN M. BELK
(Director)

/s/ GERALD R. HEFFERNAN
GERALD R. HEFFERNAN
(Director)

/s/ GERHARD LIENER
GERHARD LIENER
(Director)

/s/ EUGENIO CLARIOND REYES
EUGENIO CLARIOND REYES
(Director)

/s/ ROBERT D. ROGERS
ROBERT D. ROGERS
(Director)

STATE OF TEXAS)
)
COUNTY OF DALLAS)

On this 15th day of July, 1994, before me personally came ROBERT ALPERT, JOHN M. BELK, GERALD R. HEFFERNAN, GERHARD LIENER, EUGENIO CLARIOND REYES AND ROBERT D. ROGERS, known to me to be the same persons described in and who executed the foregoing Power of Attorney and each of them duly acknowledged to me that they each executed the same for the purposes therein stated.

/s/ GWYNN E. HERRICK

Notary Public in and for the
State of Texas