

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

INLAND STEEL CO

CIK: **50548** | IRS No.: **361262880** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-02438** | Film No.: **95536077**
SIC: **3310** Steel works, blast furnaces & rolling & finishing mills

Mailing Address
30 WEST MONROE STREET
CHICAGO IL 60603

Business Address
3210 WATLING STREET
EAST CHICAGO IN 46312
3123460300

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
For the period ended March 31, 1995

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 1-2438

I.R.S. Employer Identification Number 36-1262880

INLAND STEEL COMPANY

(a Delaware Corporation)

30 West Monroe Street
Chicago, Illinois 60603
Telephone: (312) 346-0300

Registrant meets the conditions set forth in General Instruction H(1) (a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.

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 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 980 shares of the Company's Common Stock (\$1.00 par value per share) were outstanding as of May 5, 1995.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INLAND STEEL COMPANY AND SUBSIDIARY COMPANIES
(A wholly owned subsidiary of Inland Steel Industries, Inc.)

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

Dollars in Millions

Three Months Ended
March 31

1995	1994
-----	-----

<S> NET SALES	<C> \$651.7	<C> \$590.9
------------------	----------------	----------------

OPERATING COSTS AND EXPENSES		
Cost of goods sold	558.9	539.3
Selling, general and administrative expenses	10.4	9.5
Depreciation	31.1	28.5
Total	600.4	577.3
OPERATING PROFIT	51.3	13.6
General corporate expense, net of income items	4.1	3.0
Interest and other expense on debt	12.7	13.3
INCOME (LOSS) BEFORE INCOME TAXES	34.5	(2.7)
PROVISION FOR INCOME TAXES	13.3	.8Cr.
NET INCOME (LOSS)	\$ 21.2	\$ (1.9)

</TABLE>

See notes to consolidated financial statements

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INLAND STEEL COMPANY AND SUBSIDIARY COMPANIES
(A wholly owned subsidiary of Inland Steel Industries, Inc.)

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

<TABLE>

<CAPTION>

	Dollars in Millions	
	Three Months Ended March 31	
	1995	1994
	<C>	<C>
OPERATING ACTIVITIES		
Net income (loss)	\$ 21.2	\$ (1.9)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:		
Depreciation	31.1	28.5
Deferred employee benefit cost	2.7	11.4
Deferred income taxes	9.2	(1.7)
Change in:	38.2	9.2
Receivables	-	-
Receivables from related companies	(26.1)	8.9
Inventories	(21.0)	(29.6)
Accounts payable	(7.8)	(4.6)
Payables to related companies	(8.8)	(1.5)
Accrued salaries and wages	22.5	11.4
Other accrued liabilities	5.8	5.8
Other deferred items	45.8	37.8
Net adjustments	67.0	35.9
Net cash provided from operating activities		
INVESTING ACTIVITIES		
Capital expenditures	(21.3)	(92.1)
Investments in joint ventures	(.1)	4.7
Proceeds from sales of assets	.3	.2
Net cash used for investing activities	(21.1)	(87.2)
FINANCING ACTIVITIES		
Additional contributed capital	-	110.0
Long-term debt retired	(.8)	(75.8)
Change in notes payable to related companies	(38.6)	23.6
Dividends paid	(6.5)	(6.5)
Net cash provided from (used for) financing activities	(45.9)	51.3

Net change in cash and cash equivalents	-	-
Cash and cash equivalents - beginning of year	-	-
Cash and cash equivalents - end of period	\$ -	\$ -
SUPPLEMENTAL DISCLOSURES		
Cash paid (received) during the period for:		
Interest (net of amount capitalized)	\$ 3.7	\$ 5.0
Income taxes, net	5.8	(2.9)
Non-cash investing and financing activities:		
Long-term debt acquired in purchase of assets	-	63.3

See notes to consolidated financial statements

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INLAND STEEL COMPANY AND SUBSIDIARY COMPANIES
(A wholly owned subsidiary of Inland Steel Industries, Inc.)

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	Dollars in Millions			
	March 31, 1995		December 31, 1994	
	(unaudited)			
<S>	<C>	<C>	<C>	<C>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		\$ -		\$ -
Receivables		236.2		274.4
Inventories - principally at LIFO				
In process and finished products	\$ 127.8		\$ 92.1	
Raw materials and supplies	55.2	183.0	64.8	156.9
Deferred Income Taxes		28.3		28.0
Total current assets		447.5		459.3
INVESTMENTS IN AND ADVANCES TO JOINT VENTURES		198.7		204.9
PROPERTY, PLANT AND EQUIPMENT				
Valued on basis of cost	3,799.9		3,779.8	
Less: Reserve for depreciation, amortization and depletion	2,370.4		2,339.3	
Allowance for terminated facilities	100.7	1,328.8	100.7	1,339.8
DEFERRED INCOME TAXES		326.6		336.1
OTHER ASSETS		21.3		21.8
Total Assets		\$2,322.9		\$2,361.9
LIABILITIES AND STOCKHOLDER'S EQUITY				
CURRENT LIABILITIES				
Accounts payable		\$ 220.5		\$ 241.5
Payables to related companies				
Notes		100.4		139.0
Trade & other		.1		7.9
Accrued liabilities		164.3		150.6
Long-term debt due within one year		6.2		6.6
Total current liabilities		491.5		545.6
LONG-TERM DEBT		416.6		417.1
DEFERRED EMPLOYEE BENEFITS		1,156.9		1,154.2
OTHER CREDITS		41.4		43.2
Total liabilities		2,106.4		2,160.1
STOCKHOLDER'S EQUITY (Schedule A)		216.5		201.8
Total Liabilities and Stockholder's Equity		\$2,322.9		\$2,361.9

</TABLE>

INLAND STEEL COMPANY AND SUBSIDIARY COMPANIES
(A wholly owned subsidiary of Inland Steel Industries, Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1/FINANCIAL STATEMENTS

Results of operations for any interim period are not necessarily indicative of results of any other periods or for the year. The financial statements as of March 31, 1995 and for the three-month periods ended March 31, 1995 and 1994 are unaudited, but in the opinion of management include all adjustments necessary for a fair presentation of results for such periods. These financial statements should be read in conjunction with the financial statements and related notes contained in the Annual Report on Form 10-K for the year ended December 31, 1994.

NOTE 2/RELATED PARTY TRANSACTIONS

The Company has agreed to procedures established by Inland Steel Industries, Inc. ("Industries") for charging Industries' administrative expenses to the operating companies owned by it. Pursuant to these procedures, the Company was charged \$4.7 million by Industries for each of the first quarters of 1995 and 1994, for management, financial and legal services provided to the Company.

Procedures also have been established to charge interest on all intercompany loans within the Industries group of companies. Such loans currently bear interest at the prime rate. The Company's net intercompany interest expense for the first three months of 1995 totaled \$3.3 million as compared to \$1.4 million for the first quarter of 1994.

The Company sells to and purchases products from other companies within the Industries group of companies. Such transactions are made at prevailing market prices. These transactions are summarized as follows:

<TABLE>
<CAPTION>

	Dollars in Millions	

	Three Months	
	Ended March 31	

	1995	1994
	-----	-----
<S>	<C>	<C>
Net Product Sales	\$44.4	\$52.7
Net Product Purchases	5.5	4.6

</TABLE>

NOTE 3/COMMITMENTS

The total amount of firm commitments of the Company and its subsidiaries to contractors and suppliers, primarily in connection with additions to property, plant and equipment, was \$37 million at March 31, 1995 compared with \$39 million at December 31, 1994.

ITEM 2.

MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS

RESULTS OF OPERATIONS - Comparison of First Quarter 1995 to First Quarter 1994

The Company reported a consolidated net income of \$21.2 million in the first quarter of 1995 compared with a consolidated net loss of \$1.9 million in the 1994 first quarter.

Consolidated net sales of \$651.7 million in the first quarter of 1995 represented a 10 percent improvement from the year-ago period. The average selling price of steel mill products shipped rose 8 percent from the year-ago period reflecting, in part, the continued overall strength of the market, while steel mill shipments increased 2 percent to 1,282,000 tons. In spite of interruptions caused by unscheduled equipment outages, operating profit in the quarter jumped to \$51.3 million from \$13.6 million in the comparable 1994 quarter. The sales improvement was the primary factor leading to the increase.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

3. (i) Copy of Restated Certificate of Incorporation of the Company. (Filed as Exhibit 3-A to the Company's Annual Report on Form 10-K for the year ended December 31, 1992, and incorporated by reference herein.)
3. (ii) Copy of By-laws, as amended, of the Company. (Filed as Exhibit 3. (ii) to the Company's Annual Report on Form 10-K for the year ended December 31, 1994, and incorporated by reference herein.)
4. A Copy of First Mortgage Indenture, dated April 1, 1928, between the Company and First Trust and Savings Bank and Melvin A. Traylor, as Trustees, and of supplemental indentures thereto, to and including the Thirty-Second Supplemental Indenture, incorporated by reference from the following Exhibits: (i) Exhibits B-1(a), B-1(b), B-1(c), B-1(d) and B-1(e), filed with the Company's Registration Statement on Form A-2 (No. 2-1855); (ii) Exhibits D-1(f) and D-1(g), filed with the Company's Registration Statement on Form E-1 (No. 2-2182); (iii) Exhibit B-1(h), filed with the Company's Current Report on Form 8-K dated January 18, 1937; (iv) Exhibit B-1(i), filed with the Company's Current Report on Form 8-K, dated February 8, 1937; (v) Exhibits B-1(j) and B-1(k), filed with the Company's Current Report on Form 8-K for the month of April, 1940; (vi) Exhibit B-2, filed with the Company's Registration Statement on Form A-2 (No. 2-4357); (vii) Exhibit B-1(l), filed with the Company's Current Report on Form 8-K for the month of January, 1945; (viii) Exhibit 1, filed with the Company's Current Report on Form 8-K for the month of November, 1946; (ix) Exhibit 1, filed with the Company's Current Report on Form 8-K for the months of July and August, 1948; (x) Exhibits B and C, filed with the Company's Current Report on Form 8-K for the month of March, 1952; (xi) Exhibit A, filed with the Company's Current Report on Form 8-K for the month of July, 1956; (xii) Exhibit A, filed with the Company's Current Report on Form 8-K for the month of July, 1957; (xiii) Exhibit B, filed with the Company's Current Report on Form 8-K for the month of January, 1959; (xiv) the Exhibit filed with the Company's Current Report on Form 8-K for the month of December, 1967; (xv) the Exhibit filed with the Company's Current Report on Form 8-K for the month of April, 1969; (xvi) the Exhibit filed with the Company's Current Report on Form 8-K for the month of July, 1970; (xvii) the Exhibit filed with the amendment on Form 8 to the Company's Current Report on Form 8-K for the month of April 1974; (xviii) Exhibit B, filed with the Company's Current Report on Form 8-K for the month of September, 1975; (xix) Exhibit B, filed with the Company's Current Report on Form 8-K

for the month of January, 1977; (xx) Exhibit C, filed with the Company's Current Report on Form 8-K for the month of February, 1977; (xxi) Exhibit B, filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1978; (xxii) Exhibit B, filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1980; (xxiii) Exhibit 4-D, filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1980; (xxiv) Exhibit 4-D, filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1982; (xxv) Exhibit 4-E, filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1983; (xxvi) Exhibit 4(i) filed with the Steel Company's Registration Statement on Form S-2 (No. 33-43393); and (xxvii) Exhibit 4 filed with the Company's Current Report on Form 8-K dated June 23, 1993.

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4.B Copy of consolidated reprint of First Mortgage Indenture, dated April 1, 1928, between the Company and First Trust and Savings Bank and Melvin A. Traylor, as Trustees, as amended and supplemented by all supplemental indentures thereto, to and including the Thirteenth Supplemental Indenture. (Filed as Exhibit 4-E to Form S-1 Registration Statement No. 2-9443, and incorporated by reference herein.)

27 Financial Data Schedule.

(b) Reports on Form 8-K.

The Company did not file any reports on Form 8-K during the quarter ended March 31, 1995.

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SIGNATURE

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

INLAND STEEL COMPANY

By Lily L. May

Lily L. May
Vice President -
Finance and Purchasing,
Principal Financial Officer
and Controller

Date: May 10, 1995

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Part I -- Schedule A

INLAND STEEL COMPANY AND SUBSIDIARY COMPANIES
(A wholly owned subsidiary of Inland Steel Industries, Inc.)

SUMMARY OF STOCKHOLDER'S EQUITY

<TABLE>
<CAPTION>

	Dollars in Millions			
	March 31, 1995		December 31, 1994	
	(unaudited)			
	<C>	<C>	<C>	<C>
STOCKHOLDER'S EQUITY				
Series A preferred stock (\$1 par value)				
- 10 shares issued and outstanding		\$ -		\$ -
Series B preferred stock (\$1 par value)				
- 50 shares issued and outstanding		-		-
Series C preferred stock (\$1 par value)				
- 50 shares issued and outstanding		-		-
Common stock (\$1 par value)				
- 980 shares issued and outstanding		-		-
Additional paid-in capital		1,194.5		1,194.5
Retained earnings				
Balance beginning of year	\$ (992.7)		\$ (1,020.8)	
Net income	21.2		53.9	
Dividends	(6.5)	(978.0)	(25.8)	(992.7)
	-----	-----	-----	-----
Total Stockholder's Equity		\$ 216.5		\$ 201.8
		=====		=====

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED STATEMENT OF OPERATIONS, THE CONSOLIDATED BALANCE SHEET, AND THE SUMMARY OF STOCKHOLDERS' EQUITY CONTAINED IN THE QUARTERLY REPORT ON FORM 10-Q TO WHICH THIS EXHIBIT IS ATTACHED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL SCHEDULES

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