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JORGENSEN EARLE M CO /DE/
Form 10-Q
February 13, 2001

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 FISCAL QUARTER ENDED JANUARY 2, 2001

OR

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

COMMISSION FILE NUMBER: 1-7537

EARLE M. JORGENSEN COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE

95-0886610

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

(I.R.S. EMPLOYER
IDENTIFICATION NO.)

3050 EAST BIRCH STREET, BREA, CALIFORNIA

92821

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

Registrant's telephone number: (714) 579-8823

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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
 --- ---

State the aggregate market value of the voting stock held by non-affiliates of the registrant. NONE

Outstanding common stock, par value \$.01 per share, at
January 31, 2001 - 128 SHARES

EARLE M. JORGENSEN COMPANY
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PART I - FINANCIAL INFORMATION

EARLE M. JORGENSEN COMPANY
 CONSOLIDATED BALANCE SHEETS
 (DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	JANUARY 2, 2001 ----- (UNAUDITED)	MARCH 31, 2000 -----
ASSETS		
Current assets:		
Cash	\$ 18,532	\$ 21,6
Accounts receivable, less allowance for doubtful accounts of \$525 and \$416 at January 2, 2001 and March 31, 2000, respectively	107,860	108,2
Inventories	243,824	205,0
Other current assets	8,746	5,6
	-----	-----
Total current assets	378,962	340,5
	-----	-----

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Property, plant and equipment, net of accumulated depreciation of \$62,686 and \$56,651 at January 2, 2001 and March 31, 2000, respectively	96,709	95,0
Net cash surrender value of life insurance policies	21,981	22,8
Debt issue costs, net of accumulated amortization	3,662	4,7
Other assets	708	1,1
	-----	-----
Total assets	\$ 502,022	\$ 464,3
	=====	=====
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 85,547	\$ 119,4
Accrued employee compensation and related taxes	10,427	12,4
Accrued interest	6,947	7,0
Accrued employee benefits	10,090	8,9
Other accrued liabilities	5,581	5,9
Deferred income taxes	18,986	18,9
Current portion of long-term debt	3,451	2,6
	-----	-----
Total current liabilities	141,029	175,3
	-----	-----
Long term debt	342,772	282,9
Deferred income taxes	17,448	16,4
Other long-term liabilities	3,576	3,9
Commitments and contingencies		
Stockholder's equity:		
Preferred stock, \$.01 par value; 200 shares authorized and unissued	--	--
Common stock, \$.01 par value; 2,800 shares authorized; 128 shares issued and outstanding	--	--
Capital in excess of par value	86,552	91,3
Accumulated other comprehensive loss	(1,132)	(7
Accumulated deficit	(88,223)	(104,9
	-----	-----
Total stockholder's equity	(2,803)	(14,3
	-----	-----
Total liabilities and stockholder's equity	\$ 502,022	\$ 464,3
	=====	=====

SEE ACCOMPANYING NOTES.

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PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)
(DOLLARS IN THOUSANDS)

THREE MONTHS ENDED

NINE MONTHS ENDED

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	JANUARY 2, 2001	JANUARY 4, 2000	JANUARY 2, 2001	JANUARY 4, 2000
Revenues	\$ 259,507	\$ 229,161	\$ 788,758	\$ 669,441
Cost of sales	187,500	162,633	569,085	474,199
Gross profit	72,007	66,528	219,673	195,242
Expenses:				
Warehouse and delivery	34,948	30,599	102,257	89,825
Selling	8,386	8,252	27,500	24,597
General and administrative	12,420	14,651	37,752	39,327
Total expenses	55,754	53,502	167,509	153,749
Income from operations	16,253	13,026	52,164	41,493
Interest expense, net	12,409	11,251	34,382	31,367
Income before income taxes	3,844	1,775	17,782	10,126
Income tax expense	246	225	1,055	827
Net income	3,598	1,550	16,727	9,299
Other comprehensive income (loss), net of income tax	73	28	(369)	75
Comprehensive income	\$ 3,671	\$ 1,578	\$ 16,358	\$ 9,374

SEE ACCOMPANYING NOTES.

PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(DOLLARS IN THOUSANDS)

NINE MONTHS

JANUARY 2, J
2001

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OPERATING ACTIVITIES

Net income	\$ 16,727	\$
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	8,213	
Amortization of debt issue costs and discount on senior notes	1,111	
Accrued postretirement benefits	--	
ESOP contribution	2,485	
Deferred income taxes	1,069	
Loss on sale of property, plant and equipment	132	
Provision for bad debts	1,130	
Increase in cash surrender value of life insurance	1,384	
Changes in assets and liabilities:		
Accounts receivable	(743)	
Inventories	(38,808)	
Accounts payable and accrued liabilities and expenses	(37,720)	
Non-trade receivable	(1,247)	
Other	(2,230)	

Net cash used in operating activities	(48,497)	

INVESTING ACTIVITIES

Additions to property, plant and equipment	(10,051)	
Proceeds from the sale of property, plant and equipment	16	
Premiums paid on life insurance policies	(1,144)	
Proceeds from redemption of life insurance policies	673	

Net cash used in investing activities	(10,506)	

FINANCING ACTIVITIES

Net borrowings under revolving loan agreements	62,826	
Payments on other debt	(2,150)	
Cash dividend to parent	(4,795)	

Net cash provided by financing activities	55,881	

Effect of exchange rate changes on cash	(6)	

NET DECREASE IN CASH	(3,128)	
Cash at beginning of period	21,660	

CASH AT END OF PERIOD	\$ 18,532	\$
	=====	

SEE ACCOMPANYING NOTES.

PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 2, 2001

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1. BASIS OF PRESENTATION

The Earle M. Jorgensen Company (the "Company") is a wholly owned subsidiary of the Earle M. Jorgensen Holding Company, Inc. ("Holding").

The accompanying unaudited consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries including Earle M. Jorgensen (Canada) Inc. and Stainless Insurance Ltd., a captive insurance subsidiary. All significant intercompany accounts and transactions have been eliminated.

In the opinion of management, the accompanying unaudited consolidated financial statements and related condensed notes have been prepared in accordance with the instructions to Form 10-Q and include all adjustments (consisting of normal recurring accruals) and disclosures considered necessary for a fair presentation of the consolidated financial position of the Earle M. Jorgensen Company at January 2, 2001, the consolidated results of income and comprehensive income for the three months and nine months ended January 2, 2001 and January 4, 2000, and consolidated cash flows for the nine months ended January 2, 2001 and January 4, 2000. The consolidated results of income and comprehensive income for the three months and nine months ended January 2, 2001 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended March 31, 2000.

Certain prior year amounts have been reclassified to conform with the current year presentation.

2. COMPREHENSIVE INCOME

Comprehensive income (loss) included foreign currency translation adjustments of \$73,000 and \$28,000 for the comparative three months and (\$369,000) and \$75,000 for the comparative nine months ended January 2, 2001 and January 4, 2000, respectively.

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PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS: NINE MONTHS ENDED JANUARY 2, 2001 COMPARED TO NINE MONTHS ENDED JANUARY 4, 2000.

REVENUE. Revenues for the first nine months of fiscal 2001 were \$788.8 million, compared to \$669.4 million for the same period in fiscal 2000. Revenues from our domestic operations increased \$115.8 million (18.0%) to \$758.7 million in the first nine months of fiscal 2001 when compared to \$642.9 million for the same period in fiscal 2000. This increase resulted from an 18% increase in tonnage shipped attributable to strong demand of our core products throughout key industries we serve. Revenues from our Canadian operations increased \$3.5 million (13.2%) to \$30.1 million in the first nine months of fiscal 2001 when compared to \$26.6 million for the same period in fiscal 2000 as the result of strong local economic conditions and expansion into new markets.

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GROSS PROFIT. Gross profit for first nine months of fiscal 2001 was \$219.7 million, compared to \$195.2 million for the same period in fiscal 2000. Consolidated gross margin for the first nine months of fiscal 2001 decreased to 27.9% when compared to 29.2% for the same period in fiscal 2000. Gross profit for the fiscal 2001 period included a LIFO credit of \$0.1 million compared to a corresponding LIFO credit of \$4.1 million in the fiscal 2000 period. Gross profit from our Canadian operations was \$7.1 million and gross margin was 23.6% during the first nine months of fiscal 2001, compared to \$6.1 million and 22.9%, respectively, for the same period in fiscal 2000. Exclusive of Canadian operations and LIFO adjustments, our gross margin was 28.0% for the first nine months of fiscal 2001 compared to 28.8% for the same period in fiscal 2000.

EXPENSES. Total operating expenses for the first nine months of fiscal 2001 were \$167.5 million (21.2% of revenues), compared to \$153.7 million (23.0% of revenues) for the same period in fiscal 2000. Excluding losses from the sale of fixed assets, our operating expenses were \$167.4 million during the first nine months of fiscal 2001, compared to \$151.4 million for the same period in fiscal 2000. The higher operating expenses generally reflect variable expenses incurred to support increased tonnage shipped and costs associated with new or expanded facilities.

Warehouse and delivery expenses for the first nine months of fiscal 2001 were \$102.3 million (13.0% of revenues), compared to \$89.8 million (13.4% of revenues) for the same period in fiscal 2000. The fiscal 2001 period included higher compensation, lease, fuel, maintenance, tooling and supplies expenses resulting from increased tonnage shipped and new or expanded facilities. As of January 2, 2001, 1,260 employees were involved in warehouse and delivery activities, compared to 1,135 as of January 4, 2000.

Selling expenses for the first nine months of fiscal 2001 were \$27.5 million (3.5% of revenues), compared to \$24.6 million (3.7% of revenues) for the same period in fiscal 2000. The fiscal 2001 period included higher accruals for incentive compensation based on revenue and gross profit levels.

General and administrative expenses for the first nine months of fiscal 2001, excluding losses from the sale of fixed assets, were \$37.6 million (4.8% of revenues), compared to \$37.0 million (5.5% of revenues) for the same period in fiscal 2000. The fiscal 2001 period included higher accruals for management incentives and lower purchase discounts offset by higher income recognized in connection with life insurance policies. Losses from the sale of fixed assets totaled \$0.1 million and \$2.3 million during the fiscal 2001 and 2000 periods, respectively.

NET INTEREST EXPENSE. Net interest expense was \$34.4 million for the first nine months of fiscal 2001 compared to \$31.4 million in the same period in fiscal 2000. Such amounts include interest and amortization of debt issue costs related to our revolving credit facility ("Revolving Credit Facility"), our 9-1/2% senior notes ("Senior Notes"), our variable rate term loan ("Term Loan") and interest on borrowings against the cash surrender value of certain life insurance policies we maintain.

PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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RESULTS OF OPERATIONS: NINE MONTHS ENDED JANUARY 2, 2001 COMPARED TO NINE MONTHS ENDED JANUARY 4, 2000. (CONTINUED)

Interest expense and amortization of debt issue costs related to the our outstanding indebtedness (excluding those borrowings against the cash surrender value of certain life insurance policies) totaled \$23.9 million for the first nine months of fiscal 2001 compared to \$22.2 million for the same period in fiscal 2000. The average outstanding indebtedness during the fiscal 2001 period was \$328.0 million, compared to \$314.8 million for the same period in fiscal 2000. The weighted-average interest rate on such indebtedness was 9.21% during the first nine months of fiscal 2001 versus 8.40% during the same period in fiscal 2000. During the nine months ended January 2, 2001 and January 4, 2000, borrowings under the Revolving Credit Facility averaged \$114.3 million and \$99.0 million and the average interest rate on such borrowings was 8.63% and 7.22%, respectively. Interest expense on borrowings against the cash surrender value of certain life insurance policies maintained was \$10.5 million for the first nine months of fiscal 2001 period compared to \$9.2 million for the same period in fiscal 2000.

The interest rates on our 9 1/2% Senior Notes and on the borrowings under the life insurance policies are fixed at 9.50% and 11.76%, respectively. The interest rates on our Revolving Credit Facility and Term Loan are floating (8.77% and 9.94%, respectively, as of January 2, 2001).

Pursuant to our interest rate swap agreement with Bankers Trust Company covering a notional amount of \$95.0 million under the Term Loan, we received \$0.5 million during the first nine months of fiscal 2001 versus paying \$0.4 million in interest during the same period in fiscal 2000.

INCOME TAXES. Income tax expense for the first nine months of fiscal 2001 and 2000 included provisions for state and foreign income taxes. Federal tax provisions for the first nine months of fiscal 2001 and 2000 were offset by recognition of tax benefits associated with our loss carryforwards.

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PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS: THREE MONTHS ENDED JANUARY 2, 2001 COMPARED TO THREE MONTHS ENDED JANUARY 4, 2000.

REVENUE. Revenues for the third quarter of fiscal 2001 were \$259.5 million, compared to \$229.2 million for the same period in fiscal 2000. Revenues from our domestic operations increased \$29.8 million (13.6%) to \$249.4 million in the third quarter of fiscal 2001 when compared to \$219.6 million for the same period in fiscal 2000. This increase resulted from a 10% increase in tonnage shipped and was attributable to strong demand of our core products throughout key industries we serve. Revenue from our Canadian operations increased \$0.5 million to \$10.1 million (5.2%) in the third quarter of fiscal 2001 when compared to \$9.6 million in the same period in fiscal 2000 as the result of strong local economic conditions.

GROSS PROFIT. Gross profit for the third quarter of fiscal 2001 was \$72.0 million, compared to \$66.5 million for the same period in fiscal 2000, while

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consolidated gross margins were 27.7% and 29.0%, respectively. Gross profit for the fiscal 2001 period included a LIFO charge of \$0.1 million compared to a corresponding LIFO credit of \$1.6 million in the fiscal 2000 period. Gross profit from our Canadian operations was \$2.3 million and gross margin was 22.8% during the third quarter of fiscal 2001, compared to \$2.1 million and 21.9%, respectively, for the same period in fiscal 2000. Exclusive of our Canadian operations and LIFO adjustments, gross margin decreased to 27.9% for the third quarter of fiscal 2001 when compared to 28.8% for the same period in fiscal 2000 due to changes in product mix and weaker prices.

EXPENSES. Total operating expenses for the third quarter of fiscal 2001 were \$55.8 million (21.5% of revenues), compared to \$53.5 million (23.3% of revenues) for the same period in fiscal 2000. Excluding losses from the sale of fixed assets, our operating expenses were \$55.7 million during the third quarter of fiscal 2001, compared to \$51.3 million for the same period in fiscal 2000. The higher operating expenses generally reflect variable expenses incurred to support increased tonnage shipped and costs associated with new or expanded facilities.

Warehouse and delivery expenses for the third quarter of fiscal 2001 were \$34.9 million (13.4% of revenues), compared to \$30.6 million (13.4% of revenues) for the same period in fiscal 2000. The fiscal 2001 period included higher compensation, lease, fuel, tooling, maintenance and supplies expenses resulting from increased tonnage shipped and new or expanded facilities.

Selling expenses for the third quarter of fiscal 2001 were \$8.4 million (3.2% of revenues), compared to \$8.3 million (3.6% of revenues) for the same period in fiscal 2000.

General and administrative expenses, excluding losses from sale of fixed assets, were \$12.3 million (4.7% of revenues) during the third quarter of 2001 compared to \$12.5 million (5.5% of revenues) for the same period in fiscal 2000. The fiscal 2001 period included higher income recognized in connection with life insurance policies and lower network communication and professional services expenses offset by higher accruals for management incentives and lower purchase discounts. Losses from the sale of fixed assets totaled \$0.1 million and \$2.2 million during the third quarter of fiscal 2001 and 2000, respectively.

NET INTEREST EXPENSE. Net interest expense was \$12.4 million for the third quarter of fiscal 2001 compared to \$11.3 million in the same period in fiscal 2000. Such amounts include interest and amortization of debt issue costs related to our Revolving Credit Facility, our Senior Notes, our Term Loan and interest on borrowings against the cash surrender value of certain life insurance policies we maintain.

Interest expense and amortization of debt issue costs related to the our outstanding indebtedness (excluding those borrowings against the cash surrender value of certain life insurance policies) totaled \$8.8 million for the third quarter of fiscal 2001 compared to \$8.0 million for the same period in fiscal 2000. The average outstanding indebtedness during the third quarter of fiscal 2001 was \$347.9 million, compared to \$320.0 million for the same period in fiscal 2000. The weighted average interest rate on such indebtedness was 9.26% during the third quarter of fiscal 2001 versus 8.91% during the same period in fiscal 2000. During the three months ended January 2, 2001 and January 4, 2000, borrowings under the Revolving Credit Facility averaged \$135.1 million and \$104.7 million and the average interest rate on such borrowings was 8.80% and 7.55%, respectively.

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PART I - FINANCIAL INFORMATION (CONTINUED)

EARLE M. JORGENSEN COMPANY MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS: THREE MONTHS ENDED JANUARY 2, 2001 COMPARED TO THREE MONTHS ENDED JANUARY 4, 2000. (CONTINUED)

Interest expense on borrowings against the cash surrender value of certain life insurance policies maintained was \$3.6 million during the third quarter of fiscal 2001 period compared to \$3.2 million for the same period in fiscal 2000.

Pursuant to our interest rate swap agreement, we received \$0.2 million from Bankers Trust Company during the three months ended January 2, 2001, versus paying Bankers Trust Company \$0.1 million for the same period in fiscal 2000.

INCOME TAXES. Income tax expense for the third quarter of fiscal 2001 and 2000 included provisions for state and foreign income taxes. Federal tax provisions for the third quarter of fiscal 2001 and 2000 were offset by recognition of tax benefits associated with our loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

Working capital increased to \$237.9 million at January 2, 2001 from \$165.1 million at March 31, 2000 primarily as the result of higher inventories. Our primary cash flows during the first nine months of fiscal 2001 consisted of funds provided by borrowings under our Revolving Credit Facility totalling \$62.8 million, while the primary uses of cash consisted of: (i) cash used in operations, \$48.5 million; (ii) capital expenditures, \$10.1 million; and (iii) dividends to Holding, \$4.8 million.

Cash used in operating activities was \$48.5 million during the first nine months of fiscal 2001 compared to \$11.7 million for the same period of fiscal 2000. The increase primarily resulted from maintaining higher levels of inventory in respect to higher revenues and the timing of payments to vendors.

For fiscal 2001, we have planned approximately \$14.0 million of capital expenditures to be financed from internally generated funds. Approximately \$11.3 million is for routine replacement of machinery and equipment and facility improvements and expansions, and \$2.7 million is for further additions to our management information systems. During the first nine months of fiscal 2001, we spent \$10.1 million for planned capital expenditures.

During the first nine months of fiscal 2001, we redeemed \$4.8 million of our capital stock from retiring and terminated employees, as required by the terms of our ESOP and by Holding's Stockholders' Agreement. We expect that such redemptions for fiscal 2001 will be lower than those paid in fiscal 2000, although the amount or timing of such expenditures is not within our control and there can be no assurance in this regard.

Our cash requirements for debt service and related obligations through the end of fiscal 2001 are expected to consist primarily of interest payments under the Revolving Credit Facility, interest and principal payments on the Term Loan, interest payments on the 9 1/2% Senior Notes, dividend payments to Holding in connection with the required repurchase of its capital stock from departing stockholders pursuant to Holding's Stockholders' Agreement and the ESOP, capital expenditures and principal and interest payments on our industrial revenue bonds. As of January 2, 2001, principal payments required by our outstanding

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industrial revenue bond indebtedness amount to \$1.4 million in fiscal years 2002 through 2004 and \$6.2 million in the aggregate thereafter through 2010. We will not be required to make any principal payments on our Senior Notes until 2005. Our Revolving Credit Facility will mature in 2003 and our Term Loan will mature in 2004. The Term Loan requires principal payments to be made in equal quarterly installments of \$250,000. The final installment due at maturity will repay in full all outstanding principal. As of January 2, 2001, we were in compliance with all covenants under the Revolving Credit Facility, the Term Loan and the Senior Notes. Although compliance with such covenants in the future is largely dependent on our future performance and general economic conditions, for which there can be no assurance, we expect to be in compliance with all of our debt covenants for the foreseeable future.

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PART I - FINANCIAL INFORMATION (CONTINUED)
EARLE M. JORGENSEN COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES (continued)

At January 2, 2001, our primary sources of liquidity were available borrowings of \$76.1 million under the Revolving Credit Facility, available borrowings of approximately \$2.6 million against certain life insurance policies and internally generated funds. Borrowings under our Revolving Credit Facility are secured by domestic inventory and accounts receivable, and future availability is determined by prevailing levels of those assets. Our Term Loan is secured by a first priority lien on a substantial portion of current and future acquired unencumbered property, plant and equipment. The life insurance policy loans are secured by the cash surrender value of the policies, are non-recourse, and bear interest at a rate 0.5% greater than the dividend income rate on the policies. For the first nine months of fiscal 2001, dividend income earned under the policies totaled \$10.1 million, compared to \$8.9 million for the same period in fiscal 2000 and is reported as an offset to general and administrative expenses in the accompanying statements of operations. As of January 2, 2001, there was approximately \$22.0 million of cash surrender value in the life insurance policies we maintain, net of borrowings.

We believe our sources of liquidity and capital resources are sufficient to meet all currently anticipated operating cash requirements, including debt service payments on the Revolving Credit Facility, the Term Loan and the Senior Notes prior to their maturities in 2003, 2004 and 2005, respectively; however, we anticipate that it will be necessary to replace or to refinance all or a portion of the Revolving Credit Facility, the Term Loan and the Senior Notes prior to their respective maturities, although there can be no assurance on what terms, if any, we would be able to obtain such refinancing or additional financing. Our ability to make interest payments on the Revolving Credit Facility and the Senior Notes and principal and interest payments on the Term Loan will be dependent on maintaining the level of performance reflected in the last twelve months, which will be dependent on a number of factors, many of which are beyond our control, and the continued availability of revolving credit borrowings.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

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(a) EXHIBITS

None.

(b) REPORTS ON FORM 8-K

The Registrant was not required to file a Form 8-K during the quarter ended January 2, 2001.

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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.

EARLE M. JORGENSEN COMPANY

/s/ Maurice S. Nelson, Jr.

Date: February 12, 2001

Maurice S. Nelson, Jr.
President, Chief Executive Officer

/s/ William S. Johnson

Date: February 12, 2001

William S. Johnson
Vice President, Chief Financial Officer
and Secretary (Principal Financial and
Accounting Officer)

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