

STEEL DYNAMICS INC  
Form 10-Q  
August 08, 2007

**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 quarterly period ended June 30, 2007**

**OR**

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

Commission File Number **0-21719**

**Steel Dynamics, Inc.**

(Exact name of registrant as specified in its charter)

**Indiana**

(State or other jurisdiction of incorporation or organization)

**35-1929476**

(I.R.S. Employer Identification No.)

**6714 Pointe Inverness Way, Suite 200, Fort Wayne, IN**  
(Address of principal executive offices)

**46804**  
(Zip Code)

Registrant's telephone number, including area code: **(260) 459-3553**

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 by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (see definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act).

(Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 6, 2007, Registrant had 90,669,612 outstanding shares of Common Stock.



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STEEL DYNAMICS, INC.  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)

	<b>June 30, 2007 (Unaudited)</b>	<b>December 31, 2006</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 12,212	\$ 29,373
Accounts receivable, net	399,699	355,011
Accounts receivable-related parties	42,425	53,365
Inventories	726,236	569,317
Deferred taxes	14,488	13,964
Other current assets	31,493	15,167
<b>Total current assets</b>	<b>1,226,553</b>	<b>1,036,197</b>
Property, plant and equipment, net	1,249,178	1,136,703
Restricted cash	6,592	5,702
Intangible assets	14,110	12,226
Goodwill	48,490	30,966
Other assets	30,963	25,223
<b>Total assets</b>	<b>\$ 2,575,886</b>	<b>\$ 2,247,017</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 212,239	\$ 145,938
Accounts payable-related parties	6,079	2,004
Income taxes payable	26,365	30,497
Accrued profit sharing	27,619	46,341
Accrued expenses	92,401	94,024
Senior secured revolving credit facility	215,000	80,000
Current maturities of long-term debt	699	686
<b>Total current liabilities</b>	<b>580,402</b>	<b>399,490</b>
<b>Long-term debt</b>		
9½% senior unsecured notes		300,000
6¾% senior unsecured notes	500,000	
Subordinated convertible 4.0% notes	37,500	37,500
Other long-term debt	16,750	16,920
Unamortized bond premium		3,772
	554,250	358,192
Deferred taxes	256,210	256,803
Minority interest	869	1,424
<b>Stockholders equity</b>		
Common stock voting, \$.005 par value; 200,000,000 shares authorized; 108,408,426 and 107,865,486 shares issued, and 91,923,320 and 96,983,303 shares outstanding, as of June 30, 2007 and December 31, 2006, respectively	540	537
Treasury stock, at cost; 16,485,106 and 10,882,183 shares, at June 30, 2007 and December 31, 2006, respectively	(464,405)	(230,472)
Additional paid-in capital	386,935	367,772

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Retained earnings	1,261,085	1,093,271
Total stockholders' equity	1,184,155	1,231,108
Total liabilities and stockholders' equity	\$ 2,575,886	\$ 2,247,017

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.  
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)  
(in thousands, except per share data)

	Three Months Ended June 30, 2007		Six Months Ended June 30, 2007	
		2006		2006
Net sales				
Unrelated parties	\$ 850,443	\$ 758,186	\$ 1,675,037	\$ 1,366,804
Related parties	60,805	63,061	101,885	120,321
Total net sales	911,248	821,247	1,776,922	1,487,125
Costs of goods sold	694,666	624,692	1,343,937	1,131,083
Gross profit	216,582	196,555	432,985	356,042
Selling, general and administrative expenses	48,922	42,407	94,015	70,782
Operating income	167,660	154,148	338,970	285,260
Interest expense	7,198	8,025	14,444	16,161
Other (income) expense, net	11,523	(1,275)	10,807	(1,956)
Income before income taxes	148,939	147,398	313,719	271,055
Income taxes	54,997	50,529	117,613	98,137
Net income	\$ 93,942	\$ 96,869	\$ 196,106	\$ 172,918
Basic earnings per share	\$ 1.01	\$ 1.00	\$ 2.07	\$ 1.88
Weighted average common shares outstanding	93,429	96,461	94,873	91,747
Diluted earnings per share, including effect of assumed conversions	\$ .95	\$ .89	\$ 1.96	\$ 1.65
Weighted average common shares and share equivalents outstanding	98,781	110,037	100,209	105,507
Dividends declared per share	\$ .15	\$ .10	\$ .30	\$ .20

See notes to consolidated financial statements.

STEEL DYNAMICS, INC.  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(in thousands)

	Three Months Ended June 30, 2007		Six Months Ended June 30, 2007	
	2007	2006	2007	2006
<b>Operating activities:</b>				
Net income	\$ 93,942	\$ 96,869	\$ 196,106	\$ 172,918
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	32,978	32,181	62,244	56,676
Unamortized bond premium	(3,350 )	422	(3,350 )	844
Equity-based compensation	2,132	1,744	4,401	3,157
Deferred income taxes	(796 )	(5,862 )	(1,118 )	(5,734 )
(Gain) loss on disposal of property, plant and equipment	86	(58 )	80	(11 )
Minority interest	(173 )	389	(555 )	628
Changes in certain assets and liabilities:				
Accounts receivable	(20,146 )	(10,797 )	(33,748 )	(29,984 )
Inventories	(96,824 )	(30,993 )	(153,726 )	(13,814 )
Other assets	(17,703 )	(11,166 )	(18,499 )	(8,148 )
Accounts payable	(6,532 )	(29,446 )	70,810	(7,383 )
Income taxes payable	(58,982 )	(30,852 )	(4,132 )	7,163
Accrued expenses	25,101	11,417	(20,345 )	(15,019 )
Net cash provided by (used in) operating activities	(50,267 )	23,848	98,168	161,293
<b>Investing activities:</b>				
Purchase of property, plant and equipment	(101,981 )	(34,123 )	(155,910 )	(48,708 )
Acquisition of business, net of cash acquired	(38,219 )	(89,106 )	(38,219 )	(89,106 )
Maturities of short-term investments		4,700		14,075
Purchases of short-term investments				(14,075 )
Other investing activities	61	241	(162 )	241
Net cash used in investing activities	(140,139 )	(118,288 )	(194,291 )	(137,573 )
<b>Financing activities:</b>				
Issuance of long-term debt	852,000		997,000	
Repayment of long-term debt	(532,079 )	(45,488 )	(662,157 )	(47,146 )
Issuance of common stock (net of expenses) and proceeds and tax benefits from exercise of stock options	8,960	6,790	16,146	24,199
Issuance (purchase) of treasury stock	(132,429 )	193	(235,314 )	788
Dividends paid	(14,178 )	(8,812 )	(28,725 )	(13,131 )
Debt issuance costs	(7,988 )		(7,988 )	
Net cash provided by (used in) financing activities	174,286	(47,317 )	78,962	(35,290 )
Decrease in cash and equivalents	(16,120 )	(141,757 )	(17,161 )	(11,570 )
Cash and equivalents at beginning of period	28,332	195,705	29,373	65,518
Cash and equivalents at end of period	\$ 12,212	\$ 53,948	\$ 12,212	\$ 53,948
<b>Supplemental disclosure information:</b>				
Cash paid for interest	\$ 2,019	\$ 2,171	\$ 18,358	\$ 16,439
Cash paid for federal and state income taxes	\$ 131,817	\$ 94,365	\$ 132,285	\$ 95,541

See notes to consolidated financial statements.





STEEL DYNAMICS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

**Note 1. Summary of Accounting Policies and Recent Accounting Pronouncements**

*Principles of Consolidation.* The consolidated financial statements include the accounts of Steel Dynamics, Inc. (SDI), together with its subsidiaries after elimination of significant intercompany accounts and transactions. Minority interest represents the minority shareholders' proportionate share in the equity or income of the company's consolidated subsidiaries.

The company has three reporting segments: steel, steel fabrication, and steel scrap and scrap substitute operations. Steel operations are comprised of the company's five steelmaking mini-mills; steel fabrication operations are comprised of the company's five joist and deck manufacturing plants; and steel scrap and scrap substitute operations are comprised of the company's various scrap collection and processing sites.

Roanoke Electric Steel Corporation (Roanoke Electric) operating results have been reflected in the company's financial statements since April 12, 2006, the effective date of the merger. The following unaudited pro forma information is presented below as if the merger was completed as of January 1, 2006 (in thousands, except per share amounts):

	<b>Three Months Ended June 30, 2006</b>	<b>Six Months Ended June 30, 2006</b>
Net sales	\$ 821,247	\$ 1,636,357
Net income	100,187	181,819
Basic earnings per share	1.03	1.88
Diluted earnings per share	.91	1.66

The information presented above is for information purposes only and is not necessarily indicative of the actual results that would have occurred had the merger been consummated at January 1, 2006, nor is it necessarily indicative of future operating results of the combined companies under the ownership and management of the company. The three-month pro forma results reflect Roanoke Electric operations for the period between the effective date of the merger and June 30, 2006, and the six-month pro forma results reflect Roanoke Electric operations for that same period in addition to operations for the three-month period ended January 31, 2006.

*Uncertain Tax Positions.* In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 (FIN 48), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. FIN 48 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. The company adopted the provisions of FIN 48 on January 1, 2007. The implementation of FIN 48 did not have a significant impact on the company's financial position or results of operations.

As of January 1, 2007, the company had unrecognized tax benefits of \$24.0 million including accrued interest and penalties. There has been no significant change in the unrecognized tax benefits during the six months ended June 30, 2007. If recognized, the effective tax rate would be affected by the unrecognized tax benefits. The company recognizes interest and penalties related to its tax contingencies on a net-of-tax basis in income tax expense. The company's January 1, 2007 tax contingencies included \$1.7 million of interest and penalties.

The company files U.S. federal income tax returns as well as income tax returns in various state jurisdictions. The company is currently under examination by the Internal Revenue Service (IRS) for calendar years 1997 through 2001 and it expects this audit to be completed by the end of 2007. The company may be subject to examination by the IRS for calendar years 2003 through 2006. The company is currently under examination by the state of Indiana for calendar years 2000 through 2005. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next twelve months as a result of these audits. Based on the current audits in process, the payment of taxes as a result of audit settlements could be from zero to \$24.0 million during the next twelve months. For other major state tax jurisdictions, the company is no longer subject to state and local tax examinations by tax authorities for years before 2003.

*Use of Estimates.* These financial statements are prepared in conformity with accounting principles generally accepted in the United States and, accordingly, include amounts that require management to make estimates and assumptions that affect the amounts reported in the financial statements and in the notes thereto. Significant items subject to such

estimates and assumptions include the carrying value of property, plant and equipment, intangible assets, and goodwill; valuation allowances for trade receivables, inventories and deferred income tax assets; potential environmental liabilities, litigation claims and settlements. Actual results may differ from these estimates and assumptions.

In the opinion of management, these financial statements reflect all normal recurring adjustments necessary for a fair presentation of the interim period results. These financial statements and notes should be read in conjunction with the audited financial statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2006.

**Note 2. Elizabethton Herb & Metal**

The company purchased the property, plant and equipment and the inventory of Elizabethton Herb & Metal, Inc. (Elizabethton) on April 1, 2007. Elizabethton consists of two scrap processing yards located in Elizabethton and Johnson City, Tennessee. The two yards process approximately 225,000 tons of ferrous scrap annually. Elizabethton supplied the company's Roanoke Bar Division with a portion of its steel scrap requirements before the purchase and is expected to continue to do so. In addition, Elizabethton may provide ferrous scrap to the company's other steel operations. The company purchased Elizabethton in an effort to continue to control more of its raw material needs for its steelmaking operations. The operating results of Elizabethton will be included in the company's steel scrap and scrap substitute segment.

**Note 3. Financing Activities**

*Senior Note Issuance.* On April 3, 2007, the company issued \$500 million of 6¾% Senior Notes due 2015 (6¾% Notes). The net proceeds from the 6¾% Notes were used to redeem the company's existing \$300 million 9½% Senior Unsecured Notes due 2009 (9½% Notes) at a redemption price of 102.375% on May 3, 2007, to repay amounts outstanding under the company's senior secured revolving credit facility and for general corporate purposes, including capital expenditures. In connection with the redemption of the 9½% Notes, the company also terminated its underlying \$200 million fair-value interest rate swap at an after-tax cost of \$3.1 million, which was recognized as a loss on hedging activities during the second quarter of 2007. In addition, the company incurred after-tax expense of approximately \$4.5 million related to the redemption premium, an after-tax benefit of approximately \$2.1 million related to the recognition of the remaining unamortized bond premium, and an after-tax expense of approximately \$1.4 million related to the write-off of previously capitalized financing costs.

*Revolving Credit Facility.* On June 19, 2007 the company amended, restated and expanded its existing senior secured revolving credit facility from the prior \$350 million level to a renewed 5-year \$750 million facility. Subject to certain conditions, the company has the opportunity to increase the facility by an additional \$350 million. The amended facility is guaranteed by certain of the company's subsidiaries and is secured by substantially all of its accounts receivable and inventories. The proceeds of the revolver are available to fund working capital, capital expenditures, acquisitions, share repurchases and other general corporate purposes. The amended credit agreement contains financial covenants and other covenants that limit or restrict the company's ability to permit liens on its property, incur indebtedness, enter into mergers, acquisition or consolidations, conduct asset sales, make restricted payments or investments or enter into other specified transactions or activities.

**Note 4. Subsequent Events**

*The Techs Purchase.* The company completed its acquisition of The Techs, a Pennsylvania-based flat-rolled steel galvanizing company,

on July 2, 2007. The company paid approximately \$370 million for The Techs, which was funded from the company's existing senior secured revolving credit facility. The Techs consist of three non-union galvanizing facilities: GalvTech, MetalTech and NexTech. Each facility specializes in the galvanizing of specific types of flat-rolled steels in non-automotive applications, servicing a variety of customers in the HVAC, commercial construction and consumer goods markets. In 2006, The Techs shipped approximately 958,000 tons of galvanized steel and generated revenues of approximately \$831 million. Beginning July 2, 2007, The Techs will be reflected in the company's steel operations segment.

**Note 5. Earnings Per Share**

The company computes and presents earnings per common share in accordance with FASB Statement No. 128, Earnings Per Share. Basic earnings per share is based on the weighted average shares of common stock outstanding during the period. Diluted earnings per share assumes, in addition to the above, the weighted average dilutive effect of common share equivalents outstanding during the period. Common share equivalents represent dilutive stock options and dilutive shares related to the company's convertible subordinated debt and are excluded from the computation in periods in which they have an anti-dilutive effect.

The following table presents a reconciliation of the numerators and the denominators of the company's basic and diluted earnings per share computations for net income for the three- and six-month periods ended June 30 (in thousands, except per share data):

	Three Months Ended 2007			2006		
	Net Income (Numerator)	Shares (Denominator)	Per Share Amount	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per share	\$ 93,942	93,429	\$ 1.01	\$ 96,869	96,461	\$ 1.00
Dilutive stock option effect		941			898	

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Subordinated convertible 4.0% notes	214	4,411		609	12,678	
Diluted earnings per share	\$ 94,156	98,781	\$ .95	\$ 97,478	110,037	\$ .89

	Six Months Ended 2007			2006		
	Net Income (Numerator)	Shares (Denominator)	Per Share Amount	Net Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic earnings per share	\$ 196,106	94,873	\$ 2.07	\$ 172,918	91,747	\$ 1.88
Dilutive stock option effect		925			884	
Subordinated convertible 4.0% notes	428	4,411		1,274	12,876	
Diluted earnings per share	\$ 196,534	100,209	\$ 1.96	\$ 174,192	105,507	\$ 1.65

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**Note 6. Inventories**

Inventories are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis. Inventory consisted of the following (in thousands):

	<b>June 30, 2007</b>	<b>December 31, 2006</b>
Raw materials	\$ 348,598	\$ 243,770
Supplies	147,279	130,373
Work-in-progress	81,148	54,555
Finished goods	149,211	140,619
Total inventories	\$ 726,236	\$ 569,317

**Note 7. Segment Information**

The company has three segments: steel operations, steel fabrication operations and steel scrap and scrap substitute operations.

Steel operations include the company's Flat Roll Division, Structural and Rail Division, Engineered Bar Products Division, Roanoke Bar Division and Steel of West Virginia operations. These operations consist of mini-mills, producing steel from steel scrap, using electric arc furnaces, continuous casting and automated rolling mills.

Steel fabrication operations include the company's five New Millennium Building System's plants located in Butler, Indiana; Continental, Ohio; Salem, Virginia; Florence, South Carolina; and Lake City, Florida. Revenues from these plants are generated from the fabrication of trusses, girders, steel joists and steel decking. Prior to April 2006, the revenues associated with these operations were included in All Other, as the operations were below the quantitative thresholds required for reportable segments. Accordingly, the company has reclassified these revenues from prior periods to conform to the current presentation.

The steel scrap and scrap substitute operations include the revenues and expenses associated with the company's steel scrap collection and processing locations and from the company's scrap substitute manufacturing facility, Iron Dynamics.

Revenues included in the category All Other are from a subsidiary operation that is below the quantitative thresholds required for reportable segments. These revenues are from the further processing and resale of certain secondary and excess flat rolled steel products. In addition, All Other also includes certain unallocated corporate accounts, such as the company's senior secured credit facilities, senior unsecured notes, convertible subordinated notes, certain other investments and profit sharing expenses.

The company's operations are organized and managed as operating segments. Operating segment performance and resource allocations are primarily based on operating results before income taxes. The accounting policies of the reportable segments are consistent with those described in Note 1 to the financial statements. Refer to the company's Annual Report on Form 10-K for the year ended December 31, 2006, for more information related to the company's segment reporting. Inter-segment sales and any related profits are eliminated in consolidation.

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The company's segment results for the three and six-month periods ended June 30 are as follows (in thousands):

	Three Months Ended		Six Months Ended	
	2007	2006	2007	2006
<b>Steel Operations</b>				
Net sales				
External	\$ 792,928	\$ 733,532	\$ 1,556,684	\$ 1,338,487
Other segments	65,339	62,873	131,158	90,922
Operating income	176,936	169,403	363,756	315,876
Assets	1,984,711	1,778,855	1,984,711	1,778,855
<b>Steel Fabrication Operations</b>				
Net sales				
External	\$ 86,605	\$ 66,969	\$ 164,982	\$ 107,820
Other segments	5,430	1,097	10,276	1,117
Operating income (loss)	7,017	(2,608)	12,137	620
Assets	215,808	160,245	215,808	160,245
<b>Steel Scrap and Scrap Substitute Operations</b>				
Net sales				
External	\$ 15,682	\$ 3,572	\$ 18,864	\$ 3,572
Other segments	42,110	25,118	71,977	36,370
Operating income (loss)	4,672	2,316	6,396	(4,249)
Assets	171,272	135,530	171,272	135,530
<b>All Other</b>				
Net sales				
External	\$ 16,033	\$ 17,173	\$ 36,392	\$ 37,246
Other segments	401	220	619	439
Operating loss	(23,563)	(13,743)	(45,658)	(26,833)
Assets	288,871	425,239	288,871	425,239
<b>Eliminations</b>				
Net sales				
External	\$	\$	\$	\$
Other segments	(113,280)	(89,307)	(214,030)	(128,848)
Operating income (loss)	2,598	(1,220)	2,339	(153)
Assets	(84,776)	(335,396)	(84,776)	(335,396)
<b>Consolidated</b>				
Net sales	\$ 911,248	\$ 821,247	\$ 1,776,922	\$ 1,487,125
Operating income	167,660	154,148	338,970	285,260
Assets	2,575,886	2,164,473	2,575,886	2,164,473
Net sales to non-US companies	58,963	19,967	97,672	35,679

**Note 8. Condensed Consolidating Information**

Certain 100%-owned subsidiaries of SDI have fully and unconditionally guaranteed all of the indebtedness relating to the issuance of \$500.0 million of senior notes due April 2015. Following are condensed consolidating financial statements of the company, including the guarantors. The following condensed consolidating financial statements present the financial position, results of operations and cash flows of (i) SDI (in each case, reflecting investments in its consolidated subsidiaries under the equity method of accounting), (ii) the guarantor subsidiaries of SDI, (iii) the non-guarantor subsidiaries of SDI, and (iv) the eliminations necessary to arrive at the information for the company on a consolidated basis. The following condensed consolidating financial statements (presented dollars in thousands) should be read in conjunction with the accompanying consolidated financial statements and the company's Annual Report on Form 10-K for the year ended December 31, 2006.

**Condensed Consolidating Balance Sheets**

As of June 30, 2007	Parent	Guarantors	Combined Non-Guarantors	Consolidating Adjustments	Total Consolidated
Cash	\$ 3,304	\$ 8,050	\$ 858	\$	\$ 12,212
Accounts receivable	295,657	319,032	7,993	(180,558)	442,124
Inventories	563,207	159,197	11,929	(8,097)	726,236
Other current assets	44,376	1,323	325	(43)	45,981
Total current assets	906,544	487,602	21,105	(188,698)	1,226,553
Property, plant and equipment, net	1,016,112	225,216	7,850		1,249,178
Other assets	437,088	88,340	399	(425,672)	100,155
Total assets	\$ 2,359,744	\$ 801,158	\$ 29,354	\$ (614,370)	\$ 2,575,886
Accounts payable	\$ 215,714	\$ 36,361	\$ 8,298	\$ (15,690)	\$ 244,683
Accrued expenses	88,281	31,876	714	(851)	120,020
Current maturities of long-term debt	215,677	23	8,107	(8,108)	215,699
Total current liabilities	519,672	68,260	17,119	(24,649)	580,402
Other liabilities	113,744	426,378	3,384	(287,296)	256,210
Long-term debt	554,118	132	3,649	(3,649)	554,250
Minority interest	(264)	)		1,133	869
Common stock	540	19,753	7,746	(27,499)	540
Treasury stock	(464,405)	(818)	)	818	(464,405)
Additional paid in capital	386,935	117,753		(117,753)	386,935
Retained earnings	1,249,404	169,700	(2,544)	(155,475)	1,261,085
Total stockholders' equity	1,172,474	306,388	5,202	(299,909)	1,184,155
Total liabilities and stockholders' equity	\$ 2,359,744	\$ 801,158	\$ 29,354	\$ (614,370)	\$ 2,575,886

As of December 31, 2006	Parent	Guarantors	Combined Non-Guarantors	Consolidating Adjustments	Total Consolidated
Cash	\$ 15,571	\$ 12,610	\$ 1,192	\$	\$ 29,373
Accounts receivable	291,521	282,152	5,425	(170,722)	408,376
Inventories	419,519	148,958	11,336	(10,496)	569,317
Other current assets	28,041	877	263	(50)	29,131
Total current assets	754,652	444,597	18,216	(181,268)	1,036,197
Property, plant and equipment, net	947,745	181,999	7,076	(117)	1,136,703
Other assets	164,955	114,612	398	(205,848)	74,117
Total assets	\$ 1,867,352	\$ 741,208	\$ 25,690	\$ (387,233)	\$ 2,247,017
Accounts payable	\$ 142,593	\$ 37,952	\$ 4,490	\$ (6,596)	\$ 178,439
Accrued expenses	108,453	28,927	935	2,050	140,365
Current maturities of long-term debt	80,665	22	7,907	(7,908)	80,686
Total current liabilities	331,711	66,901	13,332	(12,454)	399,490
Other liabilities	(31,435)	) 360,422	3,498	(75,682)	256,803
Long-term debt	358,049	143	1,837	(1,837)	358,192
Minority interest	(98)	)		1,522	1,424

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Common stock	537	10,745	7,946	(18,691	) 537	
Treasury stock	(230,472	)			(230,472	)
Additional paid in capital	367,772	116,868		(116,868	) 367,772	
Retained earnings	1,071,288	186,129	(923	) (163,223	) 1,093,271	
Total stockholders equity	1,209,125	313,742	7,023	(298,782	) 1,231,108	
Total liabilities and stockholders equity	\$ 1,867,352	\$ 741,208	\$ 25,690	\$ (387,233	) \$ 2,247,017	

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**Condensed Consolidating Statements of Income**

<b>For the three months ended, June 30, 2007</b>	<b>Parent</b>	<b>Guarantors</b>	<b>Combined Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
Net sales	\$ 700,196	\$ 938,455	\$ 16,434	\$ (743,837 )	\$ 911,248
Costs of goods sold	542,329	875,340	15,892	(738,895 )	694,666
Gross profit	157,867	63,115	542	(4,942 )	216,582
Selling, general and administrative	31,971	18,130	1,114	(2,293 )	48,922
Operating income (loss)	125,896	44,985	(572 )	(2,649 )	167,660
Interest expense	5,140	2,011	182	(135 )	7,198
Other (income) expense, net	60,759	(49,387 )	(15 )	166	11,523
Income (loss) before income taxes and equity in net income of subsidiaries	59,997	92,361	(739 )	(2,680 )	148,939
Income taxes	22,122	33,291	(128 )	(288 )	54,997
Equity in net income of subsidiaries	58,459			(58,459 )	
Net income (loss)	\$ 96,334	\$ 59,070	\$ (611 )	\$ (60,851 )	\$ 93,942

<b>For the three months ended, June 30, 2006</b>	<b>Parent</b>	<b>Guarantors</b>	<b>Combined Non-Guarantors</b>	<b>Consolidating Adjustments</b>	<b>Total Consolidated</b>
Net sales	\$ 651,295	\$ 842,542	\$ 17,394	\$ (689,984 )	\$ 821,247
Costs of goods sold	487,296	804,993	15,148	(682,745 )	624,692
Gross profit	163,999	37,549	2,246	(7,239 )	196,555
Selling, general and administrative	23,653				