INTERNATIONAL WIRE GROUP INC
Form 10-Q
August 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30 , 2003

OR

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

For the transition period from to

33-93970
(Commission File Number)

INTERNATIONAL WIRE GROUP, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

43-1705942
(I.R.S. Employer Identification No.)

101 SOUTH HANLEY ROAD
ST. LOUIS, MO 63105
(314) 719-1000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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 [X] NO [ ]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES [ ] NO [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 1,000 shares, par value $.01 per share.

INTERNATIONAL WIRE GROUP, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

INTERNATIONAL WIRE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 2003 (Unaudited)	DECEMBER 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 39,918	$ 2,546
Accounts receivable, less allowance of $7,316 and $7,080	63,148	58,690
Inventories	56,782	61,044
Restricted cash.......................................	15,681	--
Prepaid expenses and other	10,715	10,880
Total current assets	186,244	133,160

Property, plant and equipment, net	120,142	126,486
Goodwill	89,390	89,390
Other intangible assets	4,536	5,028
Deferred financing costs, net	4,985	4,800
Restricted cash	11,483	--
Other assets	6,743	4,646
Total assets	$ 423,523	$ 363,510
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Current maturities of long-term obligations	$ 16,529	$ 10,133
Accounts payable	27,785	23,776
Accrued and other liabilities	15,664	12,313
Accrued payroll and payroll related items	1,939	3,220
Customers' deposits	14,215	14,416
Accrued interest	3,738	3,003
Total current liabilities	79,870	66,861
Long-term obligations, less current maturities	389,233	325,388
Other long-term liabilities	23,120	23,614
Total liabilities	492,223	415,863
Stockholder's deficit:		
Common stock, $.01 par value, 1,000 shares authorized, issued and outstanding	0	0
Contributed capital	236,331	236,331
Carryover of predecessor basis	(67,762)	(67,762)
Accumulated deficit	(238,940)	(220,791)
Accumulated other comprehensive income (loss)	1,671	(131)
Total stockholder's deficit	(68,700)	(52,353)
Total liabilities and stockholder's deficit	$ 423,523	$ 363,510

See accompanying notes to the consolidated financial statements.

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INTERNATIONAL WIRE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS)
(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE	
	2003	2002	2003	
Net sales	$ 91,327	$ 107,579	$ 191,424	$
Operating expenses:				

Cost of goods sold	75,096	84,706	155,999
Selling, general and administrative expenses	6,467	8,636	14,007
Depreciation	5,965	6,245	11,895
Amortization	910	755	1,791
Impairment and plant closing charges	520	--	520
Operating income	2,369	7,237	7,212
Other income (expense):			
Interest expense	(9,918)	(9,034)	(18,895)
Amortization of deferred financing costs ...	(2,795)	(534)	(3,350)
Other, net	35	--	72
Loss from continuing operations before income tax provision (benefit) and change in accounting principle	(10,309)	(2,331)	(14,961)
Income tax provision (benefit)	87	(557)	188
Loss from continuing operations before change in accounting principle	(10,396)	(1,774)	(15,149)
Loss from discontinued operations	(3,000)	--	(3,000)
Loss before change in accounting principle ...	(13,396)	(1,744)	(18,149)
Change in accounting for goodwill, net of $19,408 tax benefit	--	--	--
Net loss	$ (13,396)	$ (1,774)	$ (18,149)

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(Unaudited)

	SIX MONTHS ENDED JUNE 30,	
	2003	2002
Cash flows provided by (used in) operating activities:		
Net loss	$(18,149)	$(57,605)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	11,895	12,366
Amortization	1,791	1,487
Amortization of deferred financing costs	3,350	1,066
Provision for doubtful accounts	432	1,295
Change in accounting for goodwill	--	54,504
Discontinued operations	3,000	--
Fixed asset impairment	469	--
Change in assets and liabilities:		
Accounts receivable	(4,010)	(12,044)
Inventories	4,750	962

Prepaid expenses and other	(745)	(2,417)
Accounts payable	3,656	2,752
Accrued and other liabilities	769	(2,880)
Accrued payroll and payroll related items	(1,281)	(142)
Customers' deposits	(201)	(240)
Accrued interest	(87)	(616)
Other long-term liabilities	(513)	(1,569)
Net cash provided by (used in) continuing operations	5,126	(3,081)
Net cash provided by (used in) discontinued operations	(3,146)	412
Net cash provided by (used in) operating activities	1,980	(2,669)
Cash flows used in investing activities:		
Capital expenditures by continuing operations	(5,465)	(5,878)
Net cash used in investing activities	(5,465)	(5,878)
Cash flows provided by (used in) financing activities:		
Borrowings of long-term obligations	78,770	6,548
Repayment of borrowings	(7,707)	--
Restricted cash	(27,164)	--
Financing fees	(3,535)	--
Net cash provided by financing activities	40,364	6,548
Effects of exchange rate changes on cash and cash equivalents	493	(139)
Net change in cash and cash equivalents	37,372	(2,138)
Cash and cash equivalents at beginning of the period	2,546	8,017
Cash and cash equivalents at end of the period	$ 39,918	$ 5,879

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS)
(Unaudited)

1. BASIS OF PRESENTATION

Unaudited Interim Consolidated Financial Statements

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations of International Wire Group, Inc. (the "Company"). The results for the three and six months ended June 30, 2003 are not necessarily indicative of the results that may be expected for a full fiscal year. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on

Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2002.

Recently Issued Accounting Standards

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," ("VIEs"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to improve financial reporting of special purpose and other entities. In accordance with the interpretation, business enterprises that represent the primary beneficiary of another entity by retaining a controlling financial interest in that entity's assets, liabilities, and results of operating activities must consolidate the entity in their financial statements. Prior to the issuance of FIN 46, consolidation generally occurred when an enterprise controlled another entity through voting interests. Certain VIEs that are qualifying special purpose entities ("QSPEs") subject to the reporting requirements of SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," will not be required to be consolidated under the provisions of FIN 46. The consolidation provisions of FIN 46 apply to VIEs created or entered into after January 31, 2003, and for pre-existing VIEs in the first reporting period beginning after June 15, 2003. If applicable, transition rules allow the restatement of financial statements or prospective application with a cumulative effect adjustment. In addition, FIN 46 expands the disclosure requirements for the beneficiary of a significant or a majority of the variable interests to provide information regarding the nature, purpose and financial characteristics of the entities. Since the Company has no such VIEs, the adoption of this statement is not expected to impact the Company's consolidated financial position and results of operations.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The statement requires that costs associated with exit or disposal activities must be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. Such costs include lease termination costs and certain employee severance costs associated with a restructuring, discontinued operation or other exit or disposal activity. This statement is effective for the Company's exit or disposal activities initiated after December 31, 2002 and the provisions of this statement are incorporated herein.

In April of 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"). SFAS No. 149 clarifies the definition of a derivative and amends the implementation guidance of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 149 is effective for contracts entered into or

modified after June 30, 2003, except for hedging relationships designated after June 30, 2003. The provisions of SFAS No. 149, which amend implementation guidance of SFAS No. 133, are effective for fiscal quarters that began prior to June 15, 2003. The Company adopted the provisions of SFAS No. 149 and determined that there is not a financial impact on the quarter ended June 30, 2003.

On May 15, 2003, the FASB issued Statement of Financial Accounting Standards No. 150, or SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 represents the first phase of the FASB's project on liabilities and equity and requires financial instruments that meet the definitions in the statement to be classified as liabilities. SFAS 150 requires that mandatorily redeemable preferred stock be classified and accounted for as a liability. However, it excludes from its scope convertible instruments, which will be addressed in the second phase of the FASB project. SFAS 150 is effective at the beginning of the first interim period beginning after June 15, 2003. Since the Company has no such financial instruments, the adoption of this statement will not have an effect on the Company's consolidated financial position and results of operations.

2. STOCK OPTION PLANS

As allowed under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized as options are issued at exercise prices equal to the market value at date of grant. Had compensation cost for the respective option plans been determined based upon the fair value at the grant date for awards under these plans consistent with the methodology prescribed under SFAS No. 123, the Company's net loss for the six months ended June 30, 2003 and 2002, would approximate the following:

	SIX MONTHS ENDED JUNE 30,	
PRO FORMA NET LOSS:	2003	2002
Reported net loss	$(18,149)	$(57,605)
Add: Stock-based employee compensation expense included in reported income, net of related tax effects	--	--
Less: Total stock-based employee compensation expense determined under fair value based methods for all awards, net of related tax effects	(41)	(32)
Pro forma net loss	$(18,190)	$(57,637)

3. CHANGE IN ACCOUNTING FOR GOODWILL AND OTHER INTANGIBLE ASSETS

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which addresses financial accounting and reporting for acquired goodwill and other intangible assets. Under SFAS No. 142, goodwill is no longer amortized and the rules for measuring goodwill impairment use a fair-value-based test. Under the new rules, a fair value of each of the Company's reporting units with assigned goodwill must be calculated using either market comparables or a discounted cash flow approach, or a combination thereof. Once the fair value of the reporting unit has been determined, the fair value of net assets, including intangibles, of that reporting unit must be compared to the total market value derived in the first step to determine impairment.

The Company adopted SFAS No. 142 as of January 1, 2002. Accordingly, the Company stopped the amortization of goodwill effective January 1, 2002.

In completing the impairment test required under SFAS No. 142, the Company determined the estimated fair value of its various reporting units and compared that amount to their respective carrying values. Based on this calculation, the Company determined that an impairment existed primarily related to insulated wire operations obtained through the acquisition of Wirekraft Industries, Inc. in 1992 and the acquisition of a group of affiliated companies collectively referred to as Dekko Wire Technology Group in 1996. To determine the amount of the impairment, the Company calculated the "implied fair value" of goodwill for each impaired reporting unit in the same manner as the amount of goodwill recognized in a business combination is determined. The Company then recognized an impairment charge to write-off goodwill in the amount of $54,504, net of tax benefit of $19,408 in the first quarter of 2002, representing the excess carrying amount of goodwill over the "implied fair value" of goodwill for the impaired reporting units. In the fourth quarter of 2002, an additional impairment of $24,355 was recorded as a result of a further decline in the fair value of these reporting units. There was no such impairment in 2003.

4. IMPAIRMENT AND PLANT CLOSING CHARGES

Impairment and plant closing charges for the three months ended June 30, 2003 related to the closing of the Kendallville, Indiana plant in June 2003 were $520. A portion of the equipment from this facility is being relocated to the Durango, Mexico plant with the remainder being taken out of service. As a result, a fixed asset impairment charge of $469 was recorded in the second quarter of 2003. Additional charges of $765 are expected to be incurred related to the plant closing. These charges relate to shut-down expenditures including occupancy costs and are expected to be incurred over the next eighteen months.

A summary of activity related to plant closings is as follows:

	CORPORATE	INSULATED WIRE PRODUCTS	BARE WIRE PRODUCTS
SIX MONTHS ENDED JUNE 30, 2003			
Balance, beginning of period	$ 480	$ 537	$ 219
Charges to operations:			
Facility shut-down costs	--	--	--
Personnel and severance costs	--	51	--
	--	51	--
Cash payments:			

Facility shut-down costs	(36)	(152)	(216)
Personnel and severance costs	(98)	(83)	(3)
	(134)	(235)	(219)
Balance, end of period	$ 346	$ 353	$ --

	CORPORATE	INSULATED WIRE PRODUCTS	BARE WIRE PRODUCTS
SIX MONTHS ENDED JUNE 30, 2002			
Balance, beginning of period	$ 1,920	$ 1,240	$ 1,368
Charges to operations:			
Facility shut-down costs	--	--	--
Personnel and severance costs	--	--	--
	--	--	--
Cash payments:			
Facility shut-down costs	(36)	(271)	(437)
Personnel and severance costs	(769)	(194)	--
	(805)	(465)	(437)
Balance, end of period	$ 1,115	$ 775	$ 931

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5. INVENTORIES

The composition of inventories is as follows:

	JUNE 30, 2003	DECEMBER 31, 2002
Raw materials	$12,980	$15,051
Work-in-process	15,518	22,561
Finished goods	28,284	23,432
Total	$56,782	$61,044

The carrying value of inventories on a last-in, first-out basis, at June 30, 2003 and December 31, 2002, approximates their current cost.

6. LONG-TERM OBLIGATIONS

The composition of long-term obligations at June 30, 2003 and December 31, 2002 is as follows:

	JUNE 30, 2003	DECEMBER 31, 2002
Second Amended and Restated Credit Agreement	$ --	$ 6,995
Senior Secured Notes	82,000	--
Senior Secured Notes Discount	(3,091)	--
Senior Subordinated Notes	150,000	150,000
Series B Senior Subordinated Notes	150,000	150,000
Series B Senior Subordinated Notes Premium	4,168	5,129
Industrial Revenue Bonds	15,500	15,500
Other	7,185	7,897
	405,762	335,521
Less, current maturities	16,529	10,133
	$ 389,233	$ 325,388

The schedule of principal payments for long-term obligations, excluding premium and discount, at June 30, 2003 is as follows:

2003	$ 9,462
2004	6,836
2005	387,137
2006	151
2007	187
Thereafter	912
Total	$404,685

Senior Secured Notes and Industrial Revenue Bonds

The Company issued $82,000 principal amount of 10.375% Senior Secured Notes (the "Senior Secured Notes") due February 28, 2005 at a price of 96.061% under an indenture dated May 30, 2003. Net proceeds from the issuance of approximately $75,235, after deducting discounts and expenses, were used: (i) to repay in full the obligations under, and terminate, the Company's senior secured credit facility; (ii) to cash collateralize certain of the Company's letters of credit, including the letters of credit that were issued under the Company's senior secured credit facility and the letters of credit collateralizing two industrial revenue bonds related to the Company's acquisition of Camden Wire Co., Inc. in 1997; (iii) to pay interest on the Company's Senior Subordinated Notes and other indebtedness; and (iv) for general corporate purposes, including working capital.

The Company's obligations under the Senior Secured Notes are guaranteed on a senior secured basis by International Wire Holding Company, the Company's parent, and by all of the Company's domestic restricted subsidiaries. The Senior Secured Notes and the guarantees are secured by first priority mortgages and liens on substantially all of the Company's and the guarantors' existing and future domestic property and assets and a portion of the stock of the foreign subsidiaries. The Senior Secured Notes bear interest at a rate of 10.375% per annum, requiring a semi-annual interest payment on May 15 and November 15 of each year. Pursuant to the terms of the indenture under which the Senior Secured Notes were issued, the Company's ability to incur additional indebtedness, pay dividends, repurchase or redeem capital stock, make investments, create liens or enter into sale and leaseback transactions, dispose of assets, enter into transactions with affiliates, and to merge or consolidate with or into other persons is limited.

Pursuant to a registration rights agreement entered into in connection with this issuance of the Senior Secured Notes, the Company may elect, but is not obligated, to file an exchange offer registration statement or, under certain circumstances, a shelf registration statement in respect of the Senior Secured Notes. If the Company does not consummate an offer to exchange the Senior Secured Notes for substantially identical debt securities registered under the Securities Act by May 30, 2004 or fails to comply with certain other provisions of the registration rights agreement, the Company has agreed to pay additional interest to the holders of the Senior Secured Notes.

As of June 30, 2003 the Company has a restricted cash balance of $27,164 which has been used to cash collateralize $26,680 of letters of credit that were issued to various insurance companies for workers' compensation programs and certain trustees in respect of two issuances of Industrial Revenue Bonds ("IRBs"). The Company has notified such trustees in respect of the IRBs that the Company will not renew the current letters of credit, $9,000 of which expire in July 2003 and $6,500 of which expire in February 2004. As a result, pursuant to the terms of the IRBs the trustees will draw on the letters of credit and use such proceeds to refund the IRBs. Accordingly, the IRBs of $15,500 and the related restricted cash balance of $15,681 have been classified as current maturities of long-term obligations and current assets, respectively.

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Senior Subordinated Notes and Series B Senior Subordinated Notes

The 11.75% Senior Subordinated Notes due 2005 and the Series B 11.75% Senior Subordinated Notes (collectively, the "Senior Subordinated Notes") were issued under similar indentures (the "Indentures") dated June 12, 1995 and June 17, 1997, respectively. The Senior Subordinated Notes represent unsecured general obligations of the Company and are subordinated to all Senior Debt (as defined in the Indentures) of the Company.

The Senior Subordinated Notes are fully and unconditionally (as well as jointly and severally) guaranteed on an unsecured, senior subordinated basis by each subsidiary of the Company (the "Guarantor Subsidiaries") other than the company's foreign subsidiaries (which include IWG-Philippines, Inc., IWG International, Inc., Italtrecce-Societa Italiana Trecce & Affini S.r.l., International Wire SAS, International Wire Group SAS, Tresse Metallique J. Forissier, S.A., Cablerie E. Charbonnet, S.A., IWG Services Co., S de RL de CV, IWG Durango, S de RL de CV (the "Non-Guarantor Subsidiaries")). Each of the Guarantor Subsidiaries and Non-Guarantor Subsidiaries is wholly owned by the

Company.

The Senior Subordinated Notes mature on June 1, 2005. Interest on the Senior Subordinated Notes is payable semi-annually on each June 1 and December 1. The Senior Subordinated Notes bear interest at the rate of 11.75% per annum. The Senior Subordinated Notes are redeemable, at the Company's option, at the redemption price of 100% of the principal amount of such notes with accrued interest.

The Senior Subordinated Notes restrict, among other things, the incurrence of additional indebtedness by the Company, the payment of dividends and other distributions in respect of the Company's capital stock, the payment of dividends and other distributions by the Company's subsidiaries, the creation of liens on the properties and the assets of the Company to secure certain subordinated debt and certain mergers, sales of assets and transactions with affiliates.

7. BUSINESS SEGMENT INFORMATION

The Company conducts its operations through one business segment.

8. RELATED PARTY TRANSACTIONS

In connection with the sale of the Company's former wire harness business to Viasystems International, Inc. ("Viasystems"), the Company entered into an agreement to supply substantially all of their insulated wire requirements through December 2003 (which has been extended to December 2005). At the time of the sale, the Company and Viasystems were commonly controlled by affiliates of Hicks, Muse, Tate & Furst, Incorporated. The Company had sales to Viasystems of $7,784 and $10,578 for the three months ended June 30, 2003 and 2002 and $15,618 and $18,836 for the six months ended June 30, 2003 and 2002, respectively. The outstanding trade receivables were $8,242 and $6,990 at June 30, 2003 and December 31, 2002, respectively.

In September 2002, the Company began selling a portion of its production scrap to Prime Materials Recovery, Inc. ("Prime"). Prime is a closely held company and its majority shareholder, chairman and a director is the President and Chief Operating Officer of the Company. In addition, the Vice President - Finance of the Company holds a minority ownership interest and is a director. The Company had sales to Prime of $2,577 and $0 for three months ended June 30, 2003 and 2002 and $5,412 and $0 for the six months ended June 30, 2003 and 2002, respectively. The outstanding trade receivables were $531 and $72 at June 30, 2003 and December 31, 2002, respectively. Sales to Prime were made under arms-length prices and terms comparable to those of other companies in the industry.

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9. DISCONTINUED OPERATIONS AND LITIGATION

In July 2003, a ruling was rendered in the Circuit Court of Cook County, Chancery Division (Case No., 02CH2470) located in Chicago, Illinois, in the matter referred to as the "AIG Litigation." The ruling was in favor of the Company and ruled that National Union/AIG is obligated to defend and indemnify and otherwise provide insurance coverage to the Company and various original equipment manufacturers for certain claims and damages related to certain water inlet hoses supplied by and through the Company pursuant to two $25,000 excess insurance policies issued to the Company by National Union. Reimbursement for attorney fees was also awarded to the Company. National Union/AIG are expected to appeal the decision.

The Company has recorded a receivable of $2,429 in respect of settlements that were previously paid by the Company and which are covered under the National Union/AIG insurance policies. This amount has been recorded through discontinued operations as it relates to coverage for claims paid. After considering this amount, the Company has recorded a $3,000 charge to discontinued operations during the three months ended June 30, 2003. This net charge reflects the anticipated settlement of additional uninsured claims related to certain water inlet hoses. No amounts have been recorded for the potential recovery of attorney fees.

10. GUARANTOR SUBSIDIARIES

The Senior Subordinated Notes are fully and unconditionally (as well as jointly and severally) guaranteed on an unsecured, senior subordinated basis by each subsidiary of the Company other than the Non-Guarantor Subsidiaries. Each of the Guarantor Subsidiaries and Non-Guarantor Subsidiaries is wholly owned by the Company.

The following consolidating financial statements of the Company include the accounts of the Company, the combined accounts of the Guarantor Subsidiaries and the combined accounts of the Non-Guarantor Subsidiaries. Given the size of the Non-Guarantor Subsidiaries relative to the Company on a consolidated basis, separate financial statements of the respective Guarantor Subsidiaries are not presented because management has determined that such information is not material in assessing the Guarantor Subsidiaries.

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR
BALANCE SHEET AS OF JUNE 30, 2003			
ASSETS			
Cash	$ --	$ 38,803	$ 1,115
Accounts receivable	--	46,480	16,668
Inventories	--	44,563	12,219
Restricted cash	--	15,681	--
Other current assets	--	9,563	1,152
Total current assets	--	155,090	31,154
Property, plant and equipment, net	--	91,449	28,693
Investment in subsidiaries	324,002	--	--
Intangible and other assets	20,183	92,740	4,214

Total assets	$ 344,185	$ 339,279	$ 64,061
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current liabilities	$ 4,039	$ 66,928	$ 8,903
Long-term obligations, less current maturities	387,776	1,457	--
Other long-term liabilities	--	22,303	817
Intercompany (receivable) payable	(45,021)	13,108	31,913
Total liabilities	346,794	103,796	41,633
Stockholder's equity (deficit):			
Common stock	0	0	0
Contributed capital	236,331	297,105	11,888
Carryover of predecessor basis	--	(67,762)	--
Retained earnings (accumulated deficit)	(238,940)	6,140	8,869
Accumulated other comprehensive income	--	--	1,671
Total stockholder's equity (deficit)	(2,609)	235,483	22,428
Total liabilities and stockholder's equity (deficit)	$ 344,185	$ 339,279	$ 64,061

INTERNATIONAL WIRE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR
BALANCE SHEET AS OF DECEMBER 31, 2002			
ASSETS			
Cash	$ --	$ 846	$ 1,700
Accounts receivable	--	41,034	17,656
Inventories	--	50,288	10,756
Other current assets	--	9,635	1,245
Total current assets	--	101,803	31,357
Property, plant and equipment, net	--	95,836	30,650
Investment in subsidiaries	339,887	--	--
Intangible and other assets	6,373	93,037	4,454
Total assets	$ 346,260	$ 290,676	$ 66,461

LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current liabilities	$ 11,947	$ 46,851	$ 8,063
Long-term obligations, less current maturities	308,157	17,231	--
Other long-term liabilities	--	22,767	847
Intercompany (receivable) payable	10,616	(49,209)	38,593
Total liabilities	330,720	37,640	47,503
Stockholder's equity (deficit):			
Common stock	0	0	0
Contributed capital	236,331	297,105	11,888
Carryover of predecessor basis	--	(67,762)	--
Retained earnings (accumulated deficit)	(220,791)	23,693	7,201
Accumulated other comprehensive loss	--	--	(131)
Total stockholder's equity (deficit)	15,540	253,036	18,958
Total liabilities and stockholder's equity (deficit)	$ 346,260	$ 290,676	$ 66,461

INTERNATIONAL WIRE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR	ELIMINA
STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2003				
Net sales	$ --	$ 72,701	$ 18,626	$
Operating expenses:				
Cost of goods sold	--	59,914	15,182	
Selling, general and administrative expenses	--	5,186	1,281	
Depreciation and amortization	144	5,487	1,244	
Impairment and plant closing charges	--	520	--	
Operating income (loss)	(144)	1,594	919	
Other income (expense):				
Interest income (expense)	1,176	(10,563)	(531)	
Amortization of deferred financing costs	(2,795)	--	--	
Equity in net income (loss) of subsidiaries	(11,633)	--	--	11,6
Other, net	--	2	33	
Income (loss) from continuing operations				

before tax provision	(13,396)	(8,967)	421	11,6
Income tax provision	--	1	86	
Income (loss) from continuing operations ...	(13,396)	(8,968)	335	11,6
Loss from discontinued operations	--	(3,000)	--	
Net income (loss)	$(13,396)	$(11,968)	$ 335	$ 11,6

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR	ELIM
STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002				
Net sales	$ --	$ 93,603	$ 13,976	$
Operating expenses:				
Cost of goods sold	--	74,639	10,067	
Selling, general and administrative expenses............................	--	7,599	1,037	
Depreciation and amortization	177	5,924	899	
Operating income (loss)	(177)	5,441	1,973	
Other income (expense):				
Interest expense	8,885	(17,562)	(357)	
Amortization of deferred financing costs	(534)	--	--	
Equity in net income (loss) of subsidiaries	(9,948)	--	--	
Income (loss) before tax provision (benefit)	(1,774)	(12,121)	1,616	
Income tax provision (benefit)	--	(624)	67	
Net income (loss)	$ (1,774)	$ (11,497)	$ 1,549	$

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INTERNATIONAL WIRE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR	ELIM
STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2003				
Net sales	$ --	$ 153,436	$ 37,988	$

Operating expenses:				
Cost of goods sold	--	125,460	30,539	
Selling, general and administrative expenses	--	11,515	2,492	
Depreciation and amortization	288	11,097	2,301	
Impairment and plant closing charges	--	520	--	
Operating income (loss)	(288)	4,844	2,656	
Other income (expense):				
Interest income (expense)	1,374	(19,398)	(871)	
Amortization of deferred financing costs	(3,350)	--	--	
Equity in net income (loss) of subsidiaries	(15,885)	--	--	
Other, net	--	2	70	
Income (loss) from continuing operations before tax provision	(18,149)	(14,552)	1,855	
Income tax provision	--	1	187	
Income (loss) from continuing operations	(18,149)	(14,553)	1,668	
Loss from discontinued operations	--	(3,000)	--	
Net income (loss)	$ (18,149)	$ (17,553)	$ 1,668	$

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR	ELIMI
STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2002				
Net sales	$ --	$ 179,165	$ 28,857	$
Operating expenses:				
Cost of goods sold	--	143,199	21,522	
Selling, general and administrative expenses	--	14,815	2,055	
Depreciation and amortization	357	11,729	1,767	
Operating income (loss)	(357)	9,422	3,513	
Other income (expense):				
Interest expense	381	(17,726)	(709)	
Amortization of deferred financing costs	(1,068)	--	--	
Equity in net income (loss) of subsidiaries	(56,561)	--	--	
Income (loss) before tax provision (benefit) and change in accounting principle	(57,605)	(8,304)	2,804	
Income tax provision (benefit)	--	(3,531)	88	
Income (loss) before change in accounting principle for goodwill, net of tax benefit	(57,605)	(4,773)	2,716	
Change in accounting principle	--	(49,794)	(4,710)	
Net income (loss)	$ (57,605)	$ (54,567)	$ (1,994)	$

INTERNATIONAL WIRE GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (continued)

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR	ELIMINATIO
STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2003				
Net cash provided by (used in) operating activities	$(56,757)	$ 62,327	$ (3,590)	$ --
Cash flows provided by (used in) investing activities for capital expenditures ...	--	(7,977)	2,512	--
Cash flows provided by (used in) financing activities:				
Borrowing of long-term obligations	78,770	--	--	--
Repayment of borrowings	(6,995)	(712)	--	--
Restricted cash	(11,483)	(15,681)	--	--
Financing fees	(3,535)	--	--	--
Net cash provided by (used in) financing activities	56,757	(16,393)	--	--
Effect of exchange rate changes on cash and cash equivalents	--	--	493	--
Net change in cash and cash equivalents ..	$ --	$ 37,957	$ (585)	$ --

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTOR	ELIMINATION
STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2003				
Net cash provided by (used in) operating activities	$(7,300)	$ 2,941	$ 1,690	$ -
Cash flows used in investing activities for capital expenditures	--	(2,871)	(3,007)	-
Cash flows provided by (used in) financing activities for borrowing/(repayment) of long-term obligations	7,300	(752)	--	-

Effect of exchange rate changes on cash and cash equivalents	--	--	(139)	-
Net change in cash and cash equivalents ...	$ --	$ (682)	$(1,456)	$ -

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this Form 10-Q.

The Company has made forward-looking statements in this Form 10-Q that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include the information concerning the Company's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities and the effects of competition. For those statements, the Company claims the protection of the safe harbor for forward-looking statements provided for by Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "expects," "may," "will," "should," "seeks," "pro forma," "anticipates," "intends," "plans," "estimates," or the negative of any thereof or other variations thereof or comparable terminology, or by discussions of strategy or intentions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Undue reliance should not be placed on any forward-looking statements. The Company does not have any intention or obligation to update forward-looking statements after it files this Form 10-Q.

Many important factors could cause the Company's results to differ materially from those expressed in forward-looking statements. These factors include, but are not limited to, fluctuations in the Company's operating results and customer orders, unexpected decreases in demand or increases in inventory levels, the Company's competitive environment, the Company's reliance on its largest customers, risks associated with the Company's international operations, and other factors.

GENERAL

The following discussion and analysis includes the results of operations for the three and six months ended June 30, 2003 compared to the three and six months ended June 30, 2002.

A portion of the Company's revenues is derived from processing customer-owned ("tolled") copper. The value of tolled copper is excluded from both sales and costs of sales of the Company, as title to these materials and the related risks of ownership do not pass to the Company.

The cost of copper has historically been subject to fluctuations. While fluctuations in the price of copper may directly affect the per unit prices of the Company's products, these fluctuations have not had, nor are expected to have, a material impact on the Company's profitability due to copper price pass-through arrangements that the Company has with its customers. These sales arrangements are based on similar variations of monthly copper price formulas. Use of these copper price formulas minimizes the differences between raw material copper costs charged to the cost of sales and the pass-through pricing charged to customers.

RESULTS OF OPERATIONS

	THREE MONTHS ENDED JUNE 30,	
	2003	2002
	(In thousands)	
Net sales	$ 91,327	$107,579
Operating expenses:		
Cost of goods sold	75,096	84,706
Selling, general and administrative expenses	6,467	8,636
Depreciation and amortization	6,875	7,000
Impairment and plant closing charges	520	--
Operating income	$ 2,369	$ 7,237

THREE MONTHS ENDED JUNE 30, 2003 COMPARED TO THREE MONTHS ENDED JUNE 30, 2002

Net sales were $91.3 million and $107.6 million for the quarters ended June 30, 2003 and 2002, respectively. Sales for the quarter ended June 30, 2003 were $16.3 million, or 15.1%, below comparable 2002 levels primarily from lower sales to customers supplying the automotive and appliance industries, partially offset by a slight increase in the average cost and selling price of copper. The average price of copper based upon COMEX increased to $0.75 per pound for the quarter ended June 30, 2003 from $0.74 per pound for the quarter ended June 30, 2002.

Cost of goods sold as a percentage of sales increased to 82.2% for the quarter ended June 30, 2003, from 78.7% for the same period in 2002. This change was primarily due to competitive pricing pressures, operational inefficiencies from lower production levels and increased compound material costs.

Selling, general and administrative expenses were $6.5 million for the quarter ended June 30, 2003, compared to $8.6 million for the same period in 2002. This decrease of $2.1 million was the result of continued cost reductions including headcount reductions, bad debt provisions and reduced accruals for personnel related costs. These expenses, as a percent of net sales, decreased from 8.0% for the quarter ended June 30, 2002 to 7.1% for the quarter ended June 30, 2003.

Depreciation and amortization was $6.9 million for the quarter ended June 30, 2003, compared to $7.0 million for the same period in 2002.

Impairment and plant closing charges for the quarter ended June 30, 2003 related to the closing of the Kendallville, Indiana plant in June 2003 were $0.5 million. A portion of the equipment from this facility is being relocated to the Durango, Mexico plant with the remainder being taken out of service. As a result, a fixed asset impairment charge of $0.4 million was recorded in the second quarter of 2003. Additional charges of $0.8 million are expected to be incurred related to the plant closing. These charges relate to shut-down expenditures including occupancy costs and are expected to be incurred over the next eighteen months. There was no such charge in 2002.

The income tax provision for the quarter ended June 30, 2003 was $0.1 million compared to a tax benefit of $0.6 million for the quarter ended June 30, 2002. A full valuation allowance was recorded in the fourth quarter of 2002. Accordingly, the $0.1 million tax provision in 2003 represents the provision for certain state and foreign income taxes only.

RESULTS OF OPERATIONS

	SIX MONTHS ENDED JUNE 30,	
	2003	2002
	(In thousands)	
Net sales	$191,424	$208,022
Operating expenses:		
Cost of goods sold	155,999	164,721
Selling, general and administrative expenses	14,007	16,870
Depreciation and amortization	13,686	13,853
Impairment and plant closing charges	520	--
Operating income	$ 7,212	$ 12,578

SIX MONTHS ENDED JUNE 30, 2003 COMPARED TO SIX MONTHS ENDED JUNE 30, 2002

Net sales were $191.4 million and $208.0 million for the six months ended June 30, 2003 and 2002, respectively. Sales for the six months ended June 30, 2003 were $16.6 million, or 8.0%, below comparable 2002 levels primarily from lower second quarter sales to customers supplying the automotive and appliance industries, partially offset by a

slight increase in the average cost and selling price of copper. The average price of copper based upon COMEX increased to $0.75 per pound for the six months ended June 30, 2003 from $0.73 per pound for the six months ended June 30, 2002.

Cost of goods sold as a percentage of sales increased to 81.5% for the six ended June 30, 2003, from 79.2% for the same period in 2002. This change was primarily due to competitive pricing pressures and second quarter operational inefficiencies from lower production levels and increased compound material costs.

Selling, general and administrative expenses were $14.0 million for the six months ended June 30, 2003, compared to $16.9 million for the same period in 2002. This decrease of $2.9 million was the result of continued cost reductions including headcount reductions, bad debt provisions and reduced accruals for personnel related costs. These expenses, as a percent of net sales, decreased from 8.1% for the six months ended June 30, 2002 to 7.3% for the six months ended June 30, 2003.

Depreciation and amortization was $13.7 million for the six months ended June 30, 2003, compared to $13.9 million for the same period in 2002.

Impairment and plant closing charges for the six months ended June 30, 2003 related to the closing of the Kendallville, Indiana plant in June 2003 were $0.5 million. A portion of the equipment from this facility is being relocated to the Durango, Mexico plant with the remainder being taken out of service. As a result, a fixed asset impairment charge of $0.4 million was recorded in the second quarter of 2003. Additional charges of $0.8 million are expected to be incurred related to the plant closing. These charges relate to shut-down expenditures including occupancy costs and are expected to be incurred over the next eighteen months. There was no such charge in 2002.

The income tax provision for the six months ended June 30, 2003 was $0.2 million compared to a tax benefit of $3.4 million for the six months ended June 30, 2002. A full valuation allowance was recorded in the fourth quarter of 2002. Accordingly, the $0.2 million tax provision in 2003 represents the provision for certain state and foreign income taxes only.

LIQUIDITY AND CAPITAL RESOURCES

Inflation has not been a material factor affecting the Company's business. As a result of the copper price pass-through arrangements that the Company has with its customers, fluctuations in the price of copper, the principle raw material used by the Company, have not, nor are expected to have, a material impact on the Company's profitability. The Company is subject to normal inflationary pressures with its other raw materials purchased as well as its general operating expenses, such as salaries, employee benefits and facilities costs.

Working Capital and Cash Flows

Net cash provided by continuing operations was $5.1 million for the six months ended June 30, 2003, compared to net cash used in continuing operations of $3.1 million for the six months ended June 30, 2002. The increase was primarily the result of lower working capital requirements for accounts receivable and inventory.

Net cash used in investing activities for capital expenditures was $5.5 million for the six months ended June 30, 2003, compared to $5.9 million for the six months ended June 30, 2002. The decrease primarily related to lower machinery and equipment upgrade expenditures.

Net cash provided by financing activities was $40.4 million for the six months ended June 30, 2003, compared to $6.5 million for the six months ended June 30, 2002. The increase was the net result of the issuance of $82.0 million principal amount of 10.375% Senior Secured Notes as described below.

Financing Arrangements

The Company issued $82.0 million principal amount of 10.375% Senior Secured Notes (the "Senior Secured Notes") due February 28, 2005 at a price of 96.061% under an indenture dated May 30, 2003. Net proceeds from the issuance of approximately $75.2 million, after deducting discounts and expenses, were used: (i) to repay in full the obligations under, and terminate, the Company's senior secured credit facility; (ii) to cash collateralize certain of the Company's letters of credit, including the letters of credit that were issued under the Company's senior secured credit facility and the letters of credit collateralizing two industrial revenue bonds related to the Company's acquisition of Camden Wire Co., Inc. in 1997; (iii) to pay interest on the Company's Senior Subordinated Notes and other indebtedness; and (iv) for general corporate purposes, including working capital.

The Company's obligations under the Senior Secured Notes are guaranteed on a senior secured basis by International Wire Holding Company, the Company's parent, and by all of the Company's domestic restricted subsidiaries. The Senior Secured Notes and the guarantees are secured by first priority mortgages and liens on substantially all of the Company's and the guarantors' existing and future domestic property and assets and a portion of the stock of the foreign subsidiaries. The Senior Secured Notes bear interest at a rate of 10.375% per annum, requiring a semi-annual interest payment on May 15 and November 15 of each year. Pursuant to the terms of the indenture under which the Senior Secured Notes were issued, the Company's ability to incur additional indebtedness, pay dividends, repurchase or redeem capital stock, make investments, create liens or enter into sale and leaseback transactions, dispose of assets, enter into transactions with affiliates, and to merge or consolidate with or into other persons is limited.

Pursuant to a registration rights agreement entered into in connection with this issuance of the Senior Secured Notes, the Company may elect, but is not obligated, to file an exchange offer registration statement or, under certain circumstances, a shelf registration statement in respect of the Senior Secured Notes. If the Company does not consummate an offer to exchange the Senior Secured Notes for substantially identical debt securities registered under the Securities Act by May 30, 2004 or fails to comply with certain other provisions of the registration rights agreement, the Company has agreed to pay additional interest to the holders of the Senior Secured Notes.

As of June 30, 2003 the Company has a restricted cash balance of $27.2 million which has been used to cash collateralize $26.7 million of letters of credit that were issued to various insurance companies for workers' compensation programs and certain trustees in respect of two issuances of Industrial Revenue Bonds ("IRBs"). The Company has notified such trustees in respect of the IRBs that the Company will not renew the current letters of credit, $9.0 million of which expire in July 2003 and $6.5 million of which expire in February 2004. As a result, pursuant to the terms of the IRBs the trustees will draw on the letters of credit and use such proceeds to refund the IRBs. Accordingly, the $15.5 million of IRBs and the related restricted cash balance of $15.7 million have been classified as current maturities of long-term obligations and current assets, respectively.

Liquidity

The principal raw material used in the Company's products is copper. The market price of copper is subject to significant fluctuations. Working capital needs change whenever the Company experiences a significant change in copper prices. A $0.10 per pound change in the price of copper changes the Company's working capital by approximately $2.9 million. The Company enters into contractual relationships with most of its customers to adjust its prices based upon the prevailing market prices on the COMEX. This approach is patterned after the Company's arrangement with its copper suppliers and is designed to remove the risk associated with fluctuating copper prices.

As of June 30, 2003, the Company had $39.9 million of unrestricted cash and cash equivalents and its working capital was $106.4 million.

We anticipate that our primary uses of cash for the next twelve months will be for working capital requirements, for capital expenditures, estimated at approximately $18.0 million, plant closing costs and discontinued operations, estimated at approximately $3.9 million, and for debt servicing, (excluding the IRB's to be repaid by drawings under letters of credit) estimated at approximately $45.6 million. The Company's primary sources of liquidity are cash on hand and cash flows from operations. The Company expects that these sources of cash will be sufficient to meet its requirements for working capital, capital expenditures and debt service over the next twelve months. These expectations, however, assume that the Company's working capital needs do not materially increase. Such assumption depends on a variety of factors including the general state of the domestic economy, the market price of copper, the Company's credit terms with its suppliers and the Company's relations with its customers. In the event that this assumption is incorrect and the Company's working capital needs materially increase, the Company may need to seek additional sources of liquidity through debt or equity financing.

The following table sets forth our contractual obligations at the end of June 2003 for the periods shown (dollars in millions):

CONTRACTUAL OBLIGATIONS	TOTAL	REMAINDER OF 2003	2004-2005	2006-2007	THEREAFTER
Debt (1)	$ 402.5	$ 9.0	$ 393.5	$ 0.0	$ 0.0
Capital lease obligations	2.2	0.5	0.5	0.4	0.8
Operating leases	5.6	1.0	2.0	0.9	1.7
Total contractual cash obligations	$ 410.3	$ 10.5	$ 396.0	$ 1.3	$ 2.5

(1) Debt obligations are exclusive of interest.

RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities," ("VIEs"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to improve financial reporting of special purpose and other entities. In accordance with the interpretation, business enterprises that represent the primary beneficiary of another entity by retaining a controlling financial interest in that entity's assets, liabilities, and results of operating activities must consolidate the entity in their financial statements. Prior to the issuance of FIN 46, consolidation generally occurred when an enterprise controlled another entity through voting interests. Certain VIEs that are qualifying special purpose entities ("QSPEs") subject to the reporting requirements of SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities," will not be required to be consolidated under the provisions of FIN 46. The consolidation provisions of FIN 46 apply to VIEs created or entered into after January 31, 2003, and for pre-existing VIEs in the first reporting period beginning after June 15, 2003. If applicable, transition rules allow the restatement of financial statements or prospective application with a cumulative effect adjustment. In addition, FIN 46 expands the disclosure requirements for the beneficiary of a significant or a majority of the variable interests to provide information regarding the nature, purpose and financial characteristics of the entities. Since the Company has no such VIES, the adoption of this statement is not expected to impact the Company's consolidated financial position and results of operations.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The statement requires that costs associated with exit or disposal activities must be recognized when they are incurred rather than at the date of a commitment to an exit or disposal plan. Such costs include lease termination costs and certain employee severance costs associated with a restructuring, discontinued operation or other exit or disposal activity. This statement is effective for the Company's exit or disposal activities initiated after December 31, 2002 and the provisions of this statement are incorporated herein.

In April of 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS No. 149"). SFAS No. 149 clarifies the definition of a derivative and amends the implementation guidance of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, except for hedging relationships designated after June 30, 2003. The provisions of SFAS No. 149, which amend implementation guidance of SFAS No. 133, are effective for fiscal quarters that began prior to June 15, 2003. The Company adopted the provisions of SFAS No. 149 and determined that there is not a financial impact on the quarter ended June 30, 2003.

On May 15, 2003, the FASB issued Statement of Financial Accounting Standards No. 150, or SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." SFAS 150 represents the first phase of the FASB's project on liabilities and equity and requires financial instruments that meet the definitions in the statement to be classified as liabilities. SFAS 150 requires that mandatorily redeemable preferred stock be classified and accounted for as a liability. However, it excludes from its scope convertible instruments, which will be addressed in the second phase of the FASB" project. SFAS 150 is effective at the beginning of the first interim period beginning after June 15, 2003. Since the Company has no such financial instruments, the adoption of this statement will not have an effect on the Company's consolidated financial position and results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In accordance with Item 305 of Regulation S-K, the Company provided quantitative and qualitative information about market risk in "Item 7a. Quantitative and Qualitative Disclosures About Market Risk" of the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2002.

On May 30, 2003, the Company terminated its senior secured credit facility thereby reducing the amount of the Company's long-term debt bearing interest at variable rates to $15.5 million. Given the current amount of long-term debt subject to variable interest rates, the Company does not believe that the associated interest rate risk is material and is not currently engaged in any hedging activities.

Except as described above, there have been no material changes to such information disclosed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2002.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended June 30, 2003, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to item 9 in the Notes to Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q, which item is incorporated herein by reference.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Description
4.1	Indenture dated as of May 30, 2003, among International Wire Group, Inc., International Wire Holding Company, IWG Resources LLC, Wire Technologies, Inc., Omega Wire, Inc., International Wire Rome Operations, Inc., OWI Corporation and Camden Wire Co., Inc., and Wells Fargo Bank Minnesota,

	National Association.*
4.2	Collateral Agreement dated as of May 30, 2003, among International Wire Holding Company, International Wire Group, Inc., the Subsidiary Parties identified therein, and Wells Fargo Bank Minnesota, National Association.*
4.3	Registration Rights Agreement dated as of May 30, 2003 among International Wire Group, Inc., International Wire Holding Company, Camden Wire Co., Inc., IWG Resources LLC, International Wire Rome Operations, Inc., OWI Corporation, Omega Wire, Inc., Wire Technologies, Inc., and Credit Suisse First Boston LLC.*
31.1	Certification of Principal Executive Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.*
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32.1	Certification of Principal Executive Officer Required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer Required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

(b) Reports on Form 8-K

On May 29, 2003, the Company filed a Current Report on Form 8-K announcing the pricing of its offering of $82 million principal amount of 10.375% senior secured notes due February 28, 2005.

SIGNATURES

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

INTERNATIONAL WIRE GROUP, INC.

Dated: August 14, 2003

By: /s/ GLENN J. HOLLER

Name: Glenn J. Holler
Title: Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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EXHIBIT INDEX

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* FILED HEREWITH.

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