INTERNATIONAL WIRE GROUP INC
Form 10-Q
November 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 September 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.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	SEPTEMBER 30, 2003 (Unaudited)	DECEMBER 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,283	$ 2,546
Accounts receivable, less allowance of $7,208 and $7,080	63,155	58,690
Inventories	52,697	61,044
Restricted cash	6,677	--
Prepaid expenses and other	9,485	10,880
Total current assets	175,297	133,160

Property, plant and equipment, net	118,639	126,486
Goodwill	89,390	89,390
Other intangible assets	4,290	5,028
Deferred financing costs, net	4,588	4,800
Restricted cash	11,598	--
Other assets	6,618	4,646
Total assets	$ 410,420	$ 363,510
LIABILITIES AND STOCKHOLDER'S DEFICIT		
Current liabilities:		
Current maturities of long-term obligations	$ 7,301	$ 10,133
Accounts payable	23,523	23,776
Accrued and other liabilities	20,592	12,313
Accrued payroll and payroll related items	1,253	3,220
Customers' deposits	11,040	14,416
Accrued interest	15,007	3,003
Total current liabilities	78,716	66,861
Long-term obligations, less current maturities	389,132	325,388
Other long-term liabilities	22,676	23,614
Total liabilities	490,524	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	(250,496)	(220,791)
Accumulated other comprehensive income (loss)	1,823	(131)
Total stockholder's deficit	(80,104)	(52,353)
Total liabilities and stockholder's deficit	$ 410,420	$ 363,510

See accompanying notes to the consolidated financial statements.

3

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
Net sales	$ 94,080	$ 99,635	$ 285,504	$ 307,65
Operating expenses:				
Cost of goods sold	76,999	79,571	232,998	244,29
Selling, general and administrative expenses	8,109	7,993	22,116	24,86

Depreciation	5,412	6,294	17,307	18,66
Amortization	928	821	2,719	2,30
Reorganization expense	480	--	480	-
Impairment and plant closing charges	294	--	814	-
Operating income	1,858	4,956	9,070	17,53
Other income (expense):				
Interest expense	(11,243)	(9,167)	(30,138)	(27,22
Amortization of deferred financing costs	(748)	(534)	(4,098)	(1,60
Other, net	63	17	135	1
Loss from continuing operations before income tax provision (benefit) and change in accounting principle	(10,070)	(4,728)	(25,031)	(11,27
Income tax provision (benefit)	(14)	(3,046)	174	(6,48
Loss from continuing operations before change in accounting principle	(10,056)	(1,682)	(25,205)	(4,78
Loss from discontinued operations	(1,500)	--	(4,500)	-
Loss before change in accounting principle	(11,556)	(1,682)	(29,705)	(4,78
Change in accounting for goodwill, net of $19,408 tax benefit	--	--	--	(54,50
Net loss	$ (11,556)	$ (1,682)	$ (29,705)	$ (59,28

See accompanying notes to the consolidated financial statements.

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

	NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002
Cash flows provided by (used in)operating activities:		
Net loss	$(29,705)	$(59,287)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	17,307	18,660
Amortization	2,719	2,308
Amortization of deferred financing costs	4,098	1,602
Deferred income taxes	--	(3,749)
Provision for doubtful accounts	542	1,840
Change in accounting for goodwill	--	54,504
Discontinued operations	4,500	--
Fixed asset impairment	469	--
Change in assets and liabilities:		
Accounts receivable	(4,046)	(7,085)
Inventories	8,904	(1,865)

Prepaid expenses and other	(1,063)	(2,538)
Accounts payable	(636)	6,630
Accrued and other liabilities	5,630	(3,711)
Accrued payroll and payroll related items	(1,967)	380
Customers' deposits	(3,376)	(31)
Accrued interest	11,104	7,686
Other long-term liabilities	(955)	(575)
Net cash provided by continuing operations	13,525	14,769
Net cash used in discontinued operations	(3,625)	(2,559)
Net cash provided by operating activities	9,900	12,210
Cash flows used in investing activities:		
Capital expenditures by continuing operations	(9,295)	(8,706)
Net cash used in investing activities	(9,295)	(8,706)
Cash flows provided by (used in) financing activities:		
Borrowings of long-term obligations	78,770	--
Repayment of borrowings	(16,958)	(1,139)
Restricted cash	(18,275)	--
Financing fees	(3,886)	--
Net cash provided by (used in) financing activities	39,651	(1,139)
Effects of exchange rate changes on cash and cash equivalents	481	356
Net change in cash and cash equivalents	40,737	2,721
Cash and cash equivalents at beginning of the period	2,546	8,017
Cash and cash equivalents at end of the period	$ 43,283	$ 10,738

See accompanying notes to the consolidated financial statements.

5

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 nine months ended September 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 did not 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 September 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 did 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 nine months ended September 30, 2003 and 2002, would approximate the following:

	NINE MONTHS ENDED SEPTEMBER 30, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2002
PRO FORMA NET LOSS:		
Reported net loss	$(29,705)	$(59,287)
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	(47)	(32)
Pro forma net loss	$(29,752)	$(59,319)

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 a goodwill impairment charge 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 nine months ended September 30, 2003 related to the closing of the Kendallville, Indiana plant in June 2003 and other previously closed plants were $814. A portion of the equipment from these facilities 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 $679 are expected to be incurred related to the plant closings. These charges relate to shut-down expenditures including occupancy costs and are expected to be incurred over the next twelve months.

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

	CORPORATE	INSULATED WIRE PRODUCTS	BARE WIRE PRODUCTS	CONSOLIDATED
NINE MONTHS ENDED SEPTEMBER 30, 2003				
Balance, beginning of period	$ 480	$ 537	$ 219	$ 1,236
Charges to operations:				
Facility shut-down costs	--	61	53	114
Personnel and severance costs	--	231	--	231
	--	292	53	345

Cash payments:				
Facility shut-down costs	(42)	(281)	(269)	(592)
Personnel and severance costs	(137)	(434)	(3)	(574)
	(179)	(715)	(272)	(1,166)
Balance, end of period	$ 301	$ 114	$ --	$ 415

	CORPORATE	INSULATED WIRE PRODUCTS	BARE WIRE PRODUCTS	CONSOLIDATED
NINE MONTHS ENDED SEPTEMBER 30, 2002				
Balance, beginning of period	$ 1,920	$ 1,240	$ 1,368	$ 4,528
Charges to operations:				
Facility shut-down costs	--	--	--	--
Personnel and severance costs	--	--	--	--
	--	--	--	--
Cash payments:				
Facility shut-down costs	(52)	(306)	(874)	(1,232)

Personnel and severance costs	(1,173)	(289)	(73)	(1,535)
	(1,225)	(595)	(947)	(2,767)
Balance, end of period	$ 695	$ 645	$ 421	$ 1,761

5. FINANCIAL ADVISOR AND REORGANIZATION EXPENSE

We have experienced a significant downturn in the industrial/energy and electronics/data communications markets and increased competitive pricing pressures in the automotive market that began in 2001 and has continued through September 30, 2003. The economic downturn and competitive pricing pressures in the aforementioned markets have resulted in lower sales and weaker cash flows than we originally expected. Our liquidity also has been negatively impacted as a result of costs incurred in connection with the prosecution of the AIG Litigation (described in Note 10) and the settlement of claims related to the insurance coverage in question in the AIG Litigation. As a result of our liquidity position and our capital structure, we have recently experienced reductions in our credit terms with our suppliers which we anticipate will further reduce our available working capital beginning in the fourth quarter of 2003.

In light of those developments, we have retained Rothschild Inc., as independent financial advisor, to evaluate recapitalization alternatives that would reduce our debt and strengthen our balance sheet. During the three and nine months ended September 30, 2003, $480 was incurred for professional fees related to the retention of our financial advisor.

6. INVENTORIES

The composition of inventories is as follows:

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
Raw materials	$ 11,245	$ 15,051
Work-in-process	18,409	22,561
Finished goods	23,043	23,432
Total	$ 52,697	$ 61,044

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

7. LONG-TERM OBLIGATIONS

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

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
Second Amended and Restated Credit Agreement ...	$ --	$ 6,995
Senior Secured Notes	82,000	--
Senior Secured Notes Discount	(2,670)	--
Senior Subordinated Notes	150,000	150,000
Series B Senior Subordinated Notes	150,000	150,000
Series B Senior Subordinated Notes Premium	3,669	5,129
Industrial Revenue Bonds	6,500	15,500
Other	6,934	7,897
	396,433	335,521
Less, current maturities	7,301	10,133
	$ 389,132	$ 325,388

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

2003	$ 211
2004	6,836
2005	387,137
2006	151
2007	187
Thereafter	912
Total	$395,434

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 Exchange Act of 1934 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.

In July 2003, the trustees of an Industrial Revenue Bond ("IRB") drew on a letter of credit in the amount of $9,000 to refund the related IRB. As a result, the Company's restricted cash balance, a portion of which had been used to cash collateralize the letter of credit, was reduced by $9,004. As of September 30, 2003 the Company has a restricted cash balance of $18,275 which is being used to cash collateralize $11,199 of letters of credit that were issued to various insurance companies for workers' compensation programs and a $6,595 letter of credit that was issued to certain trustees in respect of one issuance of an IRB. The Company has notified the trustees in respect of the IRB that the Company will not renew the current letter of credit of $6,595 which expires in February 2004. As a result, pursuant to the terms of the IRB, the trustees will draw on the letter of credit and use such proceeds to refund the IRB. Accordingly, the IRB of $6,500 and the related restricted cash balance of $6,677 has been classified as a current maturity of long-term obligations and a current asset, respectively.

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.

8. BUSINESS SEGMENT INFORMATION

The Company conducts its operations through one business segment.

9. 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 $8,302 and $8,907 for the three months ended September 30, 2003 and 2002 and $23,920 and $27,743 for the nine months ended September 30, 2003 and 2002, respectively. The outstanding trade receivables were $7,602 and $6,990 at September 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 $2,663 and $318 for three months ended September 30, 2003 and 2002 and $8,075 and $318 for the nine months ended September 30, 2003 and 2002, respectively. The outstanding trade receivables were $373 and $72 at September 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.

10. 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 trial court ruled 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.

11

Reimbursement for attorney fees and expenses was also awarded to the Company. National Union/AIG has filed for an appeal of the decision.

In the quarter ended June 30, 2003, the Company 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. Additionally, the Company recorded a $3,000 charge to discontinued operations for the three months ended June 30, 2003. This charge reflects the expected litigation expenses as well as potential settlement payments related to additional uninsured water inlet hose claims. No amounts have been recorded for the potential recovery of attorney fees. In the quarter ended September 30, 2003, the Company recorded an additional charge of $1,500 for expected litigation expenses as well as potential settlement payments for water inlet hose claims. These charges have been recorded through discontinued operations.

11. RECENT EVENTS

On October 23, 2003, we entered into a ten-year supply agreement with General Cable to supply certain bare wire products. Such supply contract related to a substantial amount of the volume which is currently being produced by General Cable's Taunton, Massachusetts facility which is scheduled to close within the next few months.

12. 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- GUARANTO
BALANCE SHEET			
AS OF SEPTEMBER 30, 2003			
ASSETS			
Cash	$ --	$ 41,154	$ 2,
Accounts receivable	--	47,982	15,
Inventories	--	41,397	11,
Restricted cash	--	6,677	
Other current assets	--	8,463	1,
Total current assets	--	145,673	29,
Property, plant and equipment, net	--	89,676	28,
Investment in subsidiaries	315,487	--	
Intangible and other assets	19,757	92,486	4,
Total assets	$ 335,244	$ 327,835	$ 62,
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current liabilities	$ 15,302	$ 54,777	$ 8,
Long-term obligations, less current maturities	387,704	1,428	
Other long-term liabilities	--	21,967	
Intercompany (receivable) payable	(53,597)	23,629	29,
Total liabilities	349,409	101,801	39,
Stockholder's equity (deficit):			

Common stock	0	0	
Contributed capital	236,331	297,105	11,
Carryover of predecessor basis	--	(67,762)	
Retained earnings (accumulated deficit)	(250,496)	(3,309)	9,
Accumulated other comprehensive income	--	--	1,
Total stockholder's equity (deficit)	(14,165)	226,034	23,
Total liabilities and stockholder's equity (deficit)	$ 335,244	$ 327,835	$ 62,

13

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

	COMPANY	TOTAL GUARANTOR	TOTAL NON- GUARANTO
BALANCE SHEET			
AS OF DECEMBER 31, 2002			
ASSETS			
Cash	$ --	$ 846	$ 1,
Accounts receivable	--	41,034	17,
Inventories	--	50,288	10,
Other current assets	--	9,635	1,
Total current assets	--	101,803	31,
Property, plant and equipment, net	--	95,836	30,
Investment in subsidiaries	339,887	--	
Intangible and other assets	6,373	93,037	4,
Total assets	$ 346,260	$ 290,676	$ 66,
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)			
Current liabilities	$ 11,947	$ 46,851	$ 8,
Long-term obligations, less current maturities	308,157	17,231	
Other long-term liabilities	--	22,767	
Intercompany (receivable) payable	10,616	(49,209)	38,
Total liabilities	330,720	37,640	47,
Stockholder's equity (deficit):			
Common stock	0	0	
Contributed capital	236,331	297,105	11,
Carryover of predecessor basis	--	(67,762)	
Retained earnings (accumulated deficit)	(220,791)	23,693	7,
Accumulated other comprehensive loss	--	--	(

Total stockholder's equity (deficit)	15,540	253,036	18,
Total liabilities and stockholder's equity (deficit)	$ 346,260	$ 290,676	$ 66,

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

	COMPANY	TOTAL GUARANTOR	TOTAL NON- GUARANTO
STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003			
Net sales	$ --	$ 74,241	$ 19,
Operating expenses:			
Cost of goods sold	--	60,839	16,
Selling, general and administrative expenses	1,048	5,798	1,
Depreciation and amortization	168	5,066	1,
Reorganization expense	480	--	
Impairment and plant closing charges	--	294	
Operating income (loss)	(1,696)	2,244	1,
Other income (expense):			
Interest expense	(2,001)	(8,788)	(
Amortization of deferred financing costs	(748)	--	
Equity in net income (loss) of subsidiaries	(8,114)	--	
Other, net	1,003	(1,005)	
Income (loss) from continuing operations before tax benefit	(11,556)	(7,549)	
Income tax benefit	--	(1)	
Income (loss) from continuing operations	(11,556)	(7,548)	
Loss from discontinued operations	--	(1,500)	
Net income (loss)	$ (11,556)	$ (9,048)	$

	COMPANY	TOTAL GUARANTOR	TOTAL NON- GUARANTO
STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2002			
Net sales	$ --	$ 83,410	$ 16,

Operating expenses:			
Cost of goods sold	--	66,963	12,
Selling, general and administrative expenses	--	7,056	
Depreciation and amortization	174	5,999	
Operating income (loss)	(174)	3,392	1,
Other income (expense):			
Interest income (expense)	35	(8,877)	(
Amortization of deferred financing costs	(534)	--	
Equity in net income (loss) of subsidiaries	(1,009)	--	
Other, net	--	--	
Income (loss) before tax provision (benefit)	(1,682)	(5,485)	1,
Income tax provision (benefit)	--	(3,175)	
Net income (loss)	$ (1,682)	$ (2,310)	$ 1,

15

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

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTO
STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003			
Net sales	$ --	$ 227,677	$ 57,
Operating expenses:			
Cost of goods sold	--	186,299	46,
Selling, general and administrative expenses	1,048	17,313	3,
Depreciation and amortization	507	16,112	3,
Reorganization expense	480	--	
Impairment and plant closing charges	--	814	
Operating income (loss)	(2,035)	7,139	3,
Other income (expense):			
Interest income (expense)	(2,369)	(26,444)	(1,
Amortization of deferred financing costs	(4,098)	--	
Equity in net income (loss) of subsidiaries	(24,400)	--	
Other, net	3,197	(3,197)	
Income (loss) from continuing operations before tax provision	(29,705)	(22,502)	2,
Income tax provision	--	--	
Income (loss) from continuing operations	(29,705)	(22,502)	2,
Loss from discontinued operations	--	(4,500)	
Net income (loss)	$ (29,705)	$ (27,002)	$ 2,

	COMPANY	TOTAL GUARANTOR	TOTAL NON- GUARANTO
STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002			
Net sales	$ --	$ 262,575	$ 45,
Operating expenses:			
Cost of goods sold	--	210,162	34,
Selling, general and administrative expenses	--	21,871	2,
Depreciation and amortization	531	17,728	2,
Operating income (loss)	(531)	12,814	5,
Other income (expense):			
Interest income (expense)	416	(26,603)	(1,
Amortization of deferred financing costs	(1,602)	--	
Equity in net income (loss) of subsidiaries	(57,570)	--	
Other, net	--	--	
Income (loss) before tax provision (benefit) and change in accounting principle	(59,287)	(13,789)	4,
Income tax provision (benefit)	--	(6,706)	
Income (loss) before change in accounting principle for goodwill, net of tax benefit	(59,287)	(7,083)	4,
Change in accounting principle	--	(49,794)	(4,
Net income (loss)	$ (59,287)	$ (56,877)	$ (

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

	COMPANY	TOTAL GUARANTOR	TOTAL NON- GUARANTO
STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003			
Net cash provided by (used in) operating activities	$ (56,110)	$ 65,354	$
Cash flows used in investing activities for capital expenditures	--	(8,587)	(
Cash flows provided by (used in) financing activities:			

Borrowings of long-term obligations	78,770	--	
Repayment of borrowings	(6,995)	(9,963)	
Restricted cash	(11,779)	(6,496)	
Financing fees	(3,886)	--	
Net cash provided by (used in) financing activities	56,110	(16,459)	
Effect of exchange rate changes on cash and cash equivalents	--	--	
Net change in cash and cash equivalents	$ --	$ 40,308	$

	COMPANY	TOTAL GUARANTOR	TOTAL NON-GUARANTO
STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002			
Net cash provided by operating activities	$ --	$ 5,680	$ 6,
Cash flows used in investing activities for capital expenditures	--	(3,571)	(5,
Cash flows used in financing activities for repayment of long-term obligations	--	(1,139)	
Effect of exchange rate changes on cash and cash equivalents	--	--	
Net change in cash and cash equivalents	$ --	$ 970	$ 1,

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 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 nine months ended September 30, 2003 compared to the three and nine months ended September 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. Currently, a $0.10 per pound fluctuation in the price of copper will have a $2.6 million impact on our working capital. Copper price fluctuations may also affect the per unit prices of the Company's products, however, copper price 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.

18

RESULTS OF OPERATIONS

	THREE MONTHS ENDED SEPTEMBER 30, 2003	THREE MONTHS ENDED SEPTEMBER 30, 2002
	(In thousands)	
Net sales	$ 94,080	$ 99,635
Operating expenses:		
Cost of goods sold	76,999	79,571
Selling, general and administrative expenses	8,109	7,993
Depreciation and amortization	6,340	7,115
Reorganization expense	480	--
Impairment and plant closing charges	294	--
Operating income	$ 1,858	$ 4,956

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

Net sales were $94.1 million and $99.6 million for the quarters ended September 30, 2003 and 2002, respectively. Sales for the quarter ended September 30, 2003 were $5.5 million, or 5.6%, below comparable 2002 levels primarily from lower sales to customers supplying the automotive and appliance industries and a higher proportion of tolled copper in the 2003 period, partially offset by an increase in the average cost and selling price of copper. The average price of copper based upon COMEX increased to $0.80 per pound for the quarter ended September 30, 2003 from $0.69 per pound for the quarter ended September 30, 2002.

Cost of goods sold as a percentage of sales increased to 81.8% for the quarter ended September 30, 2003, from 79.9% for the same period in 2002. This change was primarily due to competitive pricing pressures and increased insulating compound material costs.

Selling, general and administrative expenses were $8.1 million for the quarter ended September 30, 2003, compared to $8.0 million for the same period in 2002. Included in the quarter ended September 30, 2003 was a $1.0 million charge for payments to be made to our former Chief Executive Officer under his employment agreement. Excluding this charge, selling, general and administrative expenses decreased $0.9 million which was primarily the result of volume related items, lower bad debt provision and reduced accruals for personnel related costs. These expenses, as a percent of net sales, increased from 8.0% for the quarter ended September 30, 2002 to 8.6% for the quarter ended September 30, 2003.

Depreciation and amortization was $6.3 million for the quarter ended September 30, 2003, compared to $7.1 million for the same period in 2002 from lower depreciation on property, plant and equipment.

As described below, we have retained Rothschild Inc. as independent financial advisor. During the three months ended September 30, 2003, $0.5 million was incurred for professional fees related to the retention of our financial advisor. There was no similar charge for the 2002 period.

Impairment and plant closing charges for the three months ended September 30, 2003 related to the closing of the Kendallville, Indiana plant in June 2003 and other previously closed plants were $0.3 million. Additional charges of $0.7 million are expected to be incurred related to the plant closings. These charges relate to shut-down expenditures including occupancy costs and are expected to be incurred over the next twelve months.

The income tax benefit for the quarters ended September 30, 2003 and 2002 were $0.0 million and $3.0 million, respectively. A full valuation allowance was recorded in the fourth quarter of 2002.

RESULTS OF OPERATIONS

	NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002

	(In thousands)	
Net sales	$ 285,504	$ 307,657
Operating expenses:		
Cost of goods sold	232,998	244,292
Selling, general and administrative expenses	22,116	24,863
Depreciation and amortization	20,026	20,968
Reorganization expense	480	--
Impairment and plant closing charges	814	--
Operating income	$ 9,070	$ 17,534

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2002

Net sales were $285.5 million and $307.7 million for the nine months ended September 30, 2003 and 2002, respectively. Sales for the nine months ended September 30, 2003 were $22.2 million, or 7.2%, 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 $0.77 per pound for the nine months ended September 30, 2003 from $0.72 per pound for the nine months ended September 30, 2002.

Cost of goods sold as a percentage of sales increased to 81.6% for the nine months ended September 30, 2003, from 79.4% for the same period in 2002. This change was primarily due to competitive pricing pressures, operational inefficiencies from lower production levels and increased insulating compound material costs.

Selling, general and administrative expenses were $22.1 million for the nine months ended September 30, 2003, compared to $24.9 million for the same period in 2002. Included in the nine months ended September 30, 2003 was a $1.0 million charge for payments to be made to our former Chief Executive Officer under his employment agreement. Excluding this charge, selling, general and administrative expenses decreased $3.8 million which was primarily the result of volume related items, continued cost reductions including headcount reductions, lower bad debt provision and reduced accruals for personnel related costs. These expenses, as a percent of net sales, decreased from 8.1% for the nine months ended September 30, 2002 to 7.7% for the nine months ended September 30, 2003.

Depreciation and amortization was $20.0 million for the nine months ended September 30, 2003, compared to $21.0 million for the same period in 2002 from lower depreciation on property, plant and equipment.

As described below, we have retained Rothschild Inc. as independent financial advisor. During the nine months ended September 30, 2003, $0.5 million was incurred for professional fees related to the retention of our financial advisor. There was no similar charge in the 2002 period.

Impairment and plant closing charges for the nine months ended September 30, 2003 related to the closing of the Kendallville, Indiana plant in June 2003 and other previously closed plants were $0.8 million. A portion of the equipment from these facilities 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 $0.5 million was recorded in the second quarter of 2003. Additional charges of $0.7 million are expected to be incurred related to the plant closings. These charges relate to shut-down expenditures including occupancy costs and are expected to be incurred over the next twelve months.

The income tax provision for the nine months ended September 30, 2003 was $0.2 million compared to a tax benefit of $6.5 million for the nine months ended September 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

We have experienced a significant downturn in the industrial/energy and electronics/data communications markets and increased competitive pricing pressures in the automotive market that began in 2001 and has continued through September 30, 2003. The economic downturn and competitive pricing pressures in the aforementioned markets have resulted in lower sales and weaker cash flows than we originally expected. Our liquidity also has been negatively impacted as a result of costs incurred in connection with the prosecution of the AIG Litigation and the settlement of claims related to the insurance coverage in question in the AIG Litigation. As a result of our liquidity position and our capital structure, we have recently experienced reductions in our credit terms with our suppliers which we anticipate will further reduce our available working capital beginning in the fourth quarter of 2003.

In light of those developments, we have retained Rothschild Inc., as independent financial advisor, to evaluate recapitalization alternatives that would reduce our debt and strengthen our balance sheet.

Working Capital and Cash Flows

Net cash provided by continuing operations was $13.5 million for the nine months ended September 30, 2003, compared to $14.8 million for the nine months ended September 30, 2002. The decrease was primarily the result of increased working capital including the effect of higher copper prices.

Net cash used in investing activities for capital expenditures was $9.3 million for the nine months ended September 30, 2003, compared to $8.7 million for the nine months ended September 30, 2002. The increase primarily related to increased machinery and equipment additions and upgrade expenditures.

Net cash provided by financing activities was $39.7 million for the nine months ended September 30, 2003, compared to net cash used by financing activities of $1.1 million for the nine months ended September 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.

Liquidity

As of September 30, 2003, we had $43.3 million of unrestricted cash and cash equivalents and our working capital was $96.6 million.

We anticipate that our cash requirements for the next twelve months will be for working capital requirements, for capital expenditures (estimated at approximately $19.1 million), for plant closing costs and discontinued operations (estimated at approximately $5.1 million), and for debt service (excluding the IRB to be repaid by drawings under the letter of credit) (estimated at approximately $45.2 million). Our primary sources of liquidity are cash on hand and cash flows from operations. We expect that these sources of cash will be sufficient to meet our requirements for working capital, capital expenditures and debt service under our Senior Secured Notes over the next twelve months. However, unless cash flows from operations materially increase or we are able to obtain an additional source of liquidity including through debt or equity financings, such sources of cash would not be sufficient to make required interest payments on our Senior Subordinated Notes over the next twelve months. In the event the Company would fail to make any required payments under the Senior Subordinated Notes, the holders of our Senior Secured Notes and/or our Senior Subordinated Notes could elect to seek acceleration and repayment of such indebtedness. If such an acceleration would occur, we would not have sufficient liquidity to repay such indebtedness and we would not expect to be able to refinance such indebtedness.

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

CONTRACTUAL OBLIGATIONS	TOTAL	REMAINDER OF 2003	2004-2005	2006-2007	THEREAFTER
Debt (1).................	$ 393.4	$ 0.0	$ 393.4	$ 0.0	$ 0.0
Capital lease obligations	2.0	0.3	0.5	0.4	0.8
Operating leases.........	5.6	0.6	2.4	1.0	1.6
Total contractual cash obligations..............	$ 401.0	$ 0.9	$ 396.3	$ 1.4	$ 2.4

(1) Debt obligations are exclusive of interest.

Inflation and Copper Pricing

Inflation has not been a material factor affecting our business. 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 we experience a significant change in copper prices. A $0.10 per pound change in the price of copper changes our working capital by approximately $2.6 million. We enter into contractual relationships with most of our customers to adjust our prices based upon the prevailing market prices on the COMEX. This approach is patterned after our arrangement with our copper suppliers and is designed to remove the risk associated with fluctuating copper prices. We are subject to normal inflationary pressures with our other raw materials purchased as well as our general operating expenses, such as salaries, employee benefits and facilities costs.

Financing Arrangements

We 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, our senior secured credit facility; (ii) to cash collateralize certain of our letters of credit, including the letters of credit that were issued under our senior secured credit facility and the letters of credit collateralizing two industrial revenue bonds related to our acquisition of Camden Wire Co., Inc. in 1997; (iii) to pay interest on our Senior Subordinated Notes and other indebtedness; and (iv) for general corporate purposes, including working capital.

Our obligations under the Senior Secured Notes are guaranteed on a senior secured basis by International Wire Holding Company, our parent, and by all of our domestic restricted subsidiaries. The Senior Secured Notes and the guarantees are secured by first priority mortgages and liens on substantially all of our 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, our 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, we may elect, but are 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 we do 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 fail to comply with certain other provisions of the registration rights agreement, we have agreed to pay additional interest to the holders of the Senior Secured Notes.

In July 2003, the trustees of an Industrial Revenue Bond ("IRB") drew on a letter of credit in the amount of $9.0 million to refund the related IRB. As a result, the Company's restricted cash balance, a portion of which has been used to cash collateralize the letter of credit, was reduced by $9.0 million. As of September 30, 2003 the Company has a restricted cash balance of $18.3 million which is being used to cash collateralize $11.2 million of letters of credit that were issued to various insurance companies for workers' compensation programs and a $6.6 million letter of credit that was issued to certain trustees in respect of one issuance of an IRB. The Company has notified the trustees in respect of the IRB that the Company will not renew the current letter of credit of $6.6 million which expires in February 2004. As a result, pursuant to the terms of the IRB, the trustees will draw on the letter of credit and use such proceeds to refund the IRB. Accordingly, the IRB of $6.5 million and the related restricted cash

balance of $6.7 million has been classified as a current maturity of long-term obligations and a current asset, respectively.

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 did not 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 September 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 did 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 $6.5 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.

24

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 September 30, 2003, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

25

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to note 10 in the Notes to Consolidated Financial Statements in Item 1 of Part I of this Quarterly Report on Form 10-Q, which note 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
10.1	Amended and Restated Employment Agreement, dated September 15, 2003, among Joseph M. Fiamingo, International Wire Holding Company, International Wire Group, Inc. and the subsidiaries named therein.
10.2	Supply Contract Extension with Viasystems, Inc.
31.1	Certification of Principal Executive Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
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.

(b) Reports on Form 8-K
(c) None

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: November 14, 2003

By: /s/ GLENN J. HOLLER

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

EXHIBIT INDEX

Exhibit Number	Description
10.1	Amended and Restated Employment Agreement, dated September 15,

	2003, among Joseph M. Fiamingo, International Wire Holding Company, International Wire Group, Inc. and the subsidiaries named therein.
10.2	Supply Contract Extension with Viasystems, Inc.
31.1	Certification of Principal Executive Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
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.