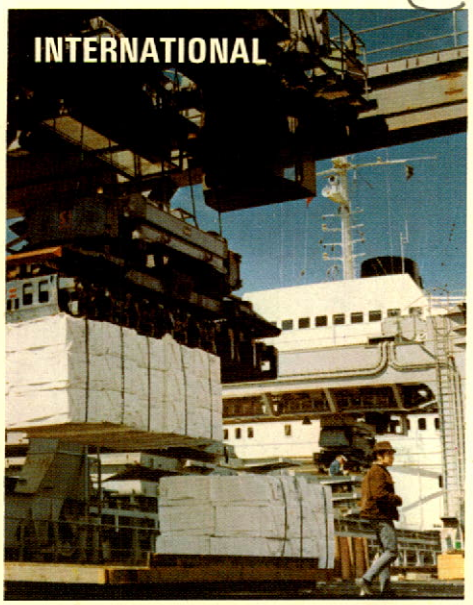
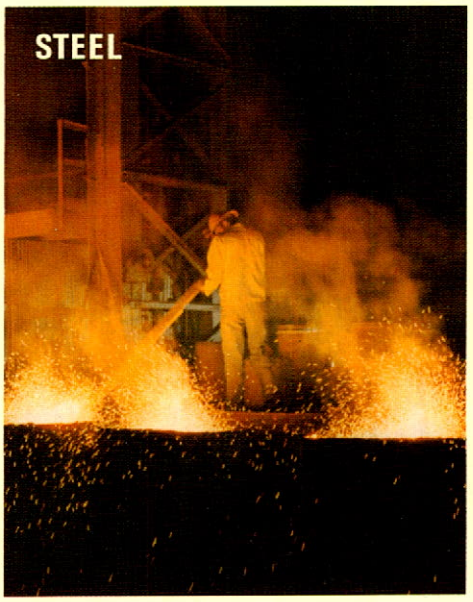




interlake

ANNUAL REPORT 1969

. . . going where markets are growing

growing *(About 2% of Interlake volume is from other sources not represented in this chart)*

	STEEL	METAL POWDERS	FERROALLOYS	FURNISHINGS
	■ $98.4 million ■ 30% of total company sales ■ Increased 8% over 1968	■ $15.2 million ■ 5% of total company sales ■ Increased 13% over 1968 (on an annual basis)	■ $23.5 million ■ 7% of total company sales ■ Increased 31% over 1968	■ $29.9 million ■ 9% of total company sales ■ Increased 10% over 1968
	■ Hot and cold rolled sheet and strip ■ Alloy sheet ■ Electric weld line pipe ■ Spiral welded pipe ■ New in '69 . . . now rolling up to 30" wide coil at Riverdale, new emphasis on high strength steels ■ 1,200,000 ingot tons produced in 1969	■ Iron and steel powders ■ Stainless and alloy powders ■ Atomized powders ■ Magnetic inspection powders ■ Hard facing powders ■ New in '69 . . . broadened product line in atomized steel, hi-alloy and stainless steel powders	■ Silicon metal ■ Ferrosilicon ■ High, low carbon chrome and silicon ■ Manganese	■ Metal, plastic and wood dinette groupings ■ Mobile home furnishings ■ Institutional seating ■ Educational, library/resource furnishings ■ Bed frames, bunk & rollaway beds ■ Gas grills and gas lamps ■ New in '69 . . . "Direction" square tube dinette grouping, "Polaris" lounge seating, Conical base contemporary dinette line
	■ Marketed specialty steel products to nation's major industries, with key percentages going to auto, farm implement, appliance and aerospace industries ■ The nation's 16th largest steel producer ■ Our specialty: unique narrow width capabilities ■ 25% of production used internally and further fabricated into other product lines ■ Marketed by company national sales network	■ Marketed to major manufacturers of mass production parts, with automotive, appliance and office equipment fabricators key customers ■ Product keyed to eliminating costly machining, waste, time, etc. ■ Maintained leadership in U.S. metal powder production ■ We provide unique technical and metallurgical customer service ■ Our leadership in technology enables producers to provide low cost parts with unique properties ■ Marketed by company sales force	■ Marketed to steel, aluminum and chemical industries ■ Vital to production of alloy and stainless steel castings ■ Silicon metal vital ingredient in aluminum, silicones for chemical industry products ■ Growing rapidly as important industry competitor because of quality reputation ■ Showed largest sales growth of Interlake divisions in 1969 ■ Known for research and analytical capabilities unique to industry ■ Sold through sales agent	■ Serves diversified furniture markets including home, university, mobile home, hospital, restaurant, industrial, educational and office ■ Expanded successful modern and Spanish dinette lines ■ Strengthened design capabilities on all lines ■ Growing importance in educational market ■ Marketed through retailers and distributors
	■ Widened and improved major hot rolling mill—approximately $.9 million ■ Installed various pollution control projects totalling approximately $2 million ■ Completed normal repair and replacement projects at Newport ■ Finalizing pollution control projects at Riverdale	■ Completing $8 million plant for atomizing powders (50,000 ton annual capacity) ■ Completing extensive expansion of research and development facilities ■ Installed large induction furnace, 650-ton hot forging press	■ Authorized extensive plant improvement ■ Purchased new equipment to expedite in-plant materials control and handling ■ Installing large new warehouse facilities to improve customer service	■ Completed new warehouse facilities in Azusa, Calif. ■ Completed new assembly/warehousing building, including new offices and showroom in Dallas ■ Developed new tooling and dies for Falcon Mark V Grill, Howell contract polypropylene chair, other products
	■ Riverdale, Illinois ■ Newport, Kentucky ■ Wilder, Kentucky ■ Blue Island, Illinois	■ Riverton, New Jersey	■ Beverly, Ohio	■ St. Charles, Illinois ■ Lynwood, California ■ Azusa, California ■ Dallas, Texas (3 separate facilities) ■ Stanley, Wisconsin

A PROFILE OF INTERLAKE'S BUSINESSES IN 1969 *. . . going where markets ar*

	PACKAGING PRODUCTS	STORAGE PRODUCTS	INTERNATIONAL	IRON
'69 SALES	■ $68.8 million (including international) ■ 21% of total company sales ■ Increased 9% over 1968	■ $27.9 million (including international) ■ 9% of total company sales ■ Increased 9% over 1968	■ Sales consolidated under packaging/storage products ■ Increased 22% over 1968	■ $54.7 million ■ 17% of total company sales ■ Increased 19% over 1968
PRODUCTS	■ Steel, nylon and polypropylene strapping ■ Tools, machines and systems for applying strapping ■ Stitching wire, staples and machines ■ Inflatable Dunnage ■ New in '69...Shrink-film packaging systems	■ Storage rack ■ Gravity flow rack ■ Slotted angle ■ Automated and manual pallet storage and retrieval systems ■ Shelving, hoppers ■ Flexible conduit, rims, ties, other special products ■ New in '69 . . . Heavy duty gravity conveyor rack, new manual Courier	■ Packaging systems, strapping and machines, wire ■ Storage systems, rack and automatic retrievers ■ Stitching systems ■ Shipping systems ■ New in '69 . . . Polybander-polypropylene strapping machine.	■ Pig Iron ■ Molten Iron ■ Coke ■ Coal Chemicals ■ 1,500,000 tons produced in 196
MARKETING HIGHLIGHTS	■ Marketed to most industries—metals fabricators, lumber, brick, food, textile and paper are key consumers ■ Supplying complete packaging system custom designed to particular customer problems ■ Systems keyed to maximize labor savings ■ Sold through nationwide company sales force	■ Marketed to all industries with storage needs including automotive parts, food, furniture, textile, lumber, aircraft ■ Storage industry leader with broadest product line ■ Expanding in West Coast Markets ■ Several storage and retrieval systems now being installed ■ Sold by company sales force and distributors	■ Marketed world-wide in most industries in free world ■ Expanding world-wide marketing/sales network ■ Increased penetration in European storage rack market ■ Developed agreements with licensee/distributors in France ■ Products sold through own sales force and licensee/distributors	■ Major market: foundry industr ■ Maintained position as largest domestic merchant iron producer ■ Almost 50% of production is used internally ■ Sold through sales agent
CAPITAL SPENDING AND MAJOR VENTURES	■ Entered shrink-film packaging market—complete equipment and film system offered ■ Installed new 24-strand slitting line at Riverdale—slightly under $1 million ■ Completed new $2.3 million strapping manufacturing facility in Pittsburg, Calif. ■ Installed extensive improvements and modifications on Riverdale production facilities	■ Constructed $2.5 million Pontiac plant addition ■ Acquired Lodi-Fab Industries (Calif.) major heavy duty cantilever rack producer ■ Introduced hydraulically powered manual courier ■ Installed heavy duty roll-forming line and electrodeposition paint line in new Pontiac addition	■ Acquired S.A. Redirack, of Brussels, Belgium—storage rack manufacturer ■ Sold 90% interest in Feralco, a French subsidiary ■ Entered strapping production agreement with P. W. Lenzen, leading West German steel producer	■ Installed new swing stove on Chicago blast furnaces ($1 million) ■ Pioneered closed recirculating system (pollution control equipment) at Chicago blast furnace and sinter plant ($.8 million) ■ Installed three closed water recirculating systems and completed four other pollution control projects at Toledo plan ■ Complied with existing water pollution control standards at Toledo plant, Chicago blast furnace plant
PLANT LOCATIONS	■ Riverdale, Illinois ■ Pittsburg, California ■ Racine, Wisconsin ■ Ottawa, Illinois (40% owned)	■ Pontiac, Illinois ■ Los Angeles, California ■ Lodi, California ■ Ottawa, Illinois (40% owned) ■ Riverdale, Illinois	■ Scarborough, Ontario, Canada ■ Weston, Ontario, Canada ■ Welwyn and Kilnhurst, England (50% owned) ■ Brussels, Belgium ■ Mexico City, Mexico	■ Chicago, Illinois ■ Toledo, Ohio

HIGHLIGHTS OF 1969

- Sales reach record $324,848,000
- Income, before extraordinary items, of $15,337,000, or $3.43 a share, second highest in history
- Net income, including extraordinary items, rises to $20,389,000, or $4.56 a share—63% higher than in 1968
- Acquired assets of Lodi-Fab Industries, Inc. in California
- Acquired S.A. Redirack Mfg. in Brussels, Belgium
- Technical Center dedicated
- $18 Million spent for expansion, modernization, pollution control
- New marketing organization formed

FOR THE YEAR (In thousands)	**1969**	**1968**
Net sales	**$324,848**	$285,571
Income before extraordinary items	**15,337**	12,556
Extraordinary items	**5,052**	—
Net income	**20,389**	12,556
Cash flow	**29,144**	24,199
Capital expenditures	**18,423**	13,752
Common stock dividends	**8,046**	8,078
AT YEAR END (In thousands)		
Working capital	**$ 71,846**	$ 74,365
Current ratio	**2.2 to 1**	2.7 to 1
Property, plant and equipment—net	**$159,593**	$153,965
Long-term debt, less current maturities	**40,987**	53,047
Shareholders' equity	**206,514**	196,122
PER SHARE STATISTICS		
Income before extraordinary items	**$ 3.43**	$ 2.80
Extraordinary items	**1.13**	—
Net income	**4.56**	2.80
Cash dividends paid	**1.80**	1.80
Shareholders' equity at year-end	**46.82**	43.69

TRANSFER AGENTS
The First National Bank of Chicago, Chicago, Illinois
Bankers Trust Company, New York, New York

REGISTRARS
The Continental Illinois National Bank and Trust Company of Chicago, Chicago, Illinois
Irving Trust Company, New York, New York

GENERAL COUNSEL
Jones, Day, Cockley & Reavis, Cleveland, Ohio

INDEPENDENT ACCOUNTANTS
Price Waterhouse & Co., Chicago, Illinois

INTERLAKE'S BUSINESSES IN 1969

Interlake's seven major businesses accounted for the following percentages of 1969 sales:

Packaging/Shipping Products	**21%**
Storage/Materials Handling Products	**9%**
Iron	**17%**
Steel	**30%**
Metal Powders	**5%**
Ferroalloys	**7%**
Furnishings/Leisure Products	**9%**

About 2% of Interlake's total revenue is from sources not represented in the above breakdown.

...Going where markets are growing

Interlake's success in the future will be determined by how much we are able to serve the changing needs of customers in the marketplace...and by how well we can inject our capabilities into their business and help them solve problems.

The company has embarked on a program to bring our products and services closer to customers and their markets. The theme we have adopted for this effort is...*going where markets are growing.*

This year's report emphasizes the future, not the past, and it discusses our markets, their trends and Interlake's participation and potentials. We invite your comments and suggestions.

The Cover Is A "Mini-Report"

The six-page cover of this report has been designed as a "mini-report" with key facts about Interlake's '69 performance. Refer to it if you're in a hurry. Or if you'd prefer to save it for reference purposes, a slight tug will remove the cover from the main body of the report.

CONTENTS

ANNUAL MEETING

Shareholders are invited to attend the Company's 1970 Annual Meeting at 10:00 a.m. (New York City time), April 23, 1970, At Bankers Trust Company, 485 Lexington Avenue, New York City. Proxy statements for the meeting will be mailed in the latter part of March.

TO OUR SHAREHOLDERS:

Interlake's rate of growth was exceptionally well maintained during 1969—a year marked by the achievement of record sales, the second highest earnings in the company's history and a continuation of a successful growth and diversification program. Last year's outstanding accomplishments provide strong impetus for the company's continuing progress as we enter a new decade.

SALES REACH RECORD $324.8 MILLION

Sales in 1969 rose 14% to a record $324,848,000, compared with $285,571,000 in 1968. All of the company's operations contributed to the improved volume.

The upward thrust in sales reflects:

. . . sustained high level of the country's economic activity
. . . exceptional growth characteristics of many markets we serve
. . . increased volume from our 1968 acquisition program
. . . price adjustments.

Certainly 1969 results provide a classic example of the value inherent in Interlake's diversification.

As indicated on pages 1 and 25, the company's product mix continues to change. For example, sales of Iron and Steel Division products—although improved—again represented a smaller percentage of total sales, thereby continuing a trend that was previously established. It is significant to note that 37% of increased sales volume in 1969 was from Interlake's 1968 acquisition program. We expect the company's selective acquisition and diversification program will continue to broaden Interlake's base and produce a positive impact on sales in the near future.

NET INCOME UP SUBSTANTIALLY

Income in 1969, before extraordinary items, rose 22% to $15,337,000, or $3.43 a common share, compared with net income of $12,556,000, or $2.80 a share in 1968. These results were exceeded only by the record-setting $3.68 a share earned in 1966. In this connection, 1969 earnings would have exceeded those reported for 1966, had it not been for the 10% surtax which reduced net income $.26 per share in 1969.

Higher earnings were recorded by all but one of the company's divisions, with particularly improved results provided by the Iron and Steel, Globe Metallurgical, International and Hoeganaes operations.

The significant improvement in our earnings reflects benefits from:

. . . stable operations maintained throughout the year
. . . intensified cost control programs
. . . benefits from capital expenditures
. . . record sales volume and selected price adjustments
. . . the company's growth and diversification program.

Extraordinary items during the year increased net income by an additional $5,052,000, or $1.13 a share. Consequently, Interlake's

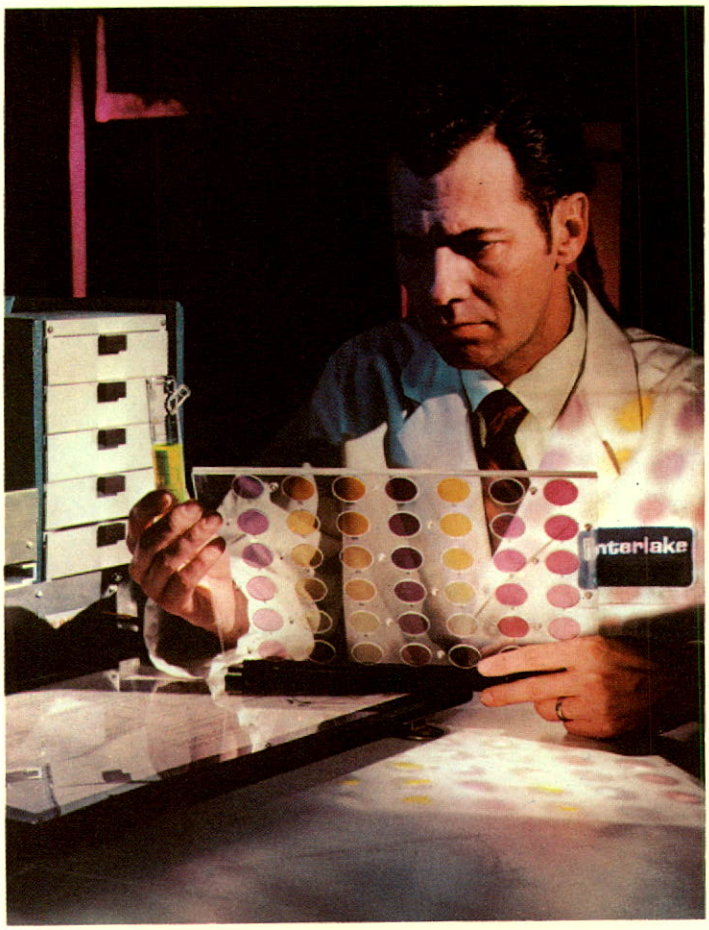
total net income for 1969 reached $20,389,000, or $4.56 a share—63% higher than in 1968. The extraordinary items are explained further in the financial section of this report.

THREE ACQUISITIONS COMPLETED

Three acquisitions have been completed which add to existing product lines and expand capacity. The acquisitions are the 6th, 7th, and 8th companies acquired in the past 19 months as part of Interlake's current diversification program.

. . . S.A. Redirack Mfg., a storage rack producer in Belgium, was acquired in mid-December. This firm is a licensee of Redirack Industries, Ltd., of Toronto, Ontario, which Interlake purchased in 1968. This move enables Interlake to participate in the growth of the Redirack product line in Belgium and other Common Market countries.

. . . Effective December 31, we acquired the assets of Lodi-Fab Industries, Inc. in Lodi, California, a producer of heavy duty storage and cantilever racks. This move expands Interlake's existing storage rack capabilities into new fields, and also provides Interlake with West Coast manufacturing facilities for its line of storage and material handling products. The Lodi facility becomes Interlake's eighth production plant in western markets, which enables us to provide better and more economical service to the company's many customers in this part of the country.



Fred Krikau, Manager of Environmental Control, analyzes air samples at his department's new lab at the Tech Center.

Dedicated in 1969, the Technical Center houses engineering, research, new product development and environmental control activities.

. . . Gary Steel Supply Company in Blue Island, Illinois, was acquired, and it provides added warehousing and pickling capacity for our Riverdale operation.

FURTHER GROWTH ABROAD ACCOMPLISHED

As we reported to you in October, the company also made several moves to further strengthen Interlake's position in European markets.

. . . In August, we entered into an agreement with P. W. Lenzen, a cold rolled steel producer at Letmathe, West Germany. New facilities will be built to manufacture strapping, which will be sold exclusively through Interlake distributors for marketing with Interlake's strapping systems in Western Continental Europe.

. . . Interlake also entered into an agreement with H. Brenneisen & CIE, of Paris, France, who will act as Interlake's licensee distributor for strapping systems in that country.

EXPLORATION IN AUSTRALIA CONTINUES

As previously reported, Interlake has a 10% interest in a joint venture that has been exploring for minerals in the Kimberley district of western Australia. To date, no discovery has been unearthed worthy of commercial development. This is a long-range program with good potential.

$18.4 MILLION FOR CAPITAL EXPENDITURES

Capital expenditures during 1969 reached $18,423,000. The funds were spent for:

Expansion	$9,269,000	(50%)
Pollution Control	3,501,000	(19%)
Repair/Replacement	5,653,000	(31%)

Major expansion projects include the new steel atomizing plant at Hoeganaes; the second addition to the storage systems plant at Pontiac, Illinois, and a new stove at the Chicago blast furnace plant.

NEW TECHNICAL CENTER IN FULL OPERATION

Activity is in full swing at the company's new Technical Center, which was dedicated August 28, as a permanent tribute to Mr. Griffiths. The complex shown on page 2 consolidates the combined talents of Interlake's engineering, research, new product development and environmental control experts. Here our technicians and project teams explore subjects ranging from improving the steel making process through development of new methods and products which serve the changing needs of our customers and environment.

NEW PRODUCTS INTRODUCED

Several new and improved products were introduced during the year. The most important are explained on the following pages.

New product development is an important key to internal growth, and we are accelerating our efforts in this area.

In 1968, we announced introduction of a new line of both manual and automated retrievers designed to handle palletized materials in warehouses and plants. The equipment has generated strong customer interest and several installations are now underway. This is a significant addition to our product line and was developed by our research organization.

EMPLOYEE ATTITUDES IMPORTANT

1969 was a year of labor peace for Interlake. No man-hours were lost which could be attributed to strikes or labor difficulties.

Interlake's safety performance improved further during the year with the number of disabling injuries decreasing by 11%, compared with 1968. An Automotive Safety Program was developed and implemented in the continuing effort to make the company an even safer place to work.

The Salaried Employee's Educational Assistance Program continued to function effectively. Some 250 employees, including many management personnel, utilized the program to obtain further education and training in subjects related to their work and careers.

ENVIRONMENTAL CONTROL PROGRESS

At Interlake, environmental control is not a program—it is a commitment. And fortunately, our major abatement projects are mostly behind us.

The company spent $3,501,000 in 1969. Twenty-four air and water pollution control projects were completed at three plants, and now we only have a few remaining problems to solve. The company was among the first to install water pollution control equipment designed to comply with recently passed federal, state and local water quality standards. And in Chicago, our air pollution control program with the city has been completed.

Interlake will have spent or allocated more than $33 million for pollution control activities by the end of 1972. This financial expenditure represents a major undertaking for a company our size, but we believe industry and Interlake must do whatever it

This is part of Interlake's unique closed recirculating system installed on the Chicago blast furnaces during 1969. It was partially financed by a Federal grant, and has been made available to all industry.

can, as soon as possible, to prevent pollution and help create a cleaner environment for everyone, including the generations to come. In the final analysis, however, pollution is a problem for every American. We all must pay the bill for a clean environment.

Expenditures for pollution control — and the company's performance — are possible, of course, only with the shareholders' support. We wish to express our appreciation to the many interested shareholders whose letters and phone calls have commended Interlake's aggressive leadership in this area.

KEY MANAGEMENT CHANGES MADE DURING YEAR

Several key changes were made in the company's management during the year, including an amendment to the by-laws that authorized reducing the Board of Directors from 17 to 15 members. Three former outside directors retired and one new director, Robert Jacobs, Vice President-Finance, was elected to the Board.

At the 1969 Annual Meeting, G. Findley Griffiths, Chairman, stepped down as Chief Executive Officer. Mr. Griffiths was President and Chief Executive Officer of Acme Steel Company from 1961 to 1964. When the company merged with Interlake Iron to form Interlake Steel in 1964, he became Chairman and Chief Executive Officer.

Reynold C. MacDonald, President and Chief Operating Officer, was elected Chief Executive Officer.

Also at the annual meeting, Raymond T. Anderson was elected Controller.

Two other key executives joined the company's top management group during the year:

Frank J. Burgert was elected Corporate Vice President—Operations in April. Mr. Burgert was formerly Vice President—Operations for Wheeling-Pittsburgh Steel Corporation. He now manages Interlake's metals businesses (iron and steel, metal powders and ferroalloys).

Robert M. Gilason was elected Corporate Vice President—Marketing. Mr. Gilason formerly served in a key marketing capacity for Kaiser Aluminum and Chemical Co. and U. S. Steel Corporation. He now heads the new corporate marketing organization.

We call your particular attention to pages 6-7 where we present Interlake's 18 key executives, their titles and their ages. We are particularly pleased with the caliber of these men, who hold prime responsibility for company affairs.

THREE DIRECTORS RETIRE

We wish to express our sincerest thanks to three outstanding executives who retired as Directors during 1969: Frederic J. Robbins, President, Chief Executive Officer of Bliss & Laughlin, Incorporated; John W. Scallan, Director, Pullman Incorporated; and John C. Virden, Chairman, Executive Committee, Eaton Yale & Towne, Inc. Their counsel and service over the years contributed substantially to the company's progress and growth.

CONSIDERATIONS AT ANNUAL MEETING

In the proxy statement to be mailed in March, shareholders will be asked to consider shortening the company's name from Interlake Steel Corporation to Interlake, Inc. and to change the state of incorporation from New York to Delaware. These proposals will be explained in the proxy material to be mailed in connection with the annual meeting, April 23, 1970.

INTERLAKE'S PLANS FOR GROWTH

As we enter the new decade, we do so with an aggressive three-year profit and growth plan developed after considerable thought, planning and review. We recognize the plan is an aggressive one, but we think it is attainable.

...GOING WHERE MARKETS ARE GROWING

Interlake is heavily engaged in highly competitive markets which are changing rapidly. This is one reason why we have adopted the theme, "...going where markets are growing."

As reported in October, we have formed a new corporate marketing organization. This group of marketing specialists will help plan and coordinate the many marketing activities of the company's ten different sales organizations. They must also see that proper emphasis is placed on understanding customers and their changing requirements.

We are now concentrating on carrying our product developments closer and closer to the customer. We are also placing increased emphasis on problem solving, customer development and customer satisfaction. In addition, our marketing group has launched a program to analyze our marketing actions on a constant basis.

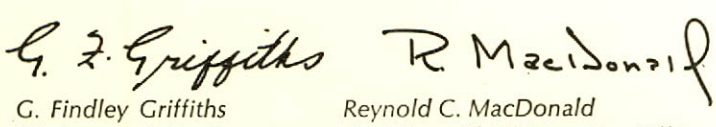
LOOKING AT 1970

Looking ahead, our nation faces a vast matrix of domestic and foreign problems this year, and in the future. Fiscal and monetary policies are still being brought to bear in an effort to curb inflation. This will affect the entire economy...and Interlake, in 1970.

IT ALL HAPPENS THROUGH PEOPLE

Interlake's growth is really a product of our 9,500 people working together, meeting the challenges, doing their best to capitalize on opportunities and making success a part of their everyday work attitudes and habits.

We pay tribute to these men and women around the world; and for their efforts, we believe they deserve the gratitude and continuing support of the shareholders.



G. Findley Griffiths
Chairman of the Board

Reynold C. MacDonald
President, Chief Executive Officer

TOP MANAGEMENT GROUP

The senior executives shown and listed on these pages guide Interlake's major businesses and staff departments. They represent a group of 100 top managers whose average age is 48. Interlake is proud of its team of aggressive individuals, whose purpose and potential affords great promise for accelerated growth in the future.

DIRECTORS

KEITH S. BENSON
Executive Vice President, Director,
Diamond Shamrock Corporation and Chairman, Pickands Mather & Co., a subsidiary of Diamond Shamrock Corporation

EUGENE P. BERG
Chairman, President, Director, Bucyrus-Erie Company

*MARVIN CHANDLER
Chairman, Director, Northern Illinois Gas Company

*JAMES W. COULTRAP
Chairman, Director, MGD Graphic Systems, Inc.

*GEORGE E. ENOS
Chairman of Executive Committee

*G. FINDLEY GRIFFITHS
Chairman of the Board

‡ROBERT JACOBS
Vice President-Finance

CARTER KISSELL
Partner in the law firm of Jones, Day, Cockley & Reavis

*REYNOLD C. MacDONALD
President and Chief Executive Officer

GEORGE S. PATTERSON
President, Director, Buckeye Pipe Line Company

LOUIS PUTZE
Group Vice President, Director, The Singer Company

†FREDERIC J. ROBBINS
President, Chief Executive Officer, Director, Bliss & Laughlin, Incorporated

†JOHN W. SCALLAN
Director, Pullman Incorporated

LEE C. SHAW
Partner in the law firm of Seyfarth, Shaw, Fairweather & Geraldson

*JOHN SHERWIN
Director, Diamond Shamrock Corporation

†JOHN C. VIRDEN
Chairman of Executive Committee, Director, Eaton Yale & Towne Inc.

EDWARD J. WILLIAMS
Executive Vice President, Director, GAF Corporation

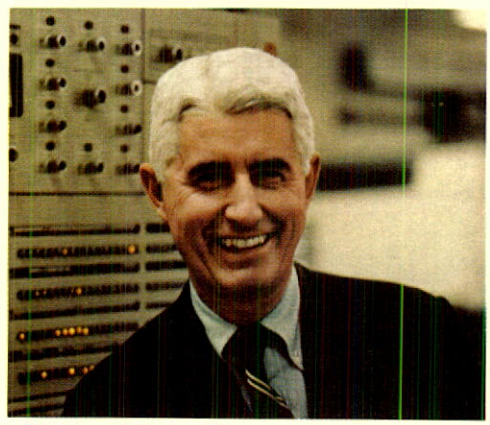
*MORRIS H. WRIGHT
General Partner, Kuhn, Loeb & Co.

**Reynold C. MacDonald, 51
President and Chief Executive Officer

**George B. Howell, 50
Vice President–
Packaging and Storage Products Division

**Robert Jacobs, 51
*Vice President–*Finance

**Raymond T. Anderson, 37
Controller



**R. Russell Fayles, 55
Vice President–
Administrative Services and Research

Robert W. Lorenz, 45
President, Howell Company

*Member of Executive Committee
†Retired at Annual Meeting, 1969
‡Elected at Annual Meeting, 1969

Arthur E. Russert, 56
Vice President–Steel Marketing

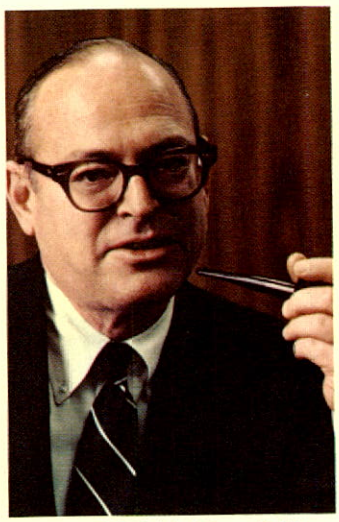
****David G. Bowser, 49**
Vice President–
Globe Metallurgical Division

****G. Findley Griffiths, 63**
Chairman of the Board

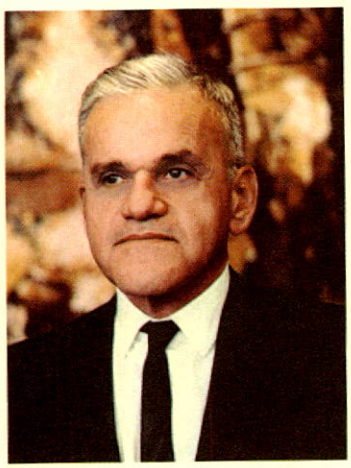
****Robert M. Gilason, 45**
Corporate Vice President–Marketing

H. Harry Henderson, 43
Director–Public Relations

****Frank J. Burgert, 49**
Corporate Vice President–Operations



****Donald H. MacDowell, 49**
Treasurer



Albert K. Zeitell, 58
Vice President–
Iron & Steel Operations

Ernst Geijer, 45
President,
Hoeganaes Corporation

****Ralph K. Frew, 42**
Vice President–Employee Relations

****Frank K. Armour, 52**
Vice President–Engineering

****William R. Stead, 54**
Secretary and Corporate Counsel

PACKAGING/SHIPPING PRODUCTS... *target: the vast production/distribution system*

Interlake's packaging/shipping/storage/materials handling businesses around the world are operated by the newly named Packaging and Storage Products Division.

More companies each day are turning to Interlake for solutions to a major world-wide industrial problem: how to create efficiency and trim costs wherever goods are moved, packaged, stored or shipped.

Your company has become one of the world leaders in know-how, products and equipment designed to help solve this problem. Our products include steel, nylon and polypropylene strapping; manual, semi-automatic and automated machines; stitching wire, staples and machines; and inflatable dunnage.

Our entry this year into the shrink-film packaging business further exemplifies your company's determination to offer total systems to accommodate rapidly changing needs in the marketplace.

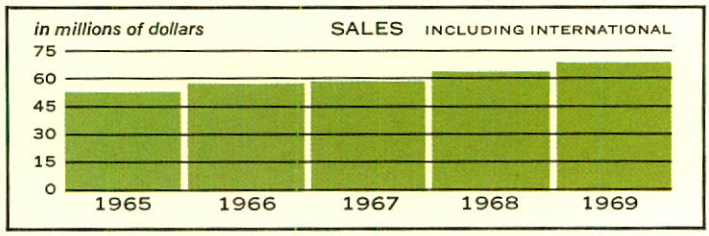
In our shrink-wrapping system, shown on the right-hand page, palletized materials are first covered with pre-formed polyethylene film bags. A conveyor carries the covered pallets through the heat tunnel generally operating at 350-450 degrees. The heat contracts the film to the pallet contour and forms a secure package for shipping and/or storage.

Interlake's new shrink-film packaging system offers several advantages including reduced packaging costs, increased load stability, weather-proof outside storage capabilities plus a see-through tunnel made possible by our air curtain that replaces doors, common to competitive equipment.

This new system, and Interlake's other packaging/shipping products provide excellent opportunities for future growth and profits. We have a significant equity in these businesses and several vital competitive advantages including:

. . . a broad product line continually expanding to supply the ever changing needs of the marketplace

. . . our name and reputation for quality and innovative new product planning



. . . experienced manpower in all operating and sales areas

. . . special systems and engineering capabilities

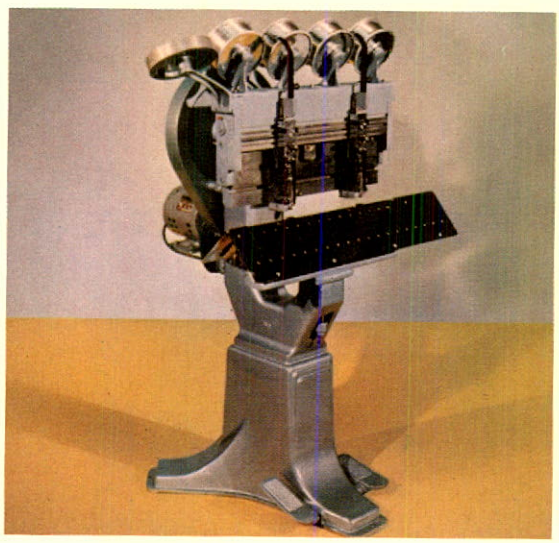
. . . distribution know-how and integrated world-wide marketing force.

These advantages would be most costly for another company to create and equally difficult to duplicate. Additionally, we have the capability to apply this experience and technology to open and develop previously untouched markets for packaging and shipping systems.

During 1969 our penetration in the West Coast market improved when our new strapping manufacturing plant in Pittsburg, California, became fully operational. Utilizing the most advanced equipment available, this plant enables Interlake to more readily supply its product in another vital growth area.

Major improvements were also made in our production facilities at Riverdale, Illinois, including a new 24-strand steel slitting line that will provide major production efficiencies and quality improvements.

The division also introduced several new products in each of its major business areas including new equipment for nylon and polypropylene strapping, stitching machines designed for increased cost savings and redesigned inflatable dunnage with significant quality improvements.



Our new multi-head book stitcher applies either flat or saddle stitches to check books and other small items.

This is Interlake's new Versatizer system—fully automated to reduce packaging costs and increase production.

New in '69... this portable automatic machine applies nylon or polypropylene strap in many small packaging operations.

The flexibility of Interlake's new shrink-film packaging system is shown on the right. Note the variety of palletized loads it handles... and the see-through air curtain door.


Interlake
E
M
Dalligan
NONFAT DRY MILK
BAR FAN LYONS
STRAWBERRY PUREE

STORAGE/HANDLING PRODUCTS... *target: the giant storage problem*

Interlake is a world-wide leader in products aimed at solving industry's giant storage problem. As the volume of industrial and consumer goods continues to mount, efficient storage and handling of materials becomes a major production concern. Interlake's storage products operation is now one of the largest single-source producers of racks, manual and automated retrievers plus other products designed to bring efficiency to the storage process.

Interlake's storage products are also important partners to the production/distribution process wherever industry moves, packs, stores or ships goods. Incoming parts and supplies are normally stored before they enter production lines, and scientifically designed storage facilities and methods have become essential to efficient flow. Finished products are also usually stored before they are shipped, and your company's storage products function in all these areas.

Interlake's product line includes light-weight slotted angle which resembles an over-sized erector set, and is used for storage, and packaging and shipping.

We also produce many sizes of storage racks, ranging from light duty shelving through heavy duty rack storage structures up to 80 feet high, which support enormous tonnages. A new gravity flow rack uses inclined conveyors operating on a continuous materials flow principle.

Interlake's manual and automated storage/retrieval products include the new Couriers, through which we provide a total systems approach to storage and materials handling. One of our Couriers automatically stores, transfers and retrieves palletized loads. Operated from a punched card, dial or computer, it senses full or empty storage areas, refuses overloaded or over-sized pallets, and if sent to the wrong location it automatically returns and signals the mistake.

Automated handling and storage systems provide one of the last important frontiers for cost reduction. The concept is based on using all the space possible in storage areas, especially maximum use of overhead space.

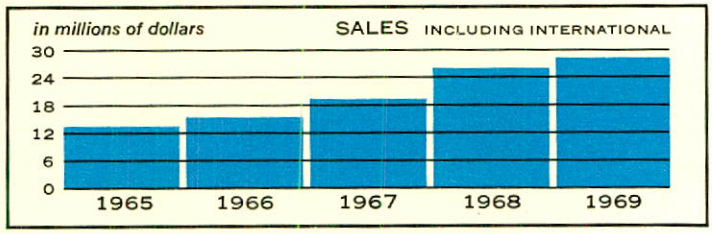
Complete prototype testing of our Courier models has been completed and several customers are now installing our first systems.

Several steps were taken during the year to accelerate development of this rapidly growing business, which is one of the fastest growth areas in Interlake today.

Construction was completed on a 100,000 square foot, $2,500,000 expansion at the Pontiac, Illinois, fabricating plant —the second expansion in the last four years. Several major and unique manufacturing systems were incorporated in this construction, including the largest heavy duty roll former in the storage rack industry. This will enable us to produce 40 foot rack columns in heavy gauge steel.

Additionally, we have installed an electrodeposition paint line to accommodate the 40 foot column and frame sections. This painting system will contribute exceptional production efficiencies and gives Interlake the finest paint finish available.

During construction at Pontiac, all manufacturing and assembly equipment was relocated to maximize production efficiencies and create continuous in-process materials flow. It is a credit to the ingenuity of our engineering and production staff that the Pontiac plant set several short-term production records during this construction and equipment relocation.



As an indicator of market growth potential, the Pontiac facility will be immediately at capacity production as soon as new and expanded facilities are fully operative.

Continuing our efforts to broaden our product line and service capabilities, Interlake acquired Lodi-Fab Industries of Lodi, California, the nation's recognized design leader in heavy duty cantilever storage rack systems. This acquisition allows us not only to add a vital new product, but also to better serve our growing West Coast markets in this "made to order" business.

Several of Interlake's recently introduced Courier retrieval systems like this are being installed in customers' plants this year.

Interlake storage rack has been adopted to this customer's new cold storage meat processing operation.

INTERNATIONAL... *helping world industry do its work*

Interlake operates internationally through five companies, seven licensees and 25 distributors who serve 64 countries.

Your company has developed its international markets by exporting know-how in the packaging and storage products business and through acquisitions. The marketing opportunities for these businesses outside the United States have the same dynamic growth characteristics as the United States market, however, the timing and the extent of growth differs according to the development of individual countries.

Operations outside the U.S. in 1969 once again set new sales and earnings records. Sales increased 22% over 1968, highlighted by a 30% rise in export volume. This improvement is primarily the result of planning efforts, acquisitions, new licensing agreements and a generally favorable business climate in most areas where we operate.

Interlake's packaging/shipping business outside the United States operates through companies in Canada, the United Kingdom and Mexico, plus through seven licensees and 25 distributors. In Canada, business was good during 1969, and Acme Steel Company of Canada, Limited, posted another record year of sales and earnings. An important thrust behind this improvement was an aggressive marketing program plus several unique customized strapping applications for bulky, hard-to-package goods. One excellent example of this is a specially-designed system, developed by our Canadian subsidiary, for unitizing pulp. The end result of our packaging is shown on the right hand page.

In England, our 50%-owned affiliate, Gerrard Industries Ltd., also experienced a record year, in spite of mixed economic conditions in the United Kingdom. Gerrard's growth was, in part, enhanced by improved exports to European Free Trade Association countries and through new equipment designed for specialized uses. One growing market in the United Kingdom is the unitizing of bricks, an area in which Gerrard is a pioneer.

In Mexico, several important changes took place to strengthen our subsidiary, Acme Flejes de Mexico, S.A. de C.V. located in Mexico City. Under the guidance of a new general manager appointed during the year, a new marketing plan has been developed, and in the plant many steps were taken to upgrade the company's product quality to meet generally increasing standards recently established in Mexican markets. In addition to the primary strapping and stitching products, our Mexican subsidiary also produces cold rolled strip. One of the significant segments of this subsidiary's steel strip business during the year was a special order for the new Mexico City subway system.

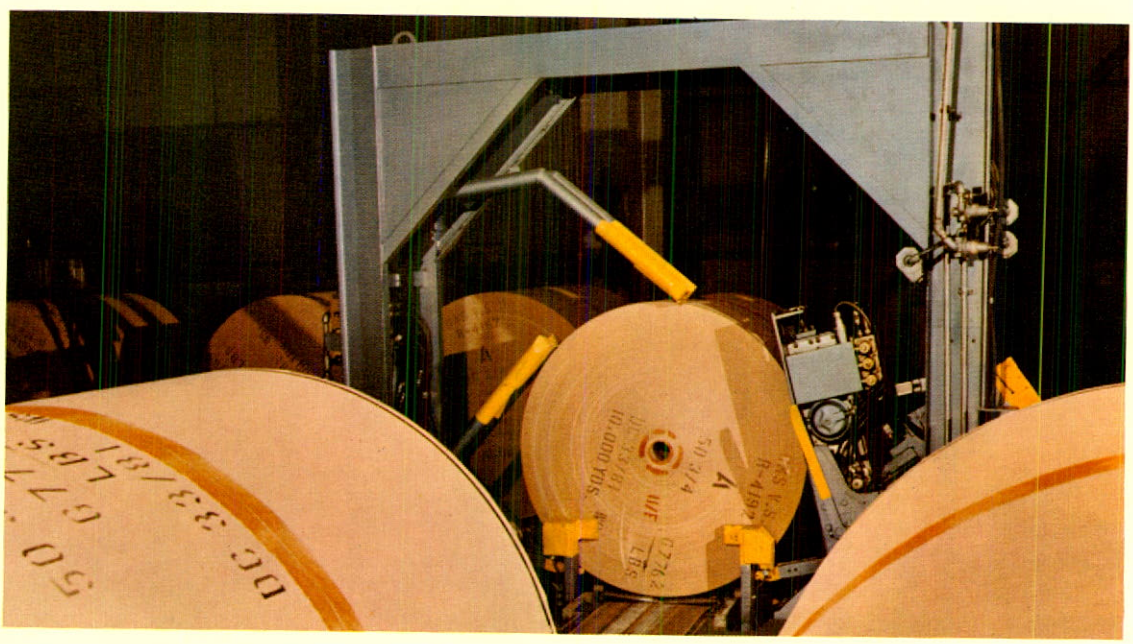
Interlake also took positive action in 1969 to expand its packaging systems business into Western Continental Europe. Agreement was reached with P. W. Lenzen Company of Letmathe, West Germany, a leading producer of cold rolled steel. New facilities will manufacture strapping which will be sold exclusively through Interlake distributors for marketing with Interlake's strapping system in Western Continental Europe.

Major steps were taken during the year to capitalize on the rapidly growing storage products market outside the U.S.

Redirack of Canada completed several improvements and had a record year in both sales and earnings during its first full year of operation as an Interlake subsidiary. The highlight of Redirack's performance during the year was the completion of several warehousing jobs using automatic storage systems.

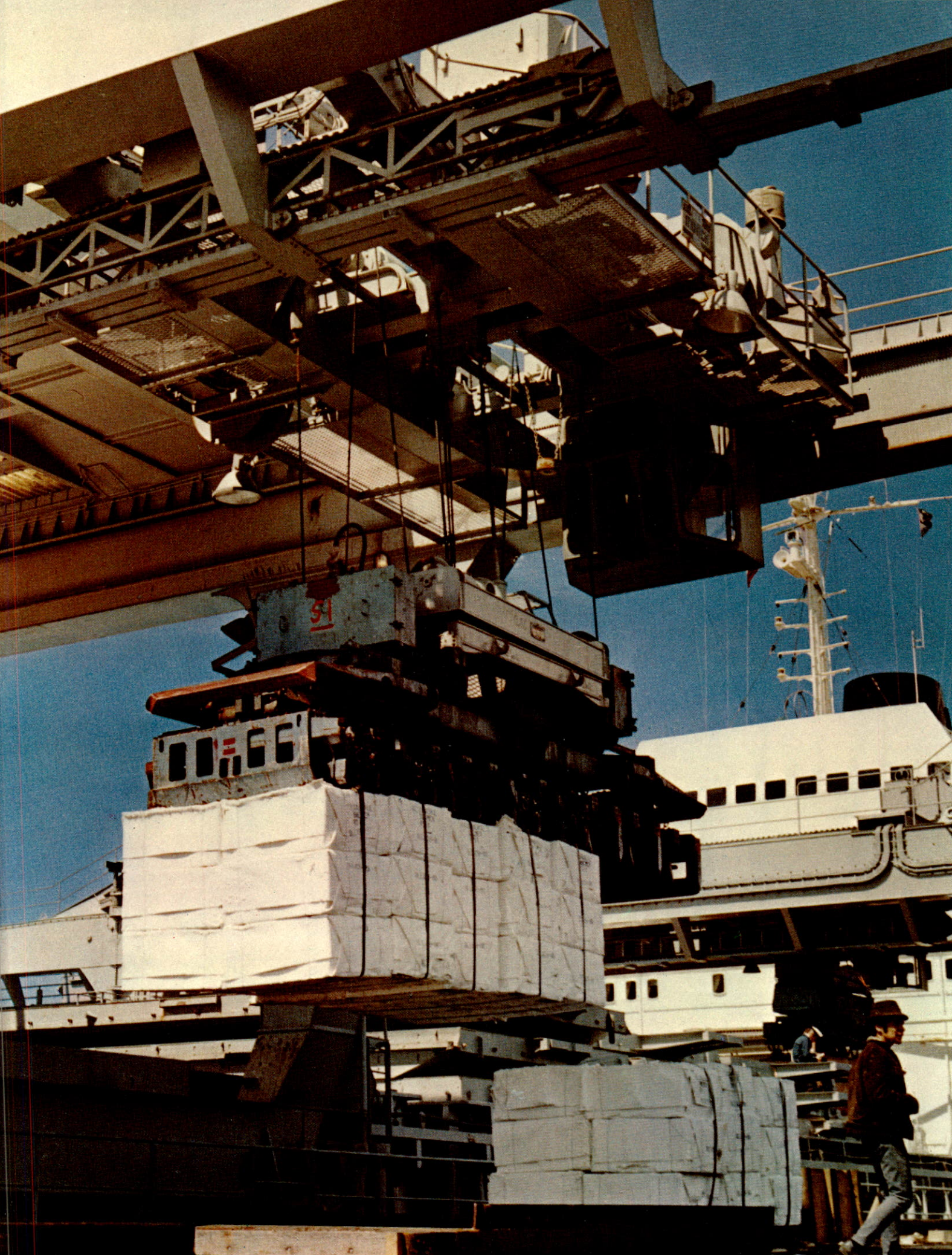
In December, 1969, Interlake extended the Redirack line of automated storage systems into the European Common Market when it acquired S.A. Redirack Mfg., of Brussels, Belgium, a licensee of Redirack Industries Limited of Canada. This most recent acquisition forms the base for an important storage business in the European Common Market, and the Redirack product line, which already has a high market acceptance there, will become the Interlake standard in overseas markets.

Your company is optimistic about the future of markets outside the United States, and careful planning, purchasing and investments will play a significant role in this phase of our business.



This fully-automated end-roll bander applies strapping to kraft paper rolls for a Canadian customer.

Many of the company's packaging concepts are used in export shipping, such as this new method for unitizing pulp.



IRON... *a very basic metal*

Interlake is the foremost producer of merchant iron in the United States. Our product is still the intermediate form of iron through which nearly all commercial ferrous products must pass, and herein lies an important market. Although changing technology provides substitutes in some applications, iron remains a very basic structural material for which there will be strong demand throughout the world for years to come.

Interlake produced about 1,500,000 tons in 1969, which represents record output for our two Chicago blast furnaces and the Toledo "B" furnace. Almost one-half of our production was used in our own steelmaking operations, with the remainder sold commercially in 20 and 40-pound pigs or in molten form.

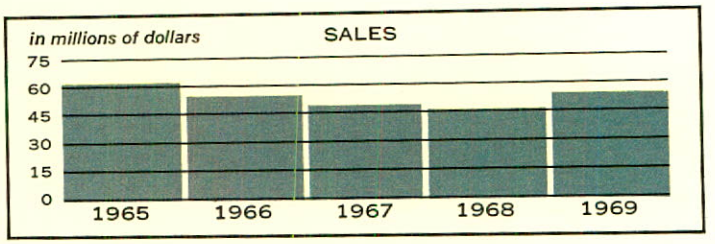
We market through a sales agent primarily to foundries, who manufacture an extensive range of castings for light and heavy machinery components, agricultural implements, locomotives, freight cars, auto parts and engine blocks.

Interlake also sells coke, coke oven gas and coal chemicals. Our coal chemical by-products are important ingredients in solvents, thinners, weed killers, road tars, paint, explosives, artificial flavorings, perfumes, moth balls, chewing gum, drugs, aviation gas, plastics and artificial leather plus countless other items found throughout the home and industry.

Your company's iron operations recorded an improved year in 1969. Increased demand from outside customers created sales of $54.7 million, which were 19% higher than a year ago.

Several important capital expenditure projects were completed during the year. At the Chicago plant a new swing stove, installed at a cost of $1 million, provides increased air blast temperatures for both "A" and "B" blast furnaces, resulting in improved efficiency and reliability.

We also installed tar injection systems on our steam boilers and blast furnace at Toledo (tar is a by-product of coke manufacture) and a new fuel injection system on our Chicago blast furnaces—all of which yielded additional fuel efficiency. The prime purpose of these, and other capital expenditures, is to reduce manufacturing costs by improving operating methods and mechanizing more and more of our production processes.

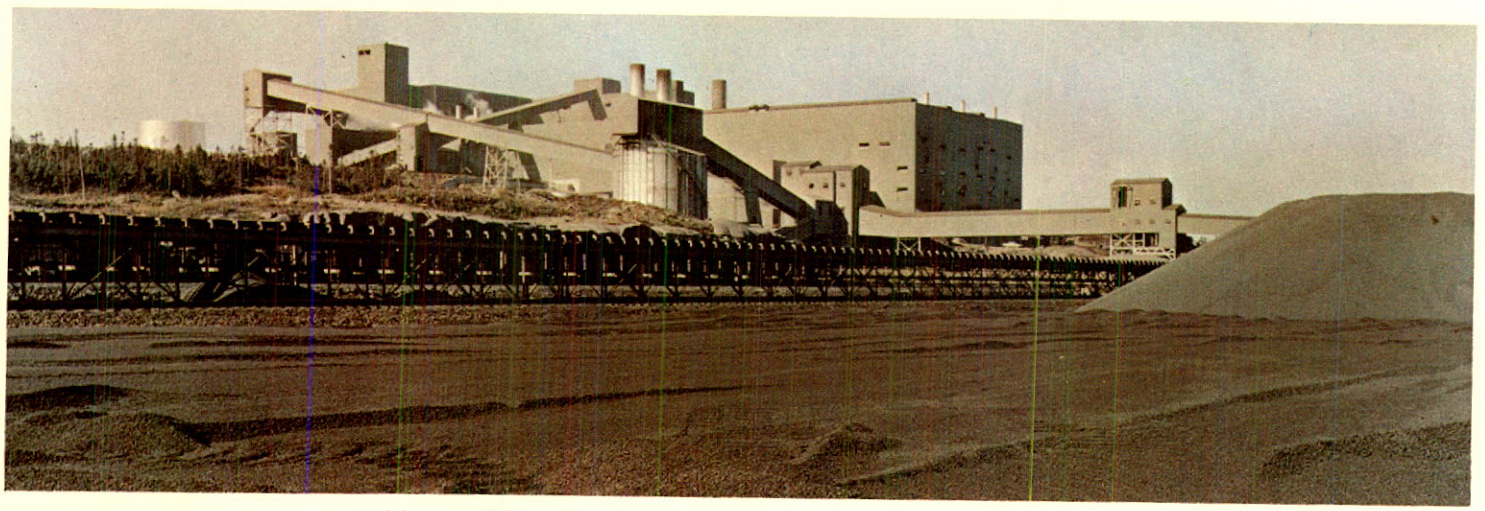


Well over $1 million was spent for air and water pollution control activities at your Toledo and Chicago plants. At Toledo, completion of seven water pollution control projects enabled us to meet our commitment to the State of Ohio to comply with recently established water quality standards. At Chicago, we completed a control system that cleans and recirculates water used at the blast furnaces and sinter plant, and we are now in compliance with existing laws concerning water pollution control at this operation.

This system, designed by Interlake, prevents discharge of pollutants into the Calumet River and was supported in part by a $175,000 grant awarded us from the Federal Water Pollution Control Federation. Details of our development, the first of its kind, will be made available to industry.

We have reported to you in the past that Interlake has an outstanding base in raw materials, including ores and coal. Your company participates in ownership of two tremendous iron ore mining and pelletizing operations which produce iron-rich pellets for our blast furnaces. The uniform high quality of these pellets increases the efficiency of our blast furnaces and reduces coke consumption—factors which greatly aid production of merchant iron at reduced cost. A major research program undertaken at Wabush Mines in Labrador has developed a new technique of regrinding concentrates which further improves the product we receive from this source.

Looking ahead, we see a brighter outlook for this important part of Interlake.



Interlake owns 10% of this Wabush mining operation in Labrador, which provides high iron content pellets for our blast furnaces.

The company's Chicago blast furnaces are dramatically silhouetted by two piles of merchant pig iron, a product which enjoyed renewed growth in 1969.

STEEL... *selling fast service, special abilities*

Steel is the most basic and versatile product in the world. Despite competition from other developments, it is still the most applicable for more uses at less cost than any other material. For that reason, steel will remain a vital asset, not only for world progress, but also to Interlake. And at Interlake, our steel is also what helps make us different.

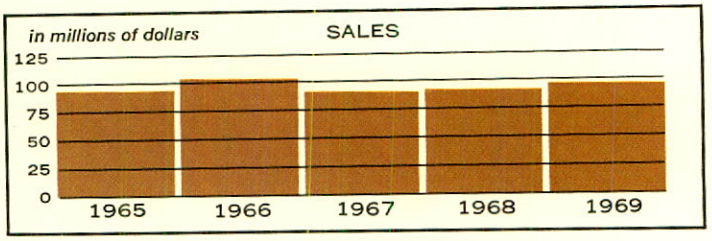
Based on ingot capacity, our steel operations are in 16th place among the nation's leading producers. Our products include hot and cold rolled sheet and strip, alloy sheet, electric weld line pipe and spiral welded pipe. Our special capability, however, lies in narrow width products, special analyses and our ability to render fast service.

In 1969, we produced about 1,200,000 ingot tons. About 75% went to outside customers, primarily in coil form, marketed by our aggressive sales force. Parts manufacturers serving the basic automotive, trucking and transportation industries took a major portion of this tonnage.

Agri-business is our second largest market, and our steel is used for tractor wheels, rims, discs, plows, chains, conveyors and other farm machinery. Our products are also used in furniture, appliances, heating and air conditioning units, tools, aircraft, rockets, missiles, electric motors—an endless list.

An important advantage: 25% of our production is used internally and is fabricated into other products, such as strapping, stitching, storage products, furniture, hoops, ties, electric cable and so forth. Since a substantial portion of our steel goes into Interlake's expanding line of end products, we take our steel to market in a more highly finished form. Thus, we obtain the incremental profit that accrues from our steel-consuming products, and they—in turn—contribute increased stability to our iron and steel operations.

Our steel business had one of its best years in 1969. Both sales and earnings were at high levels, and steel sales of $98.4 million accounted for 30% of total company volume.

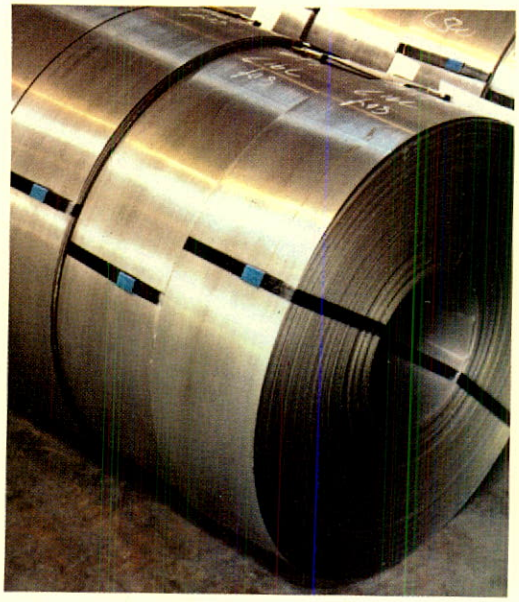


Several improvements were made to existing equipment which enabled the division to increase efficiency and quality and to expand our steel product line. At Riverdale, for example, new equipment and generating capacity was installed on the No. 4 Hot Strip Mill, and we are now able to roll wider and thinner coils for the first time. This broadens the full range of low carbon, high carbon and alloy strip steel which we can offer customers. And the new descaling equipment on this line has added further improved quality and finish.

Last year we announced that Interlake had co-invented a unique method of neutralizing waste hydrochloric acid pickle liquor—long one of the metalworking industry's major water pollution problems. The first plant to exploit this invention has been completed and is now in operation at your Riverdale plant.

Riverdale is also the scene of another water pollution control system—a sand filtration system and a closed recirculating plant on the No. 4 Hot Strip Mill. This cleans the pollutants from water used in the mill and recirculates the water back through the plant instead of returning it to the Little Calumet River. Numerous other pollution control projects were completed at the plant during the year in an effort to place all effluents within recently established water quality standards for the river.

The company's steel operations represent an important aspect of Interlake's total business and are a significant resource for future growth.



Steel is still the most versatile material in the world. Interlake's specialty is in narrow-width coils such as these at our Riverdale plant.

This spiral welded pipe produced at the company's Newport, Kentucky, plant is used primarily as piling for various construction jobs.

Interlake has earned a reputation as the specialty company with particular capabilities for custom orders and fast delivery.

METAL POWDERS... *materials of the future*

Metal powders represent an exciting and rapidly expanding technology. Today's major growth market lies in the production of gears, cams, levers and similar intricate structural parts used in the automotive, agricultural, household appliance and business machine industries, to name just a few.

P/M (Powder Metallurgy) technology has created substantial cost savings. A measured amount of specially blended powder is poured into a die; pressure is applied top and bottom; out comes a "green" gear, which needs only to be sintered or heat treated in a continuous furnace before it emerges as a finished part. No further machining is normally necessary, and substantial raw materials yield losses are minimized.

Metal powders are also used to coat welding rods, in cutting and metallizing operations, in chemicals, and to detect cracks in forgings and castings. But the greatest potential lies in the simple way complex parts can be uniformly produced in large numbers, compared to more conventional methods.

Demand is accelerating each year for powders with improved qualities and for more powerful presses to produce larger parts. As these are developed, entirely new markets are opening up. Closed die hot forging is an important development.

Your company has an enviable position in the P/M field. Interlake owns two-thirds of Hoeganaes Corporation of Riverton, N.J., the recognized technological leader and largest producer of metal powders in North America.

In 1969, Hoeganaes emphasized its determination and commitment to retain its premier position in technology and production of metal powder when it launched an ambitious program maturing in 1970 that will:

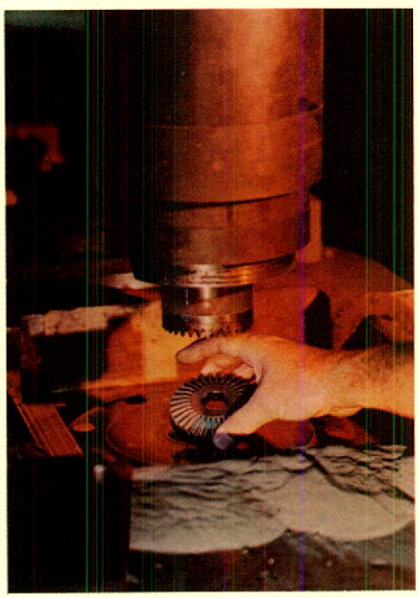
. . . complete a new $8 million plant with an annual capacity of 50,000 tons of steel powder produced by an atomizing process.

. . . complete a major lab expansion that will double present research and development facilities. The center will include a new powder forging lab, a new annealing and sintering lab, expanded metallographic facilities plus additional research, control and testing equipment.

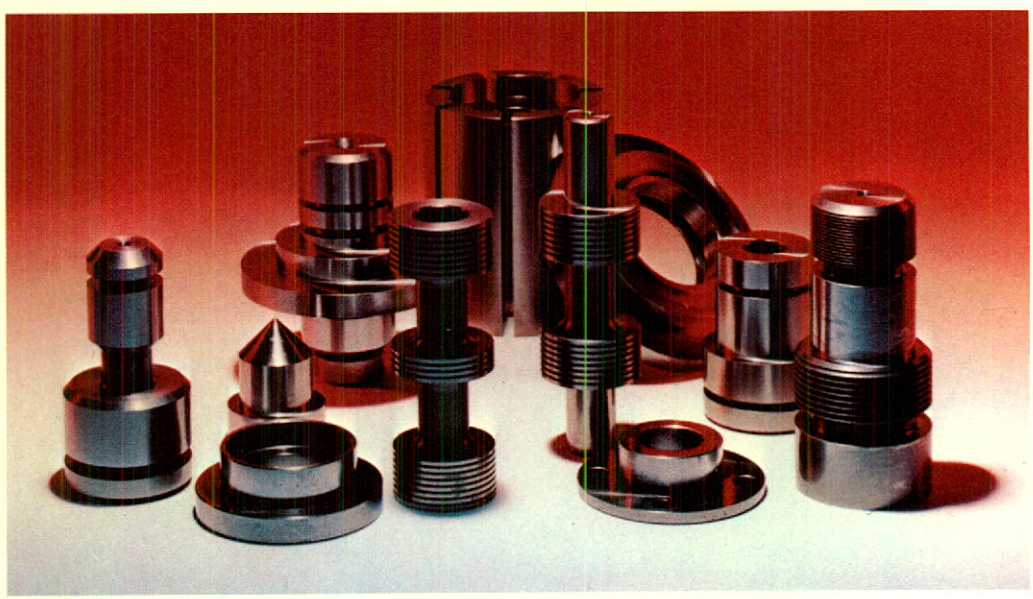
. . . substantially expand capacity for production of stainless steel and hi-alloy powders.

The total program will certainly strengthen Hoeganaes' ability to introduce several new products during the year and to better serve the growing and diversified needs of customers in the years ahead.

Construction is nearing completion on this new $8 million plant at Riverton, N.J., where atomized powders will be produced.



Our customer stopped this press to show a newly formed powder metal part. One stroke of the press forms the powder (foreground) into a part.



A broad variety of intricate parts can be produced because of metal powders and technology developed by Interlake's Hoeganaes operation.

Hoeganaes produces a broad variety of metal powders like these on the right... plus technological leadership unmatched by any company in North America.

FERROALLOYS/SILICON METAL... *basic ingredients for growth*

Interlake's Globe Metallurgical Division had record sales and earnings in 1969. Sales of $23.5 million represented the largest percentage sales increase of any Interlake business during the year.

Globe has carved an enviable niche in the marketplace as a reliable producer of high-quality ferroalloys and silicon metal. The division's plant is at Beverly, Ohio, where we operate the world's largest electric smelting furnace used to produce silicon metal.

Globe's product line includes a wide range of ferrochromes, ferrosilicons, chrome silicides, manganese and magnesium alloys, and silicon metal. These are all basic ingredients for thousands of products used throughout industry, homes, schools, on the nation's farms, highways and in the air.

Actually, ferroalloys are addition agents used in the production of metals and other products to create desirable properties. Ferrochrome, for example, is essential to the manufacture of stainless steels, and is employed widely to increase the hardness of other steels used in projectiles, armor plate, automobiles and tools.

Ferroalloys, therefore, are essential to the steelmaker, the foundry industry, the aluminum industry and the stainless steel and alloy steel producer. In each case, ferroalloys impact qualities of toughness and corrosion resistance necessary to product usefulness and long life.

Ferrosilicon is also important to the steel and iron casting industry. One high silicon steel called "electrical sheet" has controlled magnetic properties and is used for high efficiency electric motors and transformers.

Silicon metal is the product which affords significant growth potential. The largest use of this product is in aluminum silicon alloys for the die casting industry. The metal, for example, is present in amounts of 7% to 17% in most aluminum die castings. Recent silicon metal product developments have made possible many high-strength, lightweight alloy castings used in automotive, aircraft and marine applications, as well as in industrial and consumer appliances.

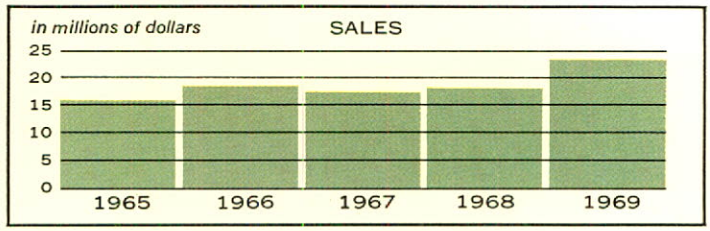
The second largest market for silicon metal lies in the chemical industry, which uses the metal to produce silicones. Those products using silicones are generally classified as fluids, elastomers and resins, and for the purpose of indicating the potential of this part of Interlake's business, shareholders might be interested in a brief list of applications.

In the fluid category are included: cosmetics, toiletries, floor waxes, furniture polishes, lubricants, release agents for rubber, plastics and bakery products, aerosol laundry starches, rust preventatives and window washing sprays.

Elastomers include molded rubber parts for aerospace users, adhesives, fabric coatings, electrical insulation for wire and cable, caulking and sealing materials, roofing, waterproofing agents, medical products, to mention just a few.

The resins using silicones include paint vehicles and additives, water repellents for masonry and varnishes for electrical insulation.

Current marketing research estimates say the use of silicon metal will double in the next five years. In 1969, Globe produced this product at capacity operations.



This Globe Division metallurgist is sampling a heat of ferroalloys at the Beverly, Ohio, plant, which includes the world's largest smelting furnace.

Ferroalloys and silicon metal like these are used throughout industry and are important ingredients in many modern-day materials and products.

HOME/INSTITUTIONAL FURNISHINGS... *prestige, style leader*

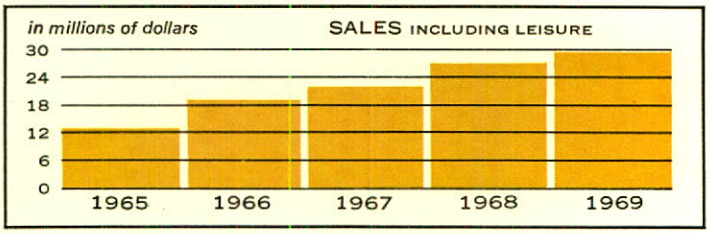
Interlake's Howell Division serves several segments of the fast-growing furnishings market and is one of the nation's quality and prestige leaders in home, institutional, mobile home and educational furniture.

Traditional and contemporary dinette and dining groupings continue to highlight our product line. Contract furnishings and institutional seating provide style and functional quality for churches, universities, restaurants, offices, reception and hospital rooms. Educational and library/resource furniture bring Howell into one of the nation's most rapidly growing fields.

Marketed through Howell of St. Charles, Illinois, and McNeff Industries of Dallas, Texas, these educational furnishings offer particularly bright prospects for real growth. As school and university enrollments increase, facilities must expand and educational technology must advance.

The Howell Division, with its individualized study systems, library/resource furnishings and audio/visual support systems, is particularly attuned to this rapidly growing market. As educators throughout the nation continue to seek fresh techniques, Howell's experience and capacity for innovation will provide the service and products necessary to meet the demand.

This year's January furniture markets found unusual excitement in Howell showrooms in Chicago, New York and Los Angeles. The division introduced several new contemporary dinette groupings while strengthening its highly successful Mediterranean line. All were well received by buyers representing some of the nation's finest retail furniture outlets.



Falcon Mfg. Company and Plasco, Inc., both of Dallas, Texas, and acquired by Interlake in 1968, produce furniture specialties for the mobile home industry. The greatest demand for mobile homes is from young married couples and retirees who are attracted by convenience, easy maintenance, contemporary designs, portability, compactness and over-all economics—compared to single family dwellings. Industry forecasts predict rising growth, and Interlake products will be major contributors.

Howell's future growth and continuing leadership in home furnishings is further assured by a major expansion in our internal design capabilities. In this industry, the key to competitive marketing is design leadership. Our growing determination to bring the consumer the finest in fashion accented design and quality craftsmanship from Howell, marks a great potential for the 70's.

Howell's 1970 "Right" chair has become a style leader already. Made of durable polypropylene, the chair carries a 10-year guarantee and is used for mass seating.

This study carrel from our McNeff operation offers an individualized study center. McNeff is the leading innovator in the library/resource/learning center market.

"Direction" is Howell's newest contemporary grouping...and was a hit in January furniture markets across the nation.

LEISURE PRODUCTS... *helping people enjoy life.*

Leisure has become an important commodity in the way Americans live today. With general income levels rising, products that serve the leisure hours constitute another rapidly growing market.

Interlake, through the products of its Falcon Mfg. Company, Dallas, Texas, is a major participant in certain segments of this market. Our Mark V outdoor gas barbecue grill highlights the leisure product line and is the finest appliance of its kind available anywhere.

The Mark V features exclusive flare-up controls, and it can broil a pound of bacon or, with the rotisserie option, bake a 20 pound turkey to perfection—all without flame problems. Permanently installed or portable models are available, and are fueled by either bottled or natural gas. Options include redwood serving panels, mounted side and front, and portable carts.

Falcon also manufactures a complete line of high style outdoor gas lamps and decorative lighting for yard and patio. The fixtures provide outdoor lighting in designs to accent any exterior decor. Both attractive and functional, Falcon's gas products are marketed through the nation's leading gas utility companies.

These new Interlake products mark our entry into yet another diversified market and help provide the company with the broad product base necessary to success in today's dynamic economic environment.

As the new decade approaches, our nation's population is expected to rise substantially as are incomes and spending power. Americans will live more comfortably and devote more time to leisure. The total requirements for products catering to leisure will rise to meet the big increase in demands expected of consumers. Interlake is ready to assume its share of the markets.

Falcon's Apollo gas light with double mantle design provides outdoor lighting, plus style.

Falcon's Mark V outdoor gas grill is the finest product of its kind on the market. It features no-flare design and extra-large cooking area.

FINANCIAL REVIEW

The year 1969 was one of continued progress for Interlake. The increased sales and operating income reported for the year reflect two key factors; namely continued growth of the operations the company has conducted in recent years and the additional sales and earnings of companies acquired during 1968 and included in Interlake's results for a full year in 1969.

- *Sales* in 1969 of $324,848,000 were at an all time high and exceeded last year by $39,277,000, or 14%. All of Interlake's businesses contributed to the improved showing. The companies acquired during 1968, and included for a full year in 1969, were responsible for about 37% of the reported increase.
- *Income* from operations in 1969 was the second highest reported since the Acme/Interlake merger in 1964 and totaled $15,337,000, equal to $3.43 per share; up 22% or $.63 per share from the $12,556,000, or $2.80 per share earned in 1968. Extraordinary items in 1969 further increased income by $5,052,000, or $1.13 per share, so net income in 1969 totaled $20,389,000, equal to $4.56 per share.
- *Acquisitions* during 1969 include the purchase of 90% of S.A. Redirack Mfg. in Brussels, Belgium; the purchase of the assets of Lodi-Fab Industries, Inc., in Lodi, California; and the purchase of Gary Steel Supply Company in Blue Island, Illinois.
- *Financial condition* remained strong during the year. Cash flow of $29,144,000 was augmented by the sale of investments, and together they exceeded $40,000,000. This enabled the company to reduce bank borrowings by $12,000,000 during 1969 and easily meet other cash needs.

Sales and Other Revenues

Sales were maintained at a relatively high level throughout the year. Demands of the domestic iron and steel market, coupled with significant sales increases of packaging and storage systems, ferroalloys and metal powders, contributed to record sales.

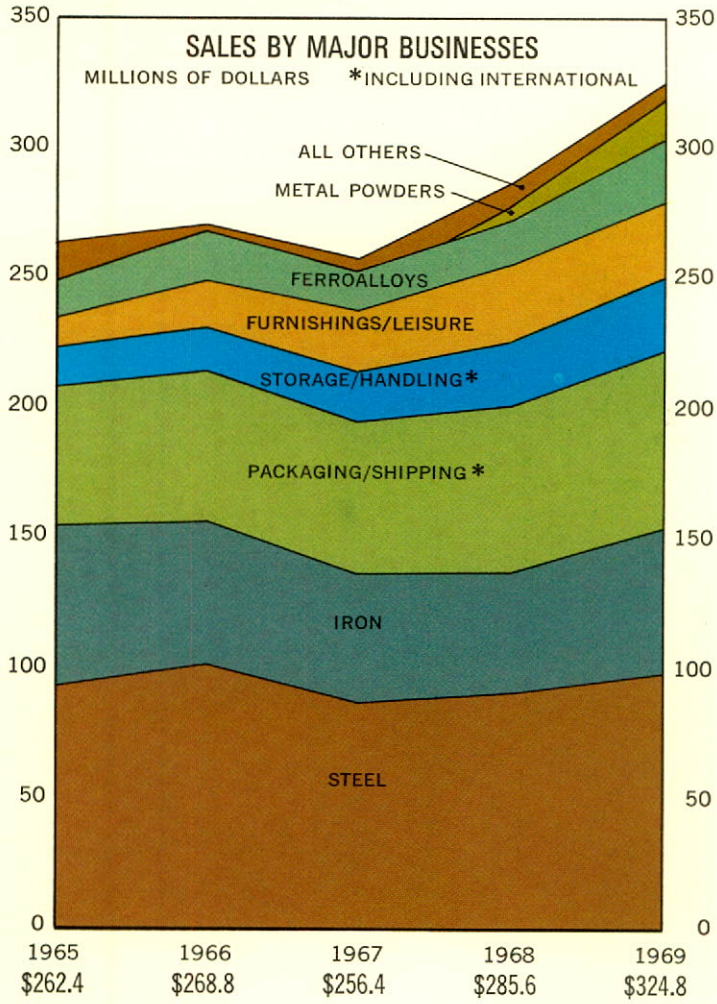
The following analysis shows the major areas of sales and improvements obtained in 1969:

Net Sales (In Thousands)	1969	1968	% of Increase
Iron and steel	$153,165	$137,130	12
Packaging and storage products	96,696	88,676	9
Furniture/leisure products	29,858	27,118	10
Ferroalloys	23,505	17,987	31
Metal powders	15,245	5,554	174

Our iron and steel business continued to lead the company in total dollar volume and amounted to 47% of sales for the year. Sales of merchant pig iron increased slightly, reversing a downward trend of several years. Hot metal shipments were also up, and the volume of steel products shipped showed a 5% gain. In 1969, the company benefited from the first price increase in pig iron since 1957. Price increases were also posted for hot and cold rolled steel products.

During the summer vacation shutdown in 1969, the No. 4 Hot Strip Mill at Riverdale was repowered and altered to permit the rolling of a 30" wide product. Previously the product rolled on this mill was limited in width to 24". This change has opened new markets for the sale of our hot rolled products.

Sales of packaging and shipping products and storage systems in 1969 reached $96,696,000, or 30% of the total company



revenues, an increase of $8,020,000 from 1968. Sales of pallet rack and slotted angle, aided by the acquisition of Redirack—Canada in 1968, posted an impressive gain of 18%. Our Pontiac, Illinois, plant completed its second expansion program since it was built in 1964. This new addition, which provided approximately 100,000 square feet of manufacturing space, will help us meet the growing demand for our storage systems. Sales of strapping and stitching machines and related products were also above 1968 levels. Important steps were taken in 1969 to expand and improve our packaging and shipping system product lines to better serve our existing customers and to open new markets. A key product introduced in 1969 in this area was shrink-film packaging systems which are expected to have a significant impact on future sales.

Sales of home and institutional furnishings and leisure products by our Howell Division also increased. The gains, however, resulted primarily from three related Dallas companies purchased in June, 1968, which were consolidated for a full year in 1969, plus a 19% increase in plywood sales by our Stanley, Wisconsin, plant. The sales of dinette and institutional furnishings were down slightly in a market that closely follows housing starts, which experienced a general slackening during the year.

Sales of ferroalloy products were at a record high and increased $5,518,000 to $23,505,000 in 1969. The demand for

silicon metal by the aluminum and chemical industries pushed shipments of this product up 18% from 1968. Sales of ferrochrome products used in the manufacture of stainless steel increased 41%.

In 1968 Interlake acquired a two-thirds interest in the Hoeganaes Corporation in Riverton, New Jersey, a manufacturer of metal powders. Sales of these products, on an annual basis, increased 13% in 1969 despite strong competitive price pressure within an industry which saw the selling prices of its major products reduced during the year. Construction is near completion of a new facility at Riverton for the production of metal powders by the atomizing process. When completed, the facility will provide an annual capacity of 50,000 tons of atomized powders.

Other revenues in 1969 include interest, dividends and rents and royalties from coal and oil producing properties. Other revenues of $3,030,000 in 1969 increased $726,000 from last year principally because of the additional interest earned from investing the proceeds from the sale of The Standard Oil Company (Ohio) common stock in June.

Income

Income from operations in 1969 amounted to $15,337,000, or $3.43 per share. This is an increase of 22% from the $12,556,000, or $2.80 per share earned in 1968.

The increase in income from operations in 1969 represents both the additional earnings contributed by the companies acquired in 1968 and profit improvement by other company operations.

The company's profit improvement resulted from numerous factors. Some profit protection was obtained through increased selling prices of iron and steel, steel products, and ferroalloys. These selling price increases, with their natural tendency to lag behind increases in costs, however, were more than offset by higher wages and materials costs. It is estimated that the cost price squeeze in 1969 lowered income before taxes over $3,000,000, compared with last year.

Increased sales volume, improvement in product mix and cost reduction programs throughout the company more than offset the negative impact of the cost/price squeeze. The largest improvement in sales volume and product mix was achieved in the iron and steel operations and packaging and storage systems.

The profit improvement resulting from increased sales volume and product mix was partially eroded, however, by additional selling and administrative costs, higher interest expense and an increased effective U.S. and foreign income tax rate.

The increase in interest expense stems primarily from the borrowings in 1968 used to finance corporate acquisition activity during that year. Interest expense in 1969 was $3,593,000, up $1,128,000 from 1968.

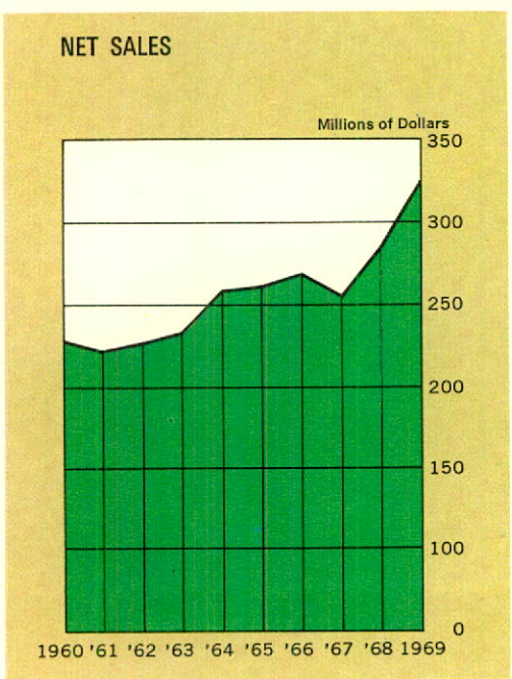
U.S. and foreign income taxes were at an effective rate of 47% in 1969, compared with 44% in 1968. The increase in the effective rate resulted from the much higher pre-tax income of the company in 1969 and a reduction of $227,000 in the investment credit. The lower investment credit in 1969 reduced earnings $.05 per share, compared with 1968.

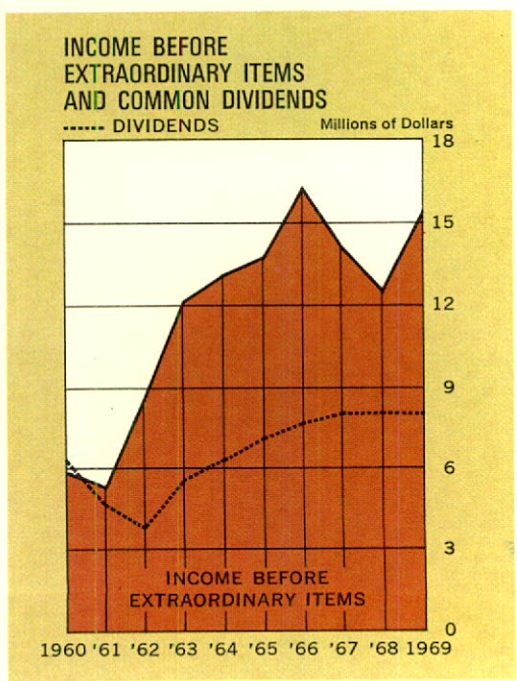
Extraordinary Items

In June the company sold its investment in The Standard Oil Company (Ohio) common stock. This resulted in a profit after income taxes of $5,881,000. These shares were received in 1965 when we sold our Enos Coal Division to the Old Ben Coal Company for cash and shares of stock of Old Ben. The Old Ben shares were exchanged for Standard Oil stock when SOHIO acquired Old Ben in 1968.

In July we sold 90% of Feralco, S.A., a French subsidiary. The gain on this sale after income taxes amounted to $457,000.

During 1969 the decision was made to write-down our Erie, Pennsylvania, plant. This plant represents idle iron producing





capacity which has no foreseeable future economic value to the company. Loss on the write-down of this facility amounted to $1,287,000 after income tax reductions.

These three transactions are reported as extraordinary items in 1969 and represent a gain of $5,052,000 or $1.13 per share.

Acquisition Activity

During the year we investigated numerous investment opportunities which came to our attention. Some of these businesses represented new areas for the company while others were related to or complemented our existing product lines. Our efforts resulted in three acquisitions, all of which were completed in the month of December. None of the businesses acquired are included in the operating results of Interlake for 1969.

In 1969 we purchased the assets of Lodi-Fab Industries, Inc., a California based manufacturer of pallet rack, cantilever rack and certain specialized equipment. This purchase will open new markets for us on the West Coast and will enable us to add their popular cantilever rack to our product line.

We also purchased S.A. Redirack Mfg. in Brussels, Belgium. Redirack is a leading European manufacturer of pallet rack, slotted angle and accessories. Redirack is a licensee of our Canadian company, Redirack Industries, Ltd. of Toronto.

Interlake also acquired Gary Steel Supply Company in Blue Island, Illinois. Gary operates a warehouse and pickling facility which will provide additional capacity for our Riverdale operation.

Financial Condition and Capital Structure

The financial condition of the company remained strong throughout the year. Cash flow amounted to $29,144,000. This was further augmented by the proceeds from the sale of our SOHIO shares and our sale of Feralco, S.A.

Capital expenditures in 1969 amounted to $18,423,000, the highest since 1963. The majority of these expenditures were geared to cost reduction programs, the expansion of facilities to better meet customer demands, and pollution control.

Cost reduction, improvement and expansion projects and air and water quality control projects amounted to 81% and 19%, respectively, of the total spent for the year.

The larger expenditures in 1969 included continued construction of the atomizing facility at Hoeganaes; increasing the capacity of the No. 4 Hot Strip Mill, and a sand filtration system for hot strip mill wastes at Riverdale. Also included: a new swing stove for the "A" and "B" blast furnaces at our Chicago plant, and expansion of our Pontiac, Illinois, facility.

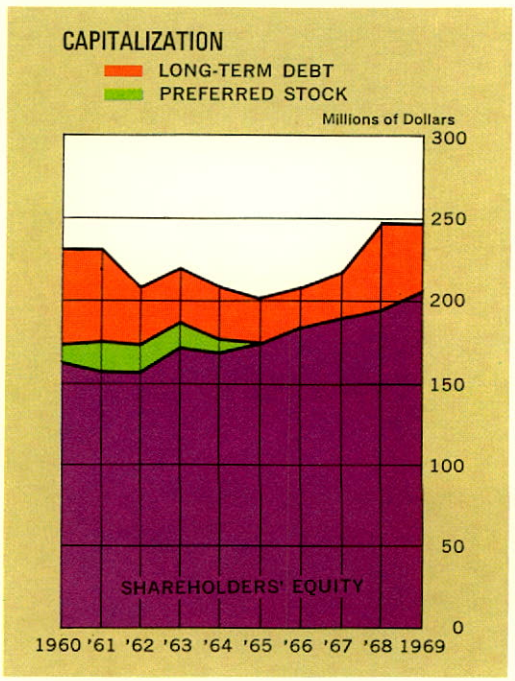
During 1969 we reduced our notes payable to the banks by $12,000,000. The credit agreement under which we have borrowed $22,000,000 from our banks will expire on August 31, 1970. At this time we are exploring various alternatives to select the best financing method available to replace this debt.

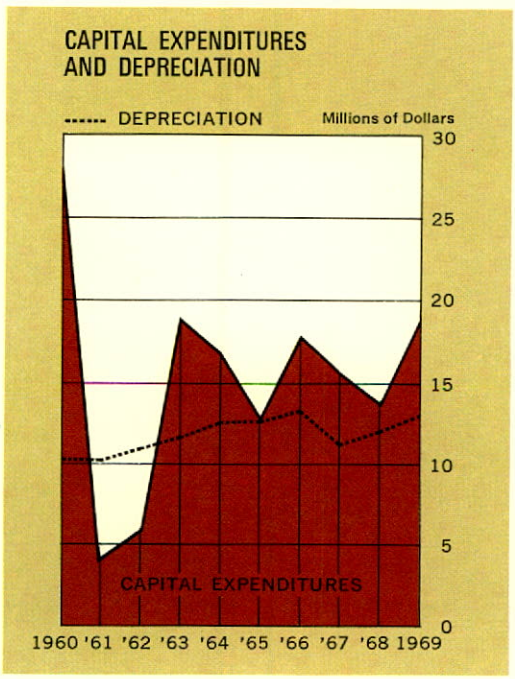
In October we purchased 80,000 shares of the company's common stock. These shares are held in the treasury and may be used to finance our diversification and acquisition program or for other corporate purposes.

During 1969 we continued the $1.80 per share dividend payment established in 1966. Dividends paid in 1969 amounted to $8,046,000 and represented 39% of the net income for the year.

Working capital at year-end amounted to $71,846,000, down slightly from the previous year, and at year-end the company's working capital ratio was 2.2 to 1.

The capital structure of the company changed in 1969. Long-term debt, principally amounts due to banks, decreased $12,060,000 and the company purchased $2,013,000 of its common stock. These reductions, however, were mostly offset by an increase in retained earnings of $12,343,000 so that, in the aggregate, the total capitalization was down only slightly. The debt to equity ratio, however, at December 31, 1969, was 17/83 compared with a ratio of 21/79 at the end of 1968.





INTERLAKE STEEL CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF SOURCE AND APPLICATION OF FUNDS *For Years Ended December 31, 1969 — 1968*

(See notes to financial statements)

	1969	1968
SOURCE OF FUNDS:		
Net income	$ 20,388,703	$ 12,556,301
Depreciation, depletion and amortization	13,042,182	12,273,478
Write-down of inactive facility	2,194,827	—
Future income taxes	14,751	(631,232)
	35,640,463	24,198,547
Notes payable to banks	—	27,000,000
Proceeds from sale of investments, less gains	6,206,109	—
Minority interest in subsidiary	157,091	1,133,429
	42,003,663	52,331,976
APPLICATION OF FUNDS:		
Capital expenditures less net book value of retirements and sales of $1,023,701 in 1969 and $408,847 in 1968	17,399,094	13,343,160
Cash dividends	8,045,843	8,077,874
Purchase of Company common stock	2,013,350	—
Reduction of long-term debt	13,585,334	3,762,334
Assets of businesses acquired, net of working capital and long-term debt	3,354,408	21,111,086
Investments in and advances to iron ore interests and others (net of repayments)	271,523	767,416
All other—net	(147,234)	75,107
	44,522,318	47,136,977
WORKING CAPITAL:		
Increase (decrease) during year	(2,518,655)	5,194,999
Balance at beginning of year	74,364,962	69,169,963
Balance at end of year	$ 71,846,307	$ 74,364,962

INTERLAKE STEEL CORPORATION AND CONSOLIDATED SUBSIDIARIES

STATEMENTS OF INCOME AND RETAINED EARNINGS *For Years Ended December 31, 1969 — 1968*

(See notes to financial statements)

INCOME	1969	1968
SALES AND REVENUES:		
Net sales	$324,847,517	$285,570,853
Other revenues	3,030,409	2,303,947
	327,877,926	287,874,800
COSTS AND EXPENSES:		
Cost of products sold	241,818,925	214,780,711
Depreciation, depletion and amortization (Note 2)	13,042,182	12,273,478
Selling and administrative expenses	31,905,455	27,855,458
State, local and miscellaneous taxes	8,651,110	7,930,940
Interest expense	3,593,320	2,464,912
	299,010,992	265,305,499
INCOME BEFORE TAXES ON INCOME AND EXTRAORDINARY ITEMS	28,866,934	22,569,301
PROVISION FOR U.S. AND FOREIGN INCOME TAXES, less investment credit of $560,000 in 1969 and $787,000 in 1968:		
Current	13,070,000	9,364,000
Deferred—net	460,000	649,000
	13,530,000	10,013,000
INCOME BEFORE EXTRAORDINARY ITEMS	15,336,934	12,556,301
EXTRAORDINARY ITEMS, net of income taxes of $278,000 (Note 7)	5,051,769	—
NET INCOME FOR THE YEAR	$ 20,388,703	$ 12,556,301
PER COMMON SHARE:		
Income before extraordinary items	$3.43	$2.80
Extraordinary items	1.13	—
NET INCOME per common share	$4.56	$2.80
RETAINED EARNINGS		
RETAINED EARNINGS at beginning of the year	$ 93,168,356	$ 88,689,929
NET INCOME for the year	20,388,703	12,556,301
	113,557,059	101,246,230
DEDUCT—Cash dividends paid, $1.80 per share	8,045,843	8,077,874
RETAINED EARNINGS at end of the year	$105,511,216	$ 93,168,356

INTERLAKE STEEL CORPORATION AND CONSOLIDATED SUBSIDIARIES

BALANCE SHEET—*December 31, 1969 and 1968*

(See notes to financial statements)

ASSETS	1969	1968
CURRENT ASSETS:		
Cash and certificates of deposit	$ 8,034,381	$ 6,698,823
Marketable securities, at cost	1,999,028	998,160
Receivables, less allowance for doubtful accounts of $577,000 in 1969 and $671,000 in 1968	41,724,236	30,793,284
Inventories at lower of cost (principally LIFO) or market:		
Raw materials	*21,231,737*	*24,910,777*
Semifinished and finished products	*42,317,040*	*41,234,218*
Supplies	*8,670,086*	*8,212,889*
	72,218,863	74,357,884
Other current assets	5,424,275	4,446,149
Total current assets	129,400,783	117,294,300
INVESTMENTS AND OTHER ASSETS:		
Investments in affiliated and associated companies (Note 1)	3,974,268	2,919,414
Iron ore interests (Notes 1 and 9)	19,204,588	18,933,065
Other investments and deferred charges	877,164	6,209,193
	24,056,020	28,061,672
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land and mineral properties, less depletion	11,266,635	10,643,758
Plant and equipment	343,406,997	324,052,244
	354,673,632	334,696,002
Less—Depreciation and amortization (Note 2)	195,080,752	180,731,045
	159,592,880	153,964,957
INTANGIBLE ASSETS, principally goodwill (Notes 3 and 9)	11,929,678	12,529,320
	$324,979,361	$311,850,249

LIABILITIES AND SHAREHOLDERS' EQUITY	1969	1968
CURRENT LIABILITIES:		
Notes payable	$ 1,182,663	$ 1,225,671
Accounts payable	30,667,235	22,417,581
Salaries and wages	11,846,449	9,773,562
Taxes other than income taxes	4,204,310	3,802,250
U.S. and foreign income taxes	8,141,508	4,326,941
Current maturities of long-term debt (Note 4)	1,512,311	1,383,333
Total current liabilities	57,554,476	42,929,338
LONG-TERM DEBT (Note 4)	40,987,221	53,047,334
FUTURE INCOME TAXES	18,633,154	18,618,403
MINORITY INTEREST IN SUBSIDIARY	1,290,520	1,133,429
SHAREHOLDERS' EQUITY:		
Serial preferred stock, par value $1 a share; authorized 1,000,000 shares; none issued	—	—
Common stock, par value $1 a share; authorized 10,000,000 shares; issued 4,660,005 shares	107,749,253	107,749,253
Retained earnings (Note 5)	105,511,216	93,168,356
	213,260,469	200,917,609
Less—Cost of common stock held in treasury (249,192 shares in 1969 and 170,908 shares in 1968) (Note 6)	6,746,479	4,795,864
	206,513,990	196,121,745
	$324,979,361	$311,850,249

NOTES TO FINANCIAL STATEMENTS *December 31, 1969*

NOTE 1—PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the Company, all wholly-owned subsidiaries, and the Hoeganaes Corporation which is two-thirds owned. Foreign subsidiaries, located principally in Canada, represent approximately 4% of consolidated net assets.

The Company's equity in the underlying net assets of unconsolidated companies and iron ore interests exceeded the book value, recorded at cost or lower, by $1,975,164 at December 31, 1969, and $2,225,786 at December 31, 1968. Dividends received from these investments exceeded ownership equity in net income by $141,591 and $114,041 in 1969 and 1968, respectively.

NOTE 2—DEPRECIATION AND AMORTIZATION:

It is the policy of the Company to depreciate plant and equipment principally on a straight-line method over the estimated useful lives of the assets. Provision for depletion of mineral properties is based upon tonnage rates which are expected to amortize the cost of these properties over the estimated amount of mineral deposits to be removed.

Depreciation claimed for income tax purposes is computed by use of accelerated methods. Income taxes applicable to the additional depreciation claimed for tax purposes have been credited to future income taxes.

NOTE 3—INTANGIBLE ASSETS:

Intangible assets include goodwill of $11,872,438 in 1969 and $12,455,058 in 1968. The goodwill, which is not being amortized, represents the difference between purchase price and the Company's equity in the underlying net assets of companies acquired.

NOTE 4—LONG-TERM DEBT:

Long-term debt of the Company consists of the following:

	December 31, 1969	1968
Notes payable to banks	$22,000,000	$34,000,000
4⅞% debentures, due annually $1,250,000 1970 to 1972, $1,500,000 1973 to 1976, and $2,500,000 in 1977	10,912,000	11,114,000
5% debentures, due annually $375,000 1970 to 1977	3,000,000	3,375,000
5% insurance company loan, due annually $700,000 1970 to 1973 and $900,000 in 1974	3,700,000	4,400,000
Other	2,887,532	1,541,667
	42,499,532	54,430,667
Less—Current maturities	1,512,311	1,383,333
Long-term debt	$40,987,221	$53,047,334

The Company, at December 31, 1969, had borrowed $22,000,000 under a credit agreement with a group of banks which permits borrowings up to $40,000,000 at the prime interest rate. At August 31, 1970, any or all of the then outstanding notes may be converted into a five-year term loan repayable in equal annual installments. The agreement provides that consolidated working capital, exclusive of the amounts borrowed thereunder, be at least $55,000,000 at each year-end.

At December 31, 1969, 4⅞% debentures with a face value of $1,338,000 were held in the treasury by the Company. Of these, $1,250,000 may be used to meet the 1970 sinking fund requirements and have been applied as a reduction of current maturities of long-term debt. The balance may be used to meet future sinking fund requirements and has been applied as a reduction of long-term debt.

NOTE 5—DIVIDEND RESTRICTION:

Under the most restrictive terms of the provision of the indenture relating to the debentures and the terms of the loan agreement with the insurance company, $51,846,307 of retained earnings at December 31, 1969 was unrestricted for the payment of cash dividends.

NOTE 6—STOCK OPTIONS AND TREASURY STOCK:

In 1965 the shareholders approved a Qualified Stock Option Plan for the Company's officers and key employees. Under the plan, options may be granted until December 31, 1974 for periods not longer than five years. Options are exercisable 33⅓% annually, on a cumulative basis, beginning one year from date of grant. Options were outstanding at the beginning of the year for 59,050 shares. In 1969 options were granted for 27,650 shares at $30.57 per share and options for 6,950 shares were canceled; no options were exercised. At December 31, 1969 there were options outstanding for 79,750 shares at prices ranging from $30.57 to $41.94 per share, of which 48,766 were exercisable. The options outstanding expire at varying dates until 1974.

At December 31, 1969, 150,000 treasury shares of common stock were reserved for stock options, 6,040 for distribution under a deferred compensation plan, and 93,152 were unreserved. During 1969, 1,716 treasury shares were distributed under the deferred compensation plan.

In 1969 the Company purchased 80,000 shares of its common stock. These shares are being held in the treasury.

NOTE 7—EXTRAORDINARY ITEMS:

Extraordinary items, net of income taxes of $278,000, comprise the following:

	Amount
Gain on sale of 125,000 shares of The Standard Oil Company (Ohio) common stock	$ 5,881,129
Gain on sale of a 90% interest in Feralco, S.A.	457,265
Write-down of inactive facility	(1,286,625)
	$ 5,051,769
Per common share	$1.13

Federal income taxes in the amount of $2,060,000 applicable to gains on the sale of The Standard Oil Company (Ohio) common stock and Feralco, S.A., have been reduced by $681,000 as a result of the liquidation of certain mining companies in 1969. The $681,000 tax benefit results from the deduction for tax purposes in 1969 of accumulated expenses deducted from reported net income in prior years.

The tax benefit of $1,101,000 applicable to the write-down of the inactive facility includes $750,000 realized in prior years due to the use of accelerated depreciation methods for tax purposes.

NOTE 8—PENSION PLANS:

Several pension plans are in effect covering substantially all employees. Most of these plans follow the basic pension pattern of the steel industry. Pension cost was $5,894,338 in 1969 and $4,883,263 in 1968, which includes current costs plus interest on and forty year amortization of unfunded prior service cost. The Company's policy is to fund pension cost accrued.

The actuarially computed value of vested benefits per the latest actuarial report exceeded the market value of the pension fund assets, including the 1969 contribution, by approximately $15,500,000.

NOTE 9—COMMITMENTS:

The Company has interests in various ore mining and pelletizing projects and is required to take its ownership proportion of the production for which it is committed to pay its proportionate share of the operating costs of these projects, either directly or as a part of the product price. The minimum amount which the Company is committed to pay is approximately $2,000,000 annually over about 20 years, regardless of the quantity of product received.

The Company is committed to pay additional amounts up to a maximum of $1,085,410 under the terms of purchase agreements for certain companies that have been acquired. The additional purchase price is contingent upon the amount of future income of these companies. Such payments, if made, will be recorded as goodwill (Note 3).

To the Board of Directors and Shareholders
of Interlake Steel Corporation

In our opinion, the accompanying consolidated balance sheet and related statements of consolidated income, retained earnings and source and application of funds present fairly the financial position of Interlake Steel Corporation and its consolidated subsidiaries at December 31, 1969, the results of their operations and the supplementary information on funds for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

January 30, 1970
Chicago

Price Waterhouse & Co.

INTERLAKE STEEL CORPORATION AND CONSOLIDATED SUBSIDIARIES

TEN YEAR FINANCIAL SUMMARY OF OPERATIONS *(in thousands—except per share statistics)*

FOR THE YEAR

	Net Sales	Income Before Extraordinary Items	Extraordinary Items (Less applicable income tax)	Net Income			Income Per Common Share		
				Amount	% of Net Sales	% of Shareholders' Equity	Before Extraordinary Items	Extraordinary Items	Net Income
1969	$324,848	$15,337	$ 5,052	$20,389	6.3%	9.9%	$ 3.43	$ 1.13	$ 4.56
1968	285,571	12,556	—	12,556	4.4	6.4	2.80	—	2.80
1967	256,411	14,133	—	14,133	5.5	7.4	3.15	—	3.15
1966	268,804	16,481	—	16,481	6.1	8.9	3.68	—	3.68
1965	262,363	13,861	—	13,861	5.3	7.9	3.02	—	3.02
1964	259,580	13,147	(3,714)	9,433	3.6	5.3	2.78	(.83)	1.95
1963	234,413	12,079	—	12,079	5.2	6.4	2.52	—	2.52
1962	227,875	8,762	(2,978)	5,784	2.5	3.3	1.82	(.70)	1.12
1961	224,594	5,442	(4,129)	1,313	.6	.7	1.08	(.98)	.10
1960	229,276	5,966	(1,328)	4,638	2.0	2.7	1.28	(.31)	.97

FOR THE YEAR

	Cash Flow	Dividends Paid			Capital Expenditures	Depreciation	Interest Expense	Taxes on Income Before Extraordinary Items	
		Common	Preferred	% of Income Before Extraordinary Items				Amount	% of Pre-Tax Income
1969	$ 29,144	$ 8,046	$ —	52.5%	$18,423	$13,042	$ 3,593	$13,530	46.9%
1968	24,199	8,078	—	64.3	13,752	12,273	2,465	10,013	44.4
1967	25,355	8,072	—	57.1	15,739	11,269	1,559	9,221	39.5
1966	29,448	7,842	—	47.6	17,905	13,232	1,296	12,126	42.4
1965	28,778	7,160	436	54.8	12,988	12,871	1,547	8,176	37.1
1964	24,846	6,295	730	53.4	16,955	12,730	1,898	5,772	30.5
1963	24,712	5,613	1,031	55.0	18,898	11,886	1,770	9,592	44.3
1962	22,126	3,885	1,065	56.5	5,866	11,050	2,204	9,478	52.0
1961	17,902	4,711	819	101.6	4,073	10,137	2,935	6,089	52.8
1960	18,439	6,373	486	115.0	28,227	10,121	3,239	6,796	53.2

AT YEAR END

	Working Capital		Property (Net)	Long-Term Debt	Future Income Taxes	Preferred Stock	Common Shareholders' Equity		
	Amount	Current Ratio					Amount	Outstanding Shares	Per Share
1969	$ 71,846	2.2 to 1	$159,593	$40,987	$18,633	$ —	$206,514	4,411	$46.82
1968	74,365	2.7	153,965	53,047	18,618	—	196,122	4,489	43.69
1967	69,170	2.8	142,039	28,268	19,407	—	191,546	4,487	42.69
1966	63,621	2.6	137,590	23,431	19,454	—	185,358	4,483	41.35
1965	64,756	2.9	131,603	25,925	19,719	—	176,552	4,477	39.43
1964	58,009	2.5	146,880	29,375	17,303	8,650	170,353	4,466	38.15
1963	71,506	2.8	149,557	31,450	20,649	15,430	173,125	4,613	37.53
1962	79,057	3.5	131,916	33,838	18,871	16,888	158,743	4,235	37.47
1961	86,792	3.6	142,456	54,348	15,492	17,250	159,150	4,195	37.59
1960	71,055	2.6	149,194	56,184	12,633	11,500	163,298	4,191	38.60

NOTE TO TEN YEAR SUMMARY

Interlake Steel Corporation is the surviving corporation of the merger of Acme Steel Company into Interlake Iron Corporation on December 22, 1964. This Ten Year Financial Summary of Operations reflects the combined operations of these two companies on a "pooling of interests" basis for the year 1964 and prior years.

Income per common share is based on the average number of common shares outstanding during each year, after recognition of the dividend requirements on the preferred stock. For the years 1960-1964, the Acme shares (adjusted to reflect a 2% stock dividend in 1962) were converted at the rate of .7 of an Interlake share for each Acme share, this being the exchange basis of the merger.

Cash flow is defined as income before extraordinary items, depreciation and future income taxes, less preferred stock dividends.

Capital expenditures exclude the assets of acquired businesses.

Interlake
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