CASTLE A M & CO
Form 10-K/A
March 16, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015
Commission File Number: 1-5415

A. M. CASTLE & CO.
(Exact name of registrant as specified in its charter)

Maryland	36-0879160
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1420 Kensington Road, Suite 220, Oak Brook, Illinois	60523
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (847) 455-7111
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock - $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ¨ No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

Large Accelerated Filer	¨	Accelerated Filer	x
Non-Accelerated Filer	¨	Smaller Reporting Company	¨

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter is $84,137,594.

The number of shares outstanding of the registrant’s common stock on March 10, 2016 was 23,794,390 shares.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (the "Amendment") to the Annual Report on Form 10-K of A.M. Castle & Co. (the "Company") for the fiscal year ended December 31, 2015, filed with the Securities and Exchange Commission on March 15, 2016 (the "Original Filing"), is being filed solely to refile Exhibits 31.1, 31.2 and 32.1 to correct certain typographical errors and refile Exhibits 10.42, 10.43, 10.44 and 10.45 to correct the Exhibit numbers shown thereon.

The certifications from the Company's Chief Executive Officer and Chief Financial Officer filed as Exhibits 31.1, 31.2 and 32.1 of the Original Filing inadvertently referred to a Quarterly Report on Form 10-Q rather than an Annual Report on Form 10-K.

Except for the foregoing amended information, this Amendment does not alter or update any other information contained in the Original Filing. This Amendment does not reflect events that may have occurred subsequent to the Original Filing.

Disclosure Regarding Forward-Looking Statements

Information provided and statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this report and the Company assumes no obligation to update the information included in this report. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy, and the cost savings and other benefits that we expect to achieve from our facility closures and organizational changes. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “predict,” “plan,” “should,” or simila expressions. These statements are not guarantees of performance or results, and they involve risks, uncertainties, and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements, including those risk factors identified in Item 1A “Risk Factors” of this report. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future, to reflect the occurrence of unanticipated events or for any other reason.

INDUSTRY AND MARKET DATA

In this report, we rely on and refer to information and statistics regarding the metal service center industry and general manufacturing markets. We obtained this information and these statistics from sources other than us, such as the Metals Service Center Institute, which we have supplemented where necessary with information from publicly available sources and our own internal estimates. Although we have not independently verified such information, we have used these sources and estimates and believe them to be reliable.

PART I

ITEM 1 — Business

In this annual report on Form 10-K, “the Company,” “we” or “our” refer to A. M. Castle & Co., a Maryland corporation, and its subsidiaries included in the consolidated financial statements, except as otherwise indicated or as the context otherwise requires.

Business and Markets

Company Overview

The Company is a specialty metals (83% of net sales in 2015) and plastics (17% of net sales in 2015) distribution company serving customers on a global basis. The Company provides a broad range of products and value-added processing and supply chain services to a wide array of customers. The Company's metals customers are principally within the producer durable equipment, oil and gas, aerospace, heavy industrial equipment, industrial goods and construction equipment sectors of the global economy, and its plastics customers are primarily in the retail, marine and automotive sectors. Particular focus is placed on the aerospace, power generation, mining, heavy industrial equipment, manufacturing and oil and gas for metals and automotive, marine, office furniture and fixtures, safety products, life sciences applications, transportation and general manufacturing industries for plastics.

The Company’s corporate headquarters is located in Oak Brook, Illinois. As of December 31, 2015, the Company operates out of 24 metals service centers located throughout North America (19), Europe (3) and Asia (2) and 17 plastics service centers located in the United States. The Company’s service centers hold inventory and process and distribute products to both local and export markets.

Industry and Markets

Service centers act as supply chain intermediaries between primary producers, which deal in bulk quantities in order to achieve economies of scale, and end-users in a variety of industries that require specialized products in significantly smaller quantities and forms. Service centers also manage the differences in lead times that exist in the supply chain.

While original equipment manufacturers (“OEM”) and other customers often demand delivery within hours, the lead time required by primary producers can be as long as several months. Service centers provide value to customers by aggregating purchasing, providing warehousing and distribution services to meet specific customer needs including demanding delivery times and precise metal specifications, and by providing value-added metals processing services.
The principal markets served by the Company are highly competitive. Competition is based on service, quality, processing capabilities, inventory availability, timely delivery, ability to provide supply chain solutions and price. The Company competes in a highly fragmented industry. Competition in the various markets in which the Company participates comes from a large number of value-added metals processors and service centers on a regional and local basis, some of which have greater financial resources and some of which have more established brand names in the local, regional and global markets served by the Company.
The Company also competes to a lesser extent with primary metals producers who typically sell to larger customers requiring shipments of large volumes of metal.
In order to capture scale efficiencies and remain competitive, many primary metal producers are consolidating their operations and focusing on their core production activities. These producers have increasingly outsourced metals distribution, inventory management and value-added metals processing services to metals service centers. This process of outsourcing allows them to work with a relatively small number of intermediaries rather than many end customers. As a result, metals service centers, including the Company, are now providing a range of services for their customers, including metal purchasing, processing and supply chain solutions.
Procurement
The Company purchases metals and plastics from many producers. Material is purchased in large lots and stocked at its service centers until sold, usually in smaller quantities and typically with some value-added processing services performed. The Company’s ability to provide quick delivery of a wide variety of specialty metals and plastic products, along with its processing capabilities and supply chain management solutions, allows customers to lower their own inventory investment by reducing their need to order the large quantities required by producers and their need to perform additional material processing services. Some of the Company’s purchases are covered by long-term contracts and commitments, which generally have corresponding customer sales agreements.
Orders are primarily filled with materials shipped from Company stock. The materials required to fill the balance of sales are obtained from other sources, such as purchases from other distributors or direct mill shipments to customers. Deliveries are made principally by the Company’s fleet contracted through third party logistics providers. Common carrier delivery is used in areas not serviced directly by the Company’s fleet.
As of December 31, 2015, the Company had 1,515 full-time employees. Of these full-time employees, 225 were represented by the United Steelworkers of America under collective bargaining agreements.
Business Segments
The Company distributes and performs processing on both metals and plastics. Although the distribution processes are similar, the customer markets, supplier bases and types of products are different. Additionally, the Company’s Chief Executive Officer, the chief operating decision-maker, reviews and manages these two businesses separately. As such, these businesses are considered reportable segments and are reported accordingly in the Company’s various public filings. Neither of the Company’s reportable segments has any unusual working capital requirements.
In the last three years, the percentages of total sales of the two segments were as follows:

	2015		2014		2013	
Metals	83	%	86	%	87	%
Plastics	17	%	14	%	13	%
	100	%	100	%	100	%

Metals Segment
In its Metals segment, the Company’s marketing strategy focuses on distributing highly engineered specialty grades and alloys of metals as well as providing specialized processing services designed to meet very precise specifications. Core products include alloy, aluminum, nickel, stainless steel, carbon and titanium. Inventories of these products assume many forms such as plate, sheet, extrusions, round bar, hexagon bar, square and flat bar, tubing and coil. Depending on the size of the facility and the nature of the markets it serves, the Company's service centers are equipped as needed with bar saws, plate saws, oxygen and plasma arc flame cutting machinery, trepanning machinery, boring

4

machinery, honing equipment, water-jet cutting equipment, stress relieving and annealing furnaces, surface grinding equipment, CNC machinery and sheet shearing equipment. This segment also performs various specialized fabrications for its customers through pre-qualified subcontractors that thermally process, turn, polish, cut-to-length and straighten alloy and carbon bar.

The Company’s customer base is well diversified and therefore, the Company does not have dependence upon any single customer, or a few customers. Our customer base includes many Fortune 500 companies as well as thousands of medium and smaller sized firms.

The Company’s broad network of locations provides same or next-day delivery to most of the segment’s markets, and two-day delivery to substantially all of the remaining markets.

Plastics Segment

The Company’s Plastics segment consists exclusively of a wholly-owned subsidiary that operates as Total Plastics, Inc. (“TPI”), headquartered in Kalamazoo, Michigan, and its wholly-owned subsidiaries. The Plastics segment stocks and distributes a wide variety of plastics in forms that include plate, rod, tube, clear sheet, tape, gaskets and fittings. Processing activities within this segment include cut-to-length, cut-to-shape, bending and forming according to customer specifications.

The Plastics segment’s diverse customer base consists of companies in the retail (point-of-purchase), automotive, marine, office furniture and fixtures, safety products, life sciences applications, and general manufacturing industries. TPI has locations throughout the upper northeast and midwest regions of the U.S. and one facility in Florida from which it services a wide variety of users of industrial plastics.

On March 11, 2016, the Company entered into an asset purchase agreement with an unrelated third-party for the sale of TPI. TPI represents the entirety of the Company's Plastics segment and therefore, the Company will only have one reporting segment, the Metals segment, going forward. As of December 31, 2015, TPI did not meet the criteria to be classified as held for sale and accordingly its results are presented with continuing operations. The terms of the sale are discussed in Note 15 - Subsequent Events to the consolidated financial statements.

For further information on the Company's segment results, see Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 13 - Segment Reporting within the notes to the Company's consolidated financial statements appearing elsewhere in this annual report on Form 10-K.

Joint Venture

The Company holds a 50% joint venture interest in Kreher Steel Company, LLC (“Kreher”), a national distributor and processor of carbon and alloy steel bar products, headquartered in Melrose Park, Illinois. The Company’s equity in the earnings (losses) of this joint venture is reported separately in the Company’s consolidated statements of operations. Kreher's stand-alone financial statements are included in this filing.

Access to SEC Filings

The Company makes available free of charge on or through its Web site at www.castlemetals.com the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”). Information on our website does not constitute part of this annual report on Form 10-K.

ITEM 1A — Risk Factors

(Dollar amounts in millions, except per share data)

Our business, financial condition, results of operations, and cash flows are subject to various risks, many of which are not exclusively within our control that may cause actual performance to differ materially from historical or projected future performance. Any of the following risks, as well as other risks and uncertainties not currently known to us or that we currently consider to be immaterial, could materially and adversely affect our business, financial condition, results of operations, or cash flows.

Our future operating results are impacted by the volatility of the prices of metals and plastics, which could cause our results to be adversely affected.

The prices we pay for raw materials, both metals and plastics, and the prices we charge for products may fluctuate depending on many factors, including general economic conditions (both domestic and international), competition, production levels, import duties and other trade restrictions and currency fluctuations. To the extent metals and plastics prices decline, we would generally expect lower sales, pricing and possibly lower operating income. Depending on the timing of the price changes and to the extent we are not able to pass on to our customers any increases in our raw materials prices, our operating results may be adversely affected. In addition, because we maintain substantial inventories of metals and plastics in order to meet short lead-times and the just-in-time delivery requirements of our customers, a reduction in our selling prices could result in lower profitability or, in some cases, losses, either of which could adversely impact our ability to remain in compliance with certain provisions of our debt instruments, as well as result in us incurring impairment charges.

Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under our debt instruments.

We have substantial debt service obligations. As of December 31, 2015, we had approximately $333.6 million of total debt outstanding, excluding capital lease obligations of $0.4 million, of which $276.1 million is secured. As of December 31, 2015, we had approximately $30.1 million of additional unrestricted borrowing capacity under our revolving credit facility. In December 2014, we obtained an extension on our revolving credit facility, extending its maturity date from December 15, 2015 to December 10, 2019 (or 91 days prior to the maturity date of our Senior Secured Notes or Convertible Notes if they have not been refinanced). In January 2014, we partially exercised the accordion option under our revolving credit facility to increase the aggregate commitments by $25.0 million. As a result, our borrowing capacity increased from $100.0 million to $125.0 million. We maintain the option to exercise the accordion for an additional $25.0 million of aggregate commitments in the future, assuming we meet certain thresholds for incurring additional debt. Subject to restrictions contained in the debt instruments, we may incur additional indebtedness.

Our substantial level of indebtedness could have significant effects on our business, including the following:

- it may be more difficult for us to satisfy our financial obligations;
- our ability to obtain additional financing for working capital, capital expenditures, strategic acquisitions or general corporate purposes may be impaired;
- we must use a substantial portion of our cash flow from operations to pay interest on our indebtedness, which will reduce the funds available to use for operations and other purposes, including potentially accretive acquisitions;
- our ability to fund a change of control offer under our debt instruments may be limited;
- our substantial level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;
- our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate may be limited; and
- our substantial level of indebtedness may make us more vulnerable to economic downturns and adverse developments in our business.

We expect to obtain the funds to pay our expenses and to satisfy our debt obligations primarily from our operations and, in the case of the principal amount of our indebtedness, from the refinancing thereof. In February 2016, as part of an overall plan to refinance our public debt, we completed a private exchange offer and consent solicitation (the "Exchange Offer") to certain eligible holders of our 12.75% Senior Secured Notes due 2016 (the "2016 Notes"). In the Exchange Offer we exchanged $203.3 million aggregate principal amount of 12.75% Senior Secured Notes due 2018 (the "2018 Notes") for a like amount of 2016 Notes, leaving at most $6.7 million aggregate principal amount of 2016 Notes outstanding. Our ability to meet our expenses and make these principal and interest payments as they come due, therefore, depends on our future performance, which will be affected by financial, business, economic and other factors, many of which we cannot control. Our business may not generate sufficient cash flow from operations in the future, and our anticipated revenue and cash flow may not be realized, either or both of which could result in our being unable to repay indebtedness or to fund other liquidity needs. If we do not have enough funds, we may be required to refinance all or part of our then existing debt, sell assets or borrow more funds, which we may not be able to accomplish on terms acceptable to us, or at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives which could have an adverse effect on our financial condition or liquidity.

As a result of the Exchange Offer, in February 2016, Standard & Poor's upgraded our 2016 Notes debt rating to CCC- from D and maintained our outlook as negative. Also in February 2016, Moody's Investor Services downgraded the debt rating on our 2016 Notes to C from Caa2 and affirmed our outlook as stable. With the completion of the Exchange Offer, both Standard & Poor's and Moody's Investor Services have withdrawn all ratings on the Company.

We may not be able to generate sufficient cash to service all of our existing debt service obligations, and may be forced to take other actions to satisfy our obligations under our debt agreements, which may not be successful.
In February 2016, we completed the Exchange Offer in which we exchanged $203.3 million aggregate principal amount of 2018 Notes for a like amount of 2016 Notes, leaving at most $6.7 million aggregate principal amount of 2016 Notes outstanding. We have also agreed to effect exchange offers of new 5.25% Senior Secured Convertible Notes due 2019 for our outstanding 7.00% Convertible Notes due 2017 (the "Convertible Notes"). Our annual debt service obligations until December 2016, when the remaining 2016 Notes are scheduled to mature, will be primarily limited to interest payments on our outstanding debt securities, with an aggregate principal amount of $267.5 million, and on borrowings under our revolving credit facility, if any. We had $66.1 million of borrowings outstanding under the revolving credit facility as of December 31, 2015. Our ability to make scheduled payments on or to refinance our debt obligations depends on our future financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. Therefore, we may not be able to maintain or realize a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.
Our principal sources of liquidity are cash flows from operations and available borrowing capacity under its revolving credit facility. We currently plan that we will have sufficient cash flows from our operations (including planned inventory reductions) to continue as a going concern, however, these plans rely on certain underlying assumptions and estimates that may differ from actual results. Such assumptions include improvements in operating results and cash flows driven by the restructuring activities taken during 2015 that streamlined our organizational structure, lowered operating costs and increased liquidity. Continued losses from operations and insufficient cash flow from operations in the future could have a material adverse effect on our liquidity and financial condition and could raise substantial doubt about our ability to continue as a going concern. Our plans also included the sale for cash of all of our remaining inventory at our Houston and Edmonton facilities and the sale of its wholly-owned subsidiary, TPI. Both of these actions were completed in the first quarter of 2016 and provide liquidity in addition to the planned operating cash flows to meet working capital needs, capital expenditures and debt service obligations for the next twelve months.
If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments, capital expenditures or potentially accretive acquisitions, sell assets, seek additional capital or restructure or refinance our indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous borrowing covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of principal and interest on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness or the terms thereof. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations which could have an adverse effect on our financial condition or liquidity.
Our debt instruments impose significant operating and financial restrictions, which may prevent us from pursuing certain business opportunities and taking certain actions and our failure to comply with the covenants contained in our debt instruments could result in an event of default that could adversely affect our operating results.
Our debt agreements impose, and future debt agreements may impose, operating and financial restrictions on us. These restrictions limit or prohibit, among other things, our ability to:

- incur additional indebtedness unless certain financial tests are satisfied or issue disqualified capital stock;
- pay dividends, redeem subordinated debt or make other restricted payments;
- make certain investments or acquisitions;
- issue stock of subsidiaries;

- grant or permit certain liens on our assets;
- enter into certain transactions with affiliates;
- merge, consolidate or transfer substantially all of our assets;
- incur dividend or other payment restrictions affecting certain of our subsidiaries;
- transfer, sell or acquire assets, including capital stock of our subsidiaries; and
- change the business we conduct.

These covenants could adversely affect our ability to finance our future operations or capital needs, withstand a future downturn in our business or the economy in general, engage in business activities, including future opportunities that may be in our interest, and plan for or react to market conditions or otherwise execute our business strategies. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders or holders of such indebtedness could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness. If the maturity of our indebtedness is accelerated, we may not have sufficient cash resources to satisfy our debt obligations and may not be able to continue our operations as planned.

We may not achieve all of the expected benefits from our restructuring and performance enhancement initiatives.

In the second quarter of 2015 we announced additional restructuring activities. The organizational changes as part of this most recent restructuring plan include workforce reductions and the consolidations of facilities in locations it deems to have redundant operations. The consolidations and organizational changes are part of our plan to streamline the organizational structure, lower structural operating costs, and increase liquidity. With regards to our 2015 restructuring plan, as well as previous restructuring plans which were completed in 2013 and 2014, we have made certain assumptions in estimating the anticipated impact of these restructuring and performance enhancement initiatives. These assumptions may turn out to be incorrect due to a variety of factors. In addition, our ability to realize the expected benefits from these initiatives is subject to significant business, economic, and competitive uncertainties and contingencies, many of which are beyond our control. Some of our cost saving measures may not have the impact on our operating profitability that we currently project. If we are unsuccessful in implementing these initiatives or if we do not achieve our expected results, our results of operations and cash flows could be materially adversely affected.

If we continue to fail to satisfy the continued listing standards of the New York Stock Exchange (NYSE), or if the NYSE fails to accept our plan that demonstrates our ability to return the Company to conformity with the continued listing standards, our common stock could be delisted from the NYSE, which could have an adverse impact on the liquidity and market price of our common stock and other adverse consequences under the terms of our debt instruments.

On January 21, 2016, we received written notice from the NYSE that we are not in compliance with one of the continued listing standards related to the maintenance of a minimum level of stockholders' equity and market capitalization as set forth in Section 802.01B of the NYSE Listed Company Manual and, if we are unable to remedy such non-compliance, we may be subject to delisting proceedings. The Company has submitted a plan to the NYSE that we believe demonstrates our ability to return the Company to conformity with the continued listing standards. However, if the NYSE fails to accept our plan or if we continue to fail to satisfy the continued listing standards of the NYSE, our common stock will be delisted, which could have an adverse impact on the liquidity and market price of our common stock and other adverse consequences, including a fundamental change, under the terms of certain of our debt instruments.

Holders of our Convertible Notes can require us to repurchase their Convertible Notes following a fundamental change, which includes, among other things, the delisting of our Common Stock from the NYSE and the acquisition of more than 50% of our outstanding voting power by a person or group. We may not have sufficient funds to satisfy such cash obligations.

As of December 31, 2015, we had approximately $57.5 million of aggregate principal amount outstanding under the Convertible Notes. The Convertible Notes bear cash interest semiannually at a rate of 7.0% per year, and mature on December 15, 2017. Upon the occurrence of a fundamental change (as defined in the indenture for the Convertible Notes), which includes delisting of our common stock from the NYSE or the acquisition of more than 50% of our outstanding voting power by a person or group, we may be required to repurchase some or all of the Convertible Notes for cash at a repurchase price equal to 100% of the principal amount of the Convertible Notes being repurchased, plus any accrued and unpaid interest up to but excluding the relevant fundamental change repurchase date. We may not have sufficient funds to satisfy such cash obligations and, in such circumstances, may not be able to arrange the necessary financing on favorable terms or at all. In addition, our ability to satisfy such cash obligations will be restricted pursuant to covenants contained in the indenture for the Convertible Notes and will be permitted to be paid only in limited circumstances. We may also be limited in our ability to satisfy such cash obligations by applicable law or the terms of other instruments governing our indebtedness. Our inability to make any cash payments that may be required to satisfy the obligations described above would trigger an event of default under the Convertible Notes, which in turn could constitute an event of default under our other outstanding indebtedness, thereby resulting in the acceleration of such indebtedness, the prepayment of which could further restrict our ability to satisfy such cash obligations.

The conditional conversion features of our Convertible Notes, if triggered, may adversely affect our financial condition and operating results.
In the event the conditional conversion features of the Convertible Notes are triggered, holders of the Convertible Notes will be entitled to convert the Convertible Notes at any time during specified periods at their option. If one or more holders elect to convert their Convertible Notes, and we elect or are deemed to have elected cash settlement or combination settlement, we would be required to pay cash to satisfy all or a portion of our conversion obligation for such Convertible Notes, which could adversely affect our liquidity. Even if holders do not elect to convert their Convertible Notes, in the absence of sufficient availability under the revolving credit facility, we could be required under applicable accounting guidance to reclassify all or a portion of the outstanding principal of the Convertible Notes as a current rather than long-term liability. The reclassification of all or a portion of the outstanding principal to a current liability would result in a material reduction of our net working capital.
We service industries that are highly cyclical, and any downturn in our customers’ industries could reduce our revenue and profitability.
Many of our products are sold to customers in industries that experience significant fluctuations in demand based on economic conditions, energy prices, consumer demand, availability of adequate credit and financing, customer inventory levels, changes in governmental policies and other factors beyond our control. As a result of this volatility in the industries we serve, when one or more of our customers' industries experiences a decline, we may have difficulty increasing or maintaining our level of sales or profitability if we are not able to divert sales of our products to customers in other industries. Historically, we have made a strategic decision to focus sales resources on certain industries, specifically the aerospace, oil and gas, heavy equipment, machine tools and general industrial equipment industries. A downturn in these industries has had, and may in the future continue to have, an adverse effect on our operating results. We are also particularly sensitive to market trends in the manufacturing and oil and gas sectors of the North American economy. In 2015, the downturn in the oil and gas sector had a significant impact on our financial results as sales to customers which operate in that market were significantly lower than they had been previously. In February 2016, we announced the sale of all inventory from our Houston and Edmonton facilities that primarily service the oil and gas sector. With this sale, and the planned closure of the Houston and Edmonton facilities, the Company has significantly lowered its exposure to oil-related market fluctuations. Going forward, we will be primarily focused on two key industries, aerospace and industrial.
A portion of our sales, particularly in the aerospace industry, are related to contracts awarded to our customers under various U.S. Government defense-related programs. Significant changes in defense spending, or in government priorities and requirements could impact the funding, or the timing of funding, of those defense programs, which could negatively impact our results of operations and financial condition. The level of U.S. spending for defense, alternative energy and other programs to which such funding is allocated, is subject to periodic congressional appropriation actions, including the sequestration of appropriations in fiscal years 2013 and after, under the Budget Control Act of 2011, and is subject to change at any time.
Our industry is highly competitive, which may force us to lower our prices and may have an adverse effect on our operating results.
The principal markets that we serve are highly competitive. Competition is based principally on price, service, quality, processing capabilities, inventory availability and timely delivery. We compete in a highly fragmented industry. Competition in the various markets in which we participate comes from a large number of value-added metals processors and service centers on a regional and local basis, some of which have greater financial resources than we do and some of which have more established brand names in the local markets we serve. We also compete to a lesser extent with primary metals producers who typically sell to very large customers requiring shipments of large volumes of metal. Increased competition could force us to lower our prices or to offer increased services at a higher cost to us, which could have an adverse effect on our operating results.
Our operating results are subject to the seasonal nature of our customers’ businesses.

A portion of our customers experience seasonal slowdowns. Historically, our revenues in the months of July, November and December have been lower than in other months because of a reduced number of shipping days and holiday or vacation closures for some customers. Dependent on market and economic conditions, our sales in the first two quarters of the year, therefore, can be higher than in the third and fourth quarters due to this seasonality. As a result, analysts and investors may inaccurately estimate the effects of seasonality on our operating results in one or more future quarters and, consequently, our operating results may fall below expectations.

An additional impairment or restructuring charge could have an adverse effect on our operating results.

We continue to evaluate opportunities to reduce costs and improve operating performance. These actions could result in restructuring and related charges, including but not limited to asset impairments, employee termination costs, charges for pension benefits, and pension curtailments, which could be significant and could adversely affect our financial condition and results of operations.

We have a significant amount of long-lived assets, including goodwill and intangible assets. We review the recoverability of goodwill annually or whenever significant events or changes occur that might impair the recovery of recorded costs, making certain assumptions regarding future operating performance. We review the recoverability of definite lived intangible assets and other long-lived assets whenever significant events or changes occur which might impair the recovery of recorded costs, making certain assumptions regarding future operating performance. The results of these calculations may be affected by the current demand and any decline in market conditions for our products, as well as interest rates and general economic conditions. If impairment is determined to exist, we will incur impairment losses, which may have an adverse effect on our operating results.

In 2015, we recorded a $33.7 million non-cash intangible assets impairment charge to eliminate the customer relationships and trade name intangible assets acquired with our 2011 acquisition of Tube Supply, Co. We recorded a $56.2 million non-cash goodwill impairment charge in 2014 to eliminate the Metals segment goodwill entirely. The results of our most recent annual impairment test of goodwill indicates that as of December 1, 2015 there is approximately $10.2 million (24.6%) of excess estimated fair-value over carrying value for the Plastics reporting unit.

Our ability to use our net operating loss carryforwards (NOLs) may be limited.

We have incurred substantial losses since 2008. We may not generate future taxable income so that we can use our net operating loss carryforwards, or NOLs, to offset. As of December 31, 2015, we had U.S. federal NOLs of $144.5 million. The $144.5 million in U.S. federal NOLs will expire in various years beginning with 2032. We have determined that an ownership shift of greater than fifty percent occurred in 2015. As such, it is expected that a portion of the pre- ownership shift NOLs will be subject to a Section 382 limitation that will act to prevent the Company from utilizing all of its losses against future taxable income. We have not yet finalized our analysis of the impact of the Section 382 limitation on the pre ownership shift NOLs. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership that we cannot predict or control that could result in further limitations being placed on our ability to utilize our federal NOLs. As of December 31, 2015, the Company has established a full valuation allowance against its federal and state NOLs.

Disruptions or shortages in the supply of raw materials could adversely affect our operating results and our ability to meet our customers' demands.

Our business requires materials that are sourced from third party suppliers. If for any reason our primary suppliers of metals should curtail or discontinue their delivery of raw materials to us at competitive prices and in a timely manner, our operating results could suffer. Unforeseen disruptions in our supply bases could materially impact our ability to deliver products to customers. The number of available suppliers could be reduced by factors such as industry consolidation and bankruptcies affecting metals and plastics producers, or suppliers may be unwilling or unable to meet our demand due to industry supply conditions. If we are unable to obtain sufficient amounts of raw materials from our traditional suppliers, we may not be able to obtain such raw materials from alternative sources at competitive prices to meet our delivery schedules, which could have an adverse impact on our operating results. To the extent we have quoted prices to customers and accepted orders for products prior to purchasing necessary raw materials, or have existing contracts, we may be unable to raise the price of products to cover all or part of the increased cost of the raw materials to our customers.

In some cases the availability of raw materials requires long lead times. As a result, we may experience delays or shortages in the supply of raw materials. If unable to obtain adequate and timely deliveries of required raw materials, we may be unable to timely supply customers with sufficient quantities of products. This could cause us to lose sales, incur additional costs, or suffer harm to our reputation, all of which may adversely affect our operating results.

Increases in freight and energy prices would increase our operating costs and we may be unable to pass these increases on to our customers in the form of higher prices, which may adversely affect our operating results.

We use energy to process and transport our products. The prices for and availability of energy resources are subject to volatile market conditions, which are affected by political, economic and regulatory factors beyond our control. Our operating costs increase if energy costs, including electricity, diesel fuel and natural gas, rise. During periods of higher freight and energy costs, we may not be able to recover our operating cost increases through price increases without reducing demand for our products. In addition, we typically do not hedge our exposure to higher freight or energy prices.

We operate in international markets, which expose us to a number of risks.

Although a substantial majority of our business activity takes place in the United States, we serve and operate in certain international markets, which exposes us to political, economic and currency related risks, including the following:

- potential for adverse change in the local political or social climate or in government policies, laws and regulations;
- difficulty staffing and managing geographically diverse operations and the application of foreign labor regulations;
- restrictions on imports and exports or sources of supply;
- currency exchange rate risk; and
- change in duties and taxes.

In addition to the United States, we operate in Canada, Mexico, France, the United Kingdom, Singapore, and China. An act of war or terrorism or major pandemic event could disrupt international shipping schedules, cause additional delays in importing or exporting products into or out of any of these countries, including the United States, or increase the costs required to do so. In addition, acts of crime or violence in these international markets could adversely affect our operating results. Fluctuations in the value of the U.S. dollar versus foreign currencies could reduce the value of these assets as reported in our financial statements, which could reduce our stockholders' equity. If we do not adequately anticipate and respond to these risks and the other risks inherent in international operations, it could have a material adverse impact on our operating results.

A portion of our workforce is represented by collective bargaining units, which may lead to work stoppages.

As of December 31, 2015, approximately 27% of our U.S. employees were represented by the United Steelworkers of America ("USW") under collective bargaining agreements, including hourly warehouse employees at our distribution centers in Franklin Park, Illinois and Cleveland, Ohio. On January 31, 2016, our Franklin Park, Illinois distribution center was closed and those USW employees terminated, resulting in only 19% of our U.S employees being represented by the USW as of that date. As these agreements expire, there can be no assurance that we will succeed in concluding collective bargaining agreements with the USW to replace those that expire. Although we believe that our labor relations have generally been satisfactory, we cannot predict how stable our relationships with the USW will be or whether we will be able to meet the USW requirements without impacting our operating results and financial condition. The USW may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our relationship with the USW could negatively impact the timely processing and shipment of our products, which could strain relationships with customers or suppliers and adversely affect our operating results. On October 1, 2014, we entered into a four year collective bargaining agreement with the USW, which covers approximately 197 employees at our Franklin Park, Illinois (closed in January 2016) and Cleveland, Ohio facilities. Approximately 28 employees at our Hammond, Indiana facility are covered by a separate collective bargaining agreement with the USW through August 2016.

We rely upon our suppliers as to the specifications of the metals we purchase from them.

We rely on mill or supplier certifications that attest to the physical and chemical specifications of the metals or plastics received from our suppliers for resale and generally, consistent with industry practice, do not undertake independent testing of such metals or plastics. We rely on our customers to notify us of any product that does not conform to the specifications certified by the supplier. Although our primary sources of products have been domestic suppliers, we have and will continue to purchase product from foreign suppliers when we believe it is appropriate. In the event that metal purchased from domestic suppliers is deemed to not meet quality specifications as set forth in the mill or supplier certifications or customer specifications, we generally have recourse against these suppliers for both the cost of the products purchased and possible claims from our customers. However, such recourse will not compensate us for the damage to our reputation that may arise from sub-standard products and possible losses of customers. Moreover, there is a greater level of risk that similar recourse will not be available to us in the event of claims by our customers related to products from foreign suppliers that do not meet the specifications set forth in the mill or supplier certifications. In such circumstances, we may be at greater risk of loss for claims for which we do not carry, or do not carry sufficient, insurance.

Our business could be adversely affected by a disruption to our primary distribution hubs.

Our largest facilities, in Cleveland, Ohio, and Hammond, Indiana, as well as our recently opened 208,000 square foot facility in Janesville, Wisconsin, serve as primary distribution centers that ship product to our other facilities as well as external customers. Our business could be adversely impacted by a major disruption at any of these facilities due to unforeseen developments occurring in or around the facility, such as:

- damage to or inoperability of our warehouse or related systems;
- a prolonged power or telecommunication failure;
- a natural disaster, environmental or public health issue, or an act of war or terrorism on-site.

A prolonged disruption of the services and capabilities of these or other of our facilities could adversely impact our operating results.

Damage to or a disruption in our information technology systems could impact our ability to conduct business and could subject us to liability for failure to comply with privacy and information security laws.

Difficulties associated with the design and implementation of our enterprise resource planning ("ERP") system could adversely affect our business, our customer service and our operating results.

We rely primarily on one information technology system to provide inventory availability to our sales and operating personnel, improve customer service through better order and product reference data and monitor operating results. Difficulties associated with upgrades or integration with new systems could lead to business interruption that could harm our reputation, increase our operating costs and decrease profitability. In addition, any significant disruption relating to our current information technology systems, whether resulting from such things as fire, flood, tornado and other natural disasters, power loss, network failures, loss of data, security breaches and computer viruses, or otherwise, may have an adverse effect on our business, our operating results and our ability to report our financial performance in a timely manner.

The success of our business depends on the security of our networks and, in part, on the security of the network infrastructures of our third-party vendors. In connection with conducting our business in the ordinary course, we store and transmit limited amounts of customer, vendor, and employee information, including account or credit card information, and other personally identifiable information. Unauthorized or inappropriate access to, or use of, our networks, computer systems or services, whether intentional, unintentional or as a result of criminal activity, could potentially jeopardize the security of this confidential information. A number of other companies have publicly disclosed breaches of their security, some of which have involved sophisticated and highly targeted attacks on portions of their networks. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the perception of the effectiveness of our security measures could be harmed and we could lose employees, customers, or vendors. A party that is able to circumvent our security measures could misappropriate our proprietary information or the information of our customers, vendors, or employees, cause interruption in our operations, or damage our computers or those of our customers or vendors which could expose us to claims from such persons or from regulators, financial institutions or others with whom we do business, any of which could have an adverse impact on our financial condition and results of operations.

We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach related to us or the parties with which we have commercial relationships, could damage our reputation and expose us to a risk of loss, litigation, and possible liability. We cannot give assurance that the security measures we take will be effective in preventing these types of activities. We also cannot give assurance that the security measures of our third-party vendors, including network providers, providers of customer and vendor support services, and other vendors, will be adequate. In addition to potential legal liability, these activities may adversely impact our reputation or our revenues and may interfere with our ability to provide our products and services, all of which could adversely impact our business.

Ownership of our stock is concentrated, which may limit stockholders’ ability to influence corporate matters.

From time to time, the Company has experienced concentrations of ownership among institutional investors and/or hedge funds. As of December 31, 2015, based on filings made with the SEC and other information made available to us as of that date, we believe four of our directors, Jonathan B. Mellin and Reuben S. Donnelley, through their affiliations with W. B. & Co., and Allan Young and Kenneth Traub, through their affiliations with Raging Capital Management, LLC, may be deemed to beneficially own approximately 48% of our common stock. Accordingly, Mr.

Mellin, Mr. Donnelley, Mr. Young and Mr. Traub and their affiliates, and/or any other concentrated ownership interests (including Stonehouse Management, LLC, which beneficially owned approximately 17% of our common stock as of December 31, 2015) may have the voting power to substantially affect or control the outcome of matters requiring a stockholder vote including the election of directors and the approval of significant corporate matters. Such a concentration of control could adversely affect the market price of our common stock or prevent a change in control or other business combinations that might be beneficial to us.

We are vulnerable to interest rate fluctuations on our indebtedness, which could hurt our operating results.
We are exposed to various interest rate risks that arise in the normal course of business. We finance our operations with fixed and variable rate borrowings. Market risk arises from changes in variable interest rates. Under our revolving credit facility, our interest rate on borrowings is subject to changes based on fluctuations in the LIBOR and prime rates of interest. If interest rates significantly increase, we could be unable to service our debt which could have an adverse effect on our operating results or liquidity.
Commodity hedging transactions may expose us to loss or limit our potential gains.
We have entered into certain fixed price sales contracts with customers which expose us to risks associated with fluctuations in commodity prices. As part of our risk management program, we may use financial instruments from time-to-time to mitigate all or portions of these risks, including commodity futures, forwards or other derivative instruments. While intended to reduce the effects of the commodity price fluctuations, these transactions may limit our potential gains or expose us to losses. Also, should our counterparties to such transactions fail to honor their obligations due to financial distress we would be exposed to potential losses or the inability to recover anticipated gains from these transactions.
We could incur substantial costs in order to comply with, or to address any violations under, environmental and employee health and safety laws, which could adversely affect our operating results.
Our operations are subject to various environmental statutes and regulations, including laws and regulations governing materials we use and our facilities. In addition, certain of our operations are subject to international, federal, state and local environmental laws and regulations that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of solid and hazardous wastes. Our operations are also subject to various employee safety and health laws and regulations, including those concerning occupational injury and illness, employee exposure to hazardous materials and employee complaints. Certain of our facilities are located in industrial areas, have a history of heavy industrial use and have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled and disposed of hazardous and other regulated wastes. Currently unknown cleanup obligations at these facilities, or at off-site locations at which materials from our operations were disposed, could result in future expenditures that cannot be currently quantified but which could have a material adverse effect on our financial condition, liquidity or operating results.
We may face risks associated with current or future litigation and claims.
From time to time, we are involved in a variety of lawsuits, claims and other proceedings relating to the conduct of our business. These suits concern issues including contract disputes, employment actions, employee benefits, taxes, environmental, health and safety, personal injury and product liability matters. Due to the uncertainties of litigation, we can give no assurance that we will prevail on all claims made against us in the lawsuits that we currently face or that additional claims will not be made against us in the future. While it is not feasible to predict the outcome of all pending lawsuits and claims, we do not believe that the disposition of any such pending matters is likely to have a materially adverse effect on our financial condition or liquidity, although the resolution in any reporting period of one of more of these matters could have an adverse effect on our operating results for that period. Also, we can give no assurance that any other lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.
Potential environmental legislative and regulatory actions could impose significant costs on the operations of our customers and suppliers, which could have a material adverse impact on our results of operations, financial condition and cash flows.
Climate change regulation or some form of legislation aimed at reducing greenhouse gas ("GHG") emissions is currently being considered in the United States as well as elsewhere globally. As a metals and plastics distributor, our operations do not emit significant amounts of GHG. However, the manufacturing processes of many of our suppliers and customers are energy intensive and generate carbon dioxide and other GHG emissions. Any adopted future climate change and GHG regulations may impose significant costs on the operations of our customers and suppliers and indirectly impact our operations.

Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our results of operations, financial condition and cash flows.

We have various mechanisms in place that may prevent a change in control that stockholders may otherwise consider favorable.

In August 2013, the Company elected by resolution of the Board of Directors to become subject to Section 3-803 of the Maryland General Corporation Law, or the MGCL. As a result of this election, the Board of Directors was classified into three separate classes of directors, with each class generally serving three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. The provision for a classified board could prevent a party who acquires control of a majority of our outstanding voting stock from obtaining control of our Board of Directors until the second annual stockholders meeting following the date the acquiring party obtains the controlling interest. The classified board provision could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us and could increase the likelihood that incumbent directors will retain their positions.

In addition, our charter and by-laws and the MGCL include provisions that may be deemed to have anti-takeover effects and may delay, defer or prevent a takeover attempt that stockholders might consider to be in their best interests. For example, the MGCL, our charter and bylaws require the approval of the holders of two-thirds of the votes entitled to be cast on the matter to amend our charter (unless our Board of Directors has unanimously approved the amendment, in which case the approval of the holders of a majority of such votes is required), contain certain advance notice procedures for nominating candidates for election to our Board of Directors, and permit our Board of Directors to issue up to 9.988 million shares of preferred stock.

Furthermore, we are subject to the anti-takeover provisions of the MGCL that prohibit us from engaging in a “business combination” with an “interested stockholder” for a period of five years after the date of the transaction in which the person first becomes an “interested stockholder,” unless the business combination or stockholder interest is approved in a prescribed manner. The application of these and certain other provisions of our charter or the MGCL could have the effect of delaying or preventing a change of control, which could adversely affect the market price of our common stock.

The provisions of our debt instruments also contain limitations on our ability to enter into change of control transactions. In addition, the repurchase rights in our 7.0% convertible senior notes due 2017 (“Convertible Notes”) triggered by the occurrence of a “fundamental change” (as defined in the indenture for the Convertible Notes), and the additional shares of our common stock by which the conversion rate is increased in connection with certain fundamental change transactions, as described in the indenture for the Convertible Notes, could discourage a potential acquirer.

ITEM 1B — Unresolved Staff Comments

None.

ITEM 2 — Properties

The Company's corporate headquarters are located in Oak Brook, Illinois. All properties and equipment are sufficient for the Company's current level of activities. As of December 31, 2015, distribution centers and sales offices are maintained at each of the following locations, most of which are leased, except as indicated:

Locations	Approximate Floor Area in Square Feet	
Metals Segment		
North America		
Bedford Heights, Ohio	374,400	(1)
Charlotte, North Carolina	116,500	(1)
Edmonton, Alberta	87,100	(4)
Fairless Hills, Pennsylvania	71,600	(1)
Fort Smith, Arkansas	24,800	
Grand Prairie, Texas	78,000	(1)
Hammond, Indiana (H-A Industries)	243,000	
Houston, Texas	274,000	(3)(4)
Janesville, Wisconsin	208,000	
Kennesaw, Georgia	87,500	
Mexicali, Mexico	21,200	
Mississauga, Ontario	57,000	
Paramount, California	155,500	
Santa Cantarina, Nuevo Leon, Mexico	112,000	
Saskatoon, Saskatchewan	15,000	
Selkirk, Manitoba	50,000	(1)
Stockton, California	60,000	
Wichita, Kansas	102,000	
Europe		
Blackburn, England	62,140	
Trafford Park, England	30,000	
Montoir de Bretagne, France	38,940	
Asia		
Shanghai, China	45,700	
Singapore	76,000	
Sales Offices		
Bilbao, Spain	(Intentionally left blank)	
Fairfield, Ohio	(Intentionally left blank)	
Kansas City, Missouri	(Intentionally left blank)	
Total Metals Segment	2,390,380	

15

Locations	Approximate Floor Area in Square Feet	
Plastics Segment		
Baltimore, Maryland	24,000	
Bronx, New York	18,500	
Cleveland, Ohio	8,580	
Cranston, Rhode Island	14,900	
Detroit, Michigan	22,000	
Elk Grove Village, Illinois	22,500	
Fort Wayne, Indiana	17,600	
Grand Rapids, Michigan	42,500	(1)
Harrisburg, Pennsylvania	13,880	
Indianapolis, Indiana	13,500	
Kalamazoo, Michigan	102,650	
Knoxville, Tennessee	16,530	
New Philadelphia, Ohio	15,700	
Pittsburgh, Pennsylvania	12,800	
Rockford, Michigan	53,650	
Tampa, Florida	17,700	
Walker, Michigan	59,630	
Total Plastics Segment	476,620	
Headquarters		
Oak Brook, Illinois	39,360	(2)
GRAND TOTAL	2,906,360	

(1) Represents owned facility.
(2) The Company’s principal executive office does not include a distribution center.
(3) Represents two leased facilities.
(4) In February 2016, the Company announced the sale of all inventory held at these locations as well as the planned closure of these facilities in 2016.

ITEM 3 — Legal Proceedings

The Company is party to a variety of legal proceedings and other claims, including proceedings by government authorities, which arise from the operation of its business. These proceedings are incidental and occur in the normal course of the Company's business affairs. The majority of these claims and proceedings relate to commercial disputes with customers, suppliers, and others; employment, including benefit matters; product quality; and environmental, health and safety claims. It is the opinion of management that the currently expected outcome of these proceedings and claims, after taking into account recorded accruals and the availability and limits of our insurance coverage, will not have a material adverse effect on the consolidated results of operations, financial condition or cash flows of the Company.

ITEM 4 — Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

The following selected information for each of our current executive officers (as defined by regulations of the SEC) was prepared as of March 10, 2016.

Name and Title	Age	Business Experience
Patrick R. Anderson Executive Vice President, Chief Financial Officer & Treasurer	44	Mr. Anderson began his employment with the registrant in 2007 as Vice President, Corporate Controller and Chief Accounting Officer. In September 2014, he was appointed to the position of Interim Vice President, Chief Financial Officer and Treasurer, and in May 2015 was appointed to his current role as the Executive Vice President, Chief Financial Officer & Treasurer. Prior to joining the registrant, he was employed with Deloitte & Touche LLP (a global accounting firm) from 1994 to 2007.
Marec E. Edgar Executive Vice President, General Counsel, Secretary & Chief Administrative Officer	40	Mr. Edgar began his employment with the registrant in April 2014, as Vice President, General Counsel and Secretary. In May 2015, he was appointed to his current role as Executive Vice President, General Counsel, Secretary & Chief Administrative Officer. Prior to joining the registrant, he held positions of increasing responsibility with Gardner Denver, Inc. (a global manufacturer of industrial compressors, blowers, pumps, loading arms and fuel systems) from 2004 to 2014. Most recently, he served as Assistant General Counsel and Risk Manager and Chief Compliance Officer of Gardner Denver.
Thomas L. Garrett Vice President and President, Total Plastics, Inc.	53	Mr. Garrett began his employment with Total Plastics, Inc., a wholly owned subsidiary of the registrant, in 1988 and was appointed to the position of Controller. In 1996, he was elected to the position of Vice President and in 2001 was appointed to the position of Vice President of the registrant and President of Total Plastics, Inc.
Ronald E. Knopp Executive Vice President, Chief Operating Officer	45	Mr. Knopp began his employment with the registrant in 2007 and was appointed to the position of Operations Manager of the Bedford Heights facility. In 2009, he was appointed Director of Operations for the Western Region and in 2010 served as Director of Operations for the Metals and Plate Commercial Units. In July 2013, Mr. Knopp was appointed to the position of Vice President, Operations, and in May 2015 was appointed to his current position as Executive Vice President, Chief Operating Officer. Prior to joining the registrant, Mr. Knopp served as Plant Manager for Alcoa, Inc., Aerospace Division (global producer of aluminum) from 2003 to 2007.
Steven W. Scheinkman President & Chief Executive Officer	62	President and Chief Executive Officer of the Company since April 2015. Mr. Scheinkman also served as an independent member of the Company's Board of Directors from March 2015 to April 2015. Prior to joining the registrant, Mr. Scheinkman served as President and Chief Executive Officer and a director of Innovative Building Systems LLC, and certain of its affiliates and predecessor entities (a leading customer modular

home producer) since 2010. He served as a director of Claymont Steel Holdings, Inc. (a manufacturer of custom discrete steel plate) from 2006 to 2008. He served as the President and Chief Executive Officer and a director of Transtar Metals Corp. (“Transtar”) (a supply chain manager/distributor of high alloy metal products for the transportation, aerospace and defense industries) from 1999 to 2006. Following Transtar’s acquisition by the Company in September 2006, he served as President of Transtar Metals Holdings, Inc. until September 2007, and thereafter served as its advisor until December 2007. He served in various capacities as an executive officer of Macsteel Service Centers USA (a distributor and processor of steel products) including President, Chief Operating Officer and Chief Financial Officer, from 1986 to 1999.

Name and Title	Age	Business Experience
Paul Schwind Corporate Controller & Chief Accounting Officer	39	Mr. Schwind began his employment with the registrant in September 2015, as Controller and Chief Accounting Officer. Prior to joining the registrant, he was employed as the Corporate Controller at Global Brass and Copper Holdings, Inc. (a value-added converter, fabricator, distributor, and processor of specialized copper and brass products) from 2010 to 2015. Mr. Schwind served as the Senior Manager, Financial Reporting & Consolidations at PepsiAmericas (a food and beverage company) from 2009 to 2010.

18

PART II
ITEM 5 — Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company’s common stock trades on the NYSE under the ticker symbol “CAS”. The Company's current stockholders’ equity and market capitalization no longer satisfies the minimum NYSE levels. On January 21, 2016, the Company received written notice from the NYSE that it is not in compliance with one of the continued listing standards set forth in Section 802.01B of the NYSE Listed Company Manual and, if it is unable to remedy such non-compliance, it may be subject to delisting proceedings. The Company has submitted a plan to the NYSE that demonstrates its ability to return the Company to conformity with the continued listing standards.

As of March 10, 2016, there were approximately 772 shareholders of record. Payment of cash dividends and repurchase of common stock are currently limited due to restrictions contained in the Company’s debt agreements. No cash dividends were declared or paid on the Company’s common stock in 2015 or 2014. We may consider paying cash dividends on the Company common stock at some point in the future, subject to the limitations described above. Any future payment of cash dividends, if any, is at the discretion of the Board of Directors and will depend on the Company’s earnings, capital requirements and financial condition, restrictions under the Company’s debt instruments, and such other factors as the Board of Directors may consider.

See Part III, Item 12, “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters”, for information regarding common stock authorized for issuance under equity compensation plans.

The table below presents shares of the Company’s common stock which were acquired by the Company during the three months ended December 31, 2015:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs
October 1 through October 31	—	—	—	—
November 1 through November 30	—	—	—	—
December 1 through December 31	5,601	$1.59	—	—
Total	5,601	$1.59	—	—

(1) The total number of shares purchased represents shares surrendered to the Company by employees to satisfy tax withholding obligations upon vesting of restricted stock units awarded pursuant to the Company’s 2008 Omnibus Incentive Plan (as amended and restated as of April 25, 2013).

The following table sets forth the range of the high and low sales prices of shares of the Company’s common stock for the periods indicated:

	2015		2014	
	Low	High	Low	High
First Quarter	$2.80	$8.15	$13.42	$15.64
Second Quarter	$3.44	$7.01	$10.87	$14.99
Third Quarter	$2.11	$6.31	$8.15	$11.87
Fourth Quarter	$1.50	$3.00	$6.16	$8.57

The following graph compares the cumulative total stockholder return on our common stock for the five-year period December 31, 2010 through December 31, 2015 with the cumulative total return of the Standard and Poor's 500 Index and to a peer group index that the Company selected. The comparison in the graph assumes the investment of $100 on December 31, 2010. Cumulative total stockholder return means share price increases or decreases plus dividends paid, with the dividends reinvested, and reflect market capitalization weighting. The graph does not forecast future performance of our common stock. The Company has utilized the same general peer group index since 2010 with adjustments made to remove peer companies acquired over the period by companies not suitable for the peer group. The Company believes the peer group provides a meaningful comparison of our stock performance, and it is generally consistent with the peer group used for the relative total shareholder return performance measure under the Company's long term compensation plans. The peer group index is made up of companies in the metals industry or in the industrial products distribution business, although not all of the companies included in the peer group index participate in all of the lines of business in which the Company is engaged and some of the companies included in the peer group index also engage in lines of business in which the Company does not participate. Additionally, the market capitalizations of many of the companies in the peer group are quite different from that of the Company.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among A.M. Castle & Co., the S&P 500 Index, and a Peer Group

*$100 invested on 12/31/10 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

	12/10	12/11	12/12	12/13	12/14	12/15
A. M. Castle & Co.	$100.00	$51.39	$80.23	$80.23	$43.35	$8.64
S&P 500	100.00	102.11	118.45	156.82	178.29	180.75
Peer Group (a)	100.00	90.53	91.79	107.10	97.00	76.33

(a) The Peer Group Index consists of the following companies: AEP Industries Inc.; AK Steel Holding Corp.; Allegheny Technologies Inc.; Applied Industrial Technologies Inc.; Carpenter Technology Corp.; Cliffs Natural Resources Inc.; Commercial Metals Company; Fastenal Company; Gibraltar Industries Inc.; Haynes International Inc.; Kaman Corp.; Lawson Products Inc.; MSC Industrial Direct Company Inc.; Nucor Corp.; Olin Corp.; Olympic Steel, Inc.; Quanex Building Products Corp.; Reliance Steel & Aluminum Co.; Schnitzer Steel Industries Inc.; Steel Dynamics Inc.; Stillwater Mining Company; United States Steel Corp.; and Worthington Industries Inc. In 2015, RTI International Metals Inc. was removed from the peer group as it was acquired by Alcoa.

ITEM 6 — Selected Financial Data
(Dollar amounts in millions, except per share data)
The following table sets forth selected consolidated financial data for the five years ended December 31, 2015. This selected consolidated financial data should be read in conjunction with Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the notes thereto.
The selected financial data in the table below includes the results of the December 2011 acquisition of Tube Supply from the date of acquisition. During the fourth quarter of 2015, the Company changed its method of accounting for its U.S. metals inventories, which were accounted for under LIFO method, to the average cost method. The change was applied retrospectively to the prior year financial information presented below. See Note 1- Basis of Presentation and Significant Accounting Policies to the consolidated financial statements for discussion of this accounting change and its related impact.

	2015	2014	2013	2012	2011
For the year ended December 31:					
Net sales	$770.8	$979.8	$1,053.1	$1,270.4	$1,132.4
Equity in (losses) earnings of joint venture	(1.4)	7.7	7.0	7.2	11.7
Net (loss) income from continuing operations (a)	(209.8)	(119.4)	(39.5)	(9.7)	7.8
Basic (loss) earnings per common share from continuing operations (a)	(8.91)	(5.11)	(1.70)	(0.42)	0.34
Diluted (loss) earnings per common share from continuing operations (a)	(8.91)	(5.11)	(1.70)	(0.42)	0.34
As of December 31:					
Total assets	497.7	710.7	806.5	924.4	957.8
Long-term debt, less current portion	314.8	309.4	245.6	296.2	314.2
Total debt	321.8	310.1	246.0	297.1	314.9
Total stockholders' equity	47.0	252.6	388.5	421.5	396.4

(a) Results include a $33.7 million impairment of intangible assets charge and a $61.5 million charge for the write-down of inventory and purchase commitments in 2015, and a $56.2 million goodwill impairment charge in 2014.

ITEM 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations
(Dollar amounts in millions, except per share data)
Information regarding the business and markets of A.M. Castle & Co. and its subsidiaries (the "Company"), including its reportable segments, is included in Item 1 "Business" of this annual report on Form 10-K.
The following discussion should be read in conjunction with Item 6 "Selected Financial Data" and the Company's consolidated financial statements and related notes thereto in Item 8 "Financial Statements and Supplementary Data".
The following discussion and analysis of our financial condition and results of operations contain forward-looking statements and includes numerous risks and uncertainties, including those described under Item 1A "Risk Factors" and "Disclosure Regarding Forward-Looking Statements" of this annual report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements.
EXECUTIVE OVERVIEW
The Company's strategy is to become the foremost global provider of metals products and services and specialized supply chain solutions to targeted global industries.
The following significant events occurred which impacted the Company's operations and/or financial results:

•

- Net sales declined by 21.3% compared to 2014 primarily due to decreased Metals segment sales volumes and downward pricing on most products;
- Operating cash flows improved from use of cash of $75.1 million in 2014 to a use of cash of $22.1 million in 2015 as a result of a significant reduction in inventory;

- Completed the operational restructuring plan announced in April 2015 including the implementation of a new executive and branch management structure and the closure of seven facilities in geographically overlapping areas. Recognized $50.6 million in restructuring costs for the year including $25.7 million related to inventory identified to be scrapped or written down;
- Opened a new warehouse and distribution center of excellence in Janesville, Wisconsin in the fourth quarter of 2015;
- Recognized a $16.0 million restructuring gain on of the sale of the Company's facilities in Franklin Park, IL and Worcester, MA in the fourth quarter of 2015 and a $5.6 million gain on the sale of the Company's facility in Blaine, MN in the first quarter of 2015;
- Recorded a $33.7 million non-cash impairment charge in the fourth quarter of 2015 related to the customer relationships and trade names intangible assets acquired in the Tube Supply acquisition in December 2011;
- Recorded a $61.5 million non-cash charge for the write-down of inventory and purchase commitments of the Company's Houston and Edmonton facilities. In February 2016, the Company announced the sale of this inventory, which primarily serviced the oil and gas industry, as well as plans to close the Houston and Edmonton facilities;
- During the fourth quarter of 2015, the Company elected to change its method of inventory costing for its U.S. metals inventory to the average cost method from the last-in first-out ("LIFO") method. The Company applied this change in method of inventory costing by retrospectively adjusting the prior period financial statements;
- In February 2016, the Company completed a private exchange offer and consent solicitation to certain eligible holders to exchange new 12.75% Senior Secured Notes due 2018 for the Company’s outstanding 12.75% Senior Secured Notes due 2016;
- The Company engaged in a plan to market its wholly-owned subsidiary, Total Plastics, Inc ("TPI") in early 2016. On March 11, 2016, the Company entered into an asset purchase agreement with an unrelated third-party for the sale of TPI, which makes up the entirety of the Company's Plastics segment (17% of net sales in 2015) leaving only the Company's core Metals business. As of December 31, 2015, TPI did not meet the criteria to be classified as held for sale and accordingly its results are presented with continuing operations. The terms of the sale are discussed in Note 15 - Subsequent Events to the consolidated financial statements.

Recent Market and Pricing Trends

Metals segment sales were down 24.2% in 2015 compared to 2014 as the Company experienced a combination of lower demand and pricing pressure for virtually all of its core metals products. The products most notably down during the year were those dependent on the energy sector, which includes oil and gas, and the industrials sector. The aerospace sector showed some signs of improvement mainly on the strength of aluminum demand and pricing.

Industry data provided by the Metals Service Center Institute ("MSCI") indicates that overall 2015 U.S. steel service center shipment volumes decreased 8% compared to 2014 levels. According to MSCI data, industry sales volumes of products consistent with the Company's product mix were also down 8% in 2015 compared to 2014. The products which had the most significant declines according MSCI data included those heavily dependent on the energy sector and the industrials sector, namely cold finished carbon products, carbon plate and carbon pipe and tube products.

A decrease in the demand for the Company's products, as was seen in 2015 compared to 2014, has a significant impact on the Company's operating results. A decrease in demand results in lower sales dollars which, once costs and expenses are factored in, leads to less dollars earned from normal operations. Although the lower demand also decreases the cost of materials and operating costs including warehouse, delivery, selling, general and administrative expenses, the decrease in these costs and expenses is often less than the decrease in sales dollars due to fixed costs, resulting in lower operating margins. Through the Company's recent restructuring activities, management believes it will be in a better position to react to decreases in customer demand and manage the impact that demand decreases have on operating margins. Similarly, management believes it will allow the Company to experience operating margin growth, and therefore growth in operating margin dollars, in periods of increasing demand.

The Company was impacted by significant downward pricing pressure on most of its Metals products in 2015. Pricing for Metals segment products can have a more significant impact on the Company's operating results than demand because of the following reasons, among others:

- Changes in volume resulting from changes in demand typically result in corresponding changes to the Company’s variable costs. However, as pricing changes occur, variable expenses are not directly impacted.
- If surcharges are not passed through to the customer or are passed through without a mark-up, the Company’s profitability will be adversely impacted.

22

Throughout the year the Company was forced to lower its pricing to remain competitive, a consequence that was largely due to historically high levels of import material coming into the U.S. market and deflating prices. Overall, gross margins, calculated as net sales less cost of materials divided by net sales, decreased from 23.4% in 2014 to 12.5% in 2015. The year ended December 31, 2015 cost of materials included a $61.5 million non-cash charge for the write-down of inventory and purchase commitments of the Company's Houston and Edmonton facilities and a $25.7 million non-cash charge for inventory to be scrapped or written down related to 2015 restructuring activities. Excluding these non-cash charges, gross margins between 2015 and 2014 were relatively flat. The Company was able to maintain gross margins, excluding the two non-cash inventory charges discussed above, by improved inventory management and better matching of sales prices with the inventory replacement cost. Although the Company expects the pricing pressure to continue into 2016, which will continue to impact the Company's operating results, management believes that favorable pricing from suppliers, implementation of its inventory management strategies and a focus on quality and superior customer service will provide a competitive advantage in a difficult metals pricing environment.

The Plastics segment experienced a 3.8% decrease in demand for its products in 2015 compared to 2014, primarily due to slightly lower demand in the automotive and life sciences sectors amplified by raw material pricing declines across most product lines. The decline in automotive business was due to the completion of several large customer programs and the decline in life sciences was largely due to a cyclical trend in that sector. In 2016, management expects demand in both sectors to return to previous sales levels due to their cyclical nature.

Current Business Outlook

The current business conditions are different for each of the Company's target markets. The energy market, which is largely tied to the oil and gas sector, is particularly weak as lower oil prices have forced oil and gas companies to significantly decrease their spending on capital projects which use the Company's metal products. The Company expects this trend to continue well into 2016. The industrial market in which the Company sells products is also generally soft with global economic uncertainties, particularly in China, causing the end-users of the Company's products to take a conservative approach towards capital spending. The strongest of the Company's target metal markets continues to be aerospace with strong defense and commercial spending driving the demand for the Company's aluminum and stainless products. The Company expects continued growth opportunities in the aerospace market. The plastics market continues to be cyclical with sales in 2015 down from the previous year on lower demand in the automotive and life sciences sectors. The timing of certain long-running programs, particularly in automotive, can impact plastics sales from one year to the next.

In February 2016, the Company announced the sale of all inventory from its Houston and Edmonton facilities that primarily service the oil and gas sector. With this sale, and the planned closure of the Houston and Edmonton facilities, the Company has significantly lowered its exposure to oil-related market fluctuations. Going forward, the Company will be primarily focused on two key industries, aerospace and industrial.

With regards to metals pricing, lower pricing on many of the Company's products in 2015 had a significant impact on its financial performance. Historically high levels of foreign imports into the U.S. market have driven prices down as have inventory de-stocking actions taken by many of the Company's competitors. In response to both these pricing pressures, the Company has been forced to lower its prices in order to remain competitive in the market. The Company expects the pricing pressures experienced in 2015 to continue into the next year.

The Company believes that the actions taken with its 2015 restructuring plan provide signs of encouragement even in the challenging environment currently facing the steel, plastics and commodity markets. Namely, the Company has consolidated its facilities and pushed more accountability down to its local branch management. The Company believes this will allow it to be more responsive to the needs of its customers and enable it to quickly capitalize on transactional sales opportunities as they become available in the markets served. With the reduction in its cost structure and improved asset management, the Company believes it will be better positioned to generate positive operating cash flow in periods of sluggish sales and incremental profitability in periods of sales growth.

On March 11, 2016, the Company entered into an asset purchase agreement with an unrelated third-party for the sale of TPI, which makes up the entirety of the Company's Plastics segment (17% of net sales in 2015). The Company plans to use the proceeds from the sale of TPI to further pay down debt and de-lever the Company's balance sheet. With sale of its Plastics segment, management believes it has streamlined its future operations to be primarily focused on returning its core Metals business to profitability.

RESULTS OF OPERATIONS: YEAR-TO-YEAR COMPARISONS AND COMMENTARY

Our discussion of comparative period results is based upon the following components of the Company's consolidated statements of operations.

Net Sales —The Company derives its sales from the processing and delivery of metals and plastics. Pricing is established with each customer order and includes charges for the material, processing activities and delivery. The pricing varies by product line and type of processing. From time to time, the Company may enter into fixed price arrangements with customers while simultaneously obtaining similar agreements with its suppliers.

Cost of Materials — Cost of materials consists of the costs that the Company pays suppliers for metals, plastics and related inbound freight charges, excluding depreciation and amortization which are included in operating costs and expenses discussed below. During the fourth quarter of 2015, the Company elected to change its method of inventory costing for its U.S. metals inventory to the average cost method from the last-in first-out ("LIFO") method. The accounting policy change has been applied retrospectively to the prior year financial statements presented (See Note 1 - Basis of Presentation and Significant Accounting Policies to consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K).

Operating Costs and Expenses — Operating costs and expenses primarily consist of:

- Warehouse, processing and delivery expenses, including occupancy costs, compensation and employee benefits for warehouse personnel, processing, shipping and handling costs;
- Sales expenses, including compensation and employee benefits for sales personnel;
- General and administrative expenses, including compensation for executive officers and general management, expenses for professional services primarily related to accounting and legal advisory services, bad debt expense, data communication and computer hardware and maintenance;
- Restructuring expense and income, including moving costs and gain on the sale of fixed assets associated with plant consolidations, employee termination and related benefits costs associated with workforce reductions, lease termination costs and other exit costs;
- Depreciation and amortization expenses, including depreciation for all owned property and equipment, and amortization of various intangible assets; and
- Impairment of intangible assets and/or goodwill.

2015 Results Compared to 2014

Consolidated results by business segment are summarized in the following table for years 2015 and 2014.

Operating Results by Segment

	Year Ended December 31,		Favorable / (Unfavorable)	
	2015	2014	$ Change	% Change
Net Sales				
Metals	$638.0	$841.7	$(203.7)	(24.2)%
Plastics	132.8	138.1	(5.3)	(3.8)%
Total Net Sales	$770.8	$979.8	$(209.0)	(21.3)%
Cost of Materials				
Metals	$581.3	$652.5	$71.2	10.9%
% of Metals Sales	91.1%	77.5%		
Plastics	93.4	97.9	4.5	4.6%
% of Plastics Sales	70.3%	70.9%		
Total Cost of Materials	$674.7	$750.4	$75.7	10.1%
% of Total Sales	87.5%	76.6%		
Operating Costs and Expenses				
Metals	$233.8	$287.9	$54.1	18.8%
Plastics	33.0	33.9	0.9	2.7%
Other	11.0	10.5	(0.5)	(4.8)%
Total Operating Costs and Expenses	$277.8	$332.3	$54.5	16.4%
% of Total Sales	36.0%	33.9%		
Operating (Loss) Income				
Metals	$(177.1)	$(98.7)	$(78.4)	(79.4)%
% of Metals Sales	(27.8)%	(11.7)%		
Plastics	6.4	6.3	0.1	1.6%
% of Plastics Sales	4.8%	4.6%		
Other	(11.0)	(10.5)	(0.5)	(4.8)%
Total Operating Loss	$(181.7)	$(102.9)	$(78.8)	(76.6)%
% of Total Sales	(23.6)%	(10.5)%		

“Other” includes costs of executive, legal and elements of the finance department which are shared by both segments of the Company.

Net Sales:

Consolidated net sales were $770.8 million in 2015, a decrease of $209.0 million, or 21.3%, compared to 2014. Metals segment net sales during 2015 of $638.0 million were $203.7 million, or 24.2%, lower than 2014 reflecting lower demand and average selling prices compared to 2014. Plastics segment 2015 net sales of $132.8 million were $5.3 million, or 3.8%, lower than 2014.

Total Metals segment pricing per ton sold increased by 1.4% compared to 2014 mainly on the strength of pricing for aluminum and stainless products and a slightly favorable sales mix towards aluminum and stainless products and away from tubing products, which had a large price decrease in 2015. In 2015, significant downward pricing pressure on many of the products the Company sells were the result of record high imports into the U.S as well as lower prices on the products purchased from mills. This downward pricing resulted in lower average selling prices of 5% to 13% on several of the Company's largest product categories as a percentage of tons sold including tubing and SBQ bar. Total Metals segment sales volumes declined by 25.7% compared to 2014 with the most significant declines in sales volume on those products traditionally sold to the energy market (oil and gas) including tubing, alloy bar and carbon and alloy plate. Tons sold per day of aluminum, which is traditionally sold to the Aerospace market, increased in 2015 compared to 2014. The decrease in Plastics segment net sales during 2015 was primarily due to a decrease in the

25

automotive sector resulting from the completion of certain customer programs in the first half of 2014 and lower demand in the life sciences market in 2015.

Cost of Materials:

Cost of materials (exclusive of depreciation and amortization) during 2015 were $674.7 million, a decrease of $75.7 million, or 10.1%, compared to 2014 cost of materials of $750.4 million. 2015 included a $61.5 million non-cash charge for the write-down of inventory and purchase commitments of the Company's Houston and Edmonton locations recognized in the fourth quarter of 2015 and a $25.7 million non-cash charge for inventory which was identified to be scrapped or written down at in conjunction with 2015 restructuring activities. The restructuring charge includes a provision for small pieces of inventory at closing branches which were not moved, as well as provisions for excess inventory levels based on estimates of current and future market demand. Management decided it was more economically feasible to scrap aged material as opposed to expending the time and effort to sell such material in the normal course. The majority of the inventory written down in 2015 was inventory for the oil and gas market.

Cost of materials for the Metals segment in 2015 were $581.3 million, or 91.1% as a percent of net sales, compared to $652.5 million, or 77.5% as a percent of net sales, in 2014. The $71.2 million, or 10.9%, decrease is primarily due to the decrease in sales volume during 2015. Metals segment cost of materials as a percent of net sales were higher in 2015 than 2014 due to the $61.5 million non-cash charge for the write-down of inventory and purchase commitments of the Company's Houston and Edmonton locations and the $25.7 million non-cash charge for inventory written down in conjunction with 2015 restructuring activities. Cost of materials for the Plastics segment in 2015 were $93.4 million compared to $97.9 million in 2014. Plastics segment cost of materials as a percent of net sales improved slightly from 70.9% in 2014 to 70.3% in 2015 due to increased fabrication work, which typically generates higher margins and keeps the cost of materials down.

Operating Costs and Expenses and Operating (Loss) Income:

On a consolidated basis, operating costs and expenses decreased $54.5 million, or 16.4%, from $332.3 million in 2014 to $277.8 million during 2015. As a percent of net sales, operating costs and expenses increased to 36.0% in 2015 compared to 33.9% in 2014. In 2015, the Company recorded a $33.7 million non-cash intangible assets impairment charge and a $5.6 million gain on the sale of the Company's facility in Blaine, Minnesota. In 2014, the Company recorded a $56.2 million non-cash goodwill impairment charge. In addition, a net loss of $9.0 million associated with the Company's restructuring activities was included in operating costs and expenses in 2015 compared to a net gain of $3.0 million included in 2014. Restructuring activities for 2015 consisted of employee termination and related benefits related to workforce reductions, lease termination costs, moving costs associated with plant consolidations, a gain on the sale of the Company's warehouse and distribution facilities in Franklin Park, Illinois and Worcester, Massachusetts and professional fees. The restructuring charges recorded during 2014 consisted of a $5.5 million gain on the sale of fixed assets, partially offset by employee termination and related benefits for the workforce reductions announced in June 2014, moving costs associated with plant consolidations announced in October 2013 and lease termination costs related to the restructuring activities announced in January 2013. For additional detail, see Note 10 - Restructuring Activity to the consolidated financial statements.

In addition to the intangible assets impairment in 2015, the goodwill impairment in 2014 and restructuring gains and losses in both years, all other operating costs and expenses decreased by $44.0 million in 2015 compared to 2014. The decrease was primarily due to decreases in sales, general and administrative costs and warehouse, processing and delivery costs which related to the following:

- Warehouse, processing and delivery costs decreased by $25.8 million, which includes the $5.6 million gain on sale of facility in the first quarter of 2015. Other items contributing to the decrease were lower payroll and benefits costs, lower facility costs resulting from plant closures, and lower variable costs resulting from the decrease in sales volume in the year.
- Sales, general and administrative costs decreased by $17.0 million primarily due to lower payroll and benefits costs resulting from restructuring activity workforce reductions, lower discretionary spending and lower fees for outside

consulting services.

- Depreciation and amortization expense decreased by $1.2 million in 2015 mainly due to lower amortization expense resulting from the non-compete and developed technology intangible assets which became fully amortized in 2014.

Consolidated operating loss for 2015, including intangible assets impairment charges of $33.7 million, net restructuring losses of $9.0 million, total write-downs of inventory and purchase commitments of $87.1 million and a $5.6 million

26

gain on sale of facility, was $181.7 million compared to a consolidated operating loss of $102.9 million in 2014, which included a goodwill impairment charge of $56.2 million and net restructuring gain of $3.0 million.

Other Income and Expense, Income Taxes and Net Loss:

Interest expense was $42.0 million in 2015, an increase of $1.4 million compared to 2014 as a result of higher revolver borrowings in 2015.

Other expense related to foreign currency transaction losses was $6.3 million in 2015 compared to $4.3 million for 2014. The majority of these transaction losses related to unhedged intercompany financing arrangements between the United States and the United Kingdom and Canada.

The Company recorded an income tax benefit of $21.6 million in 2015 compared to a tax benefit of $20.6 million in 2014. The Company's effective tax rate is expressed as income tax benefit (expense), which includes tax expense on the Company's share of joint venture earnings or losses, as a percentage of income (loss) before income taxes and equity in earnings (losses) of joint venture. The effective tax rate for 2015 and 2014 was 9.4% and 14.0%, respectively. The lower effective tax rate results from changes in the geographic mix and timing of income (losses), recording valuation allowances against certain deferred tax assets in the U.S. and at certain foreign jurisdictions and the impact of the goodwill impairment charge in 2014.

Equity in losses of the Company's joint venture was $1.4 million in 2015 compared to equity in the earnings of the Company's joint venture of $7.7 million in 2014. Weaker demand and pricing for Kreher's products, mainly in the energy and industrial markets, were the primary factors contributing to the decrease in the earnings of the Company's joint venture. In addition, in 2015 Kreher recognized a $3.5 million charge for the impairment of goodwill of which $1.8 million was recognized by the Company through the equity in losses of joint venture and a $1.0 million expense was recognized by the Company related to foreign currency losses associated with intercompany financing arrangements among Kreher entities.

Consolidated net loss for 2015 was $209.8 million, or $8.91 per diluted share, compared to net loss of $119.4 million, or $5.11 per diluted share, for 2014.

2014 Results Compared to 2013

Consolidated results by business segment are summarized in the following table for years 2014 and 2013.

Operating Results by Segment

	Year Ended December 31,		Favorable / (Unfavorable)	
	2014	2013	$ Change	% Change
Net Sales				
Metals	$841.7	$918.3	$(76.6)	(8.3)%
Plastics	138.1	134.8	3.3	2.4%
Total Net Sales	$979.8	$1,053.1	$(73.3)	(7.0)%
Cost of Materials				
Metals	$652.5	$692.2	$39.7	5.7%
% of Metals Sales	77.5%	75.4%		
Plastics	97.9	95.9	(2.0)	(2.1)%
% of Plastics Sales	70.9%	71.1%		
Total Cost of Materials	$750.4	$788.1	$37.7	4.8%
% of Total Sales	76.6%	74.8%		
Operating Costs and Expenses				
Metals	$287.9	$246.6	$(41.3)	(16.7)%
Plastics	33.9	34.6	0.7	2.0%
Other	10.5	8.4	(2.1)	(25.0)%
Total Operating Costs and Expenses	$332.3	$289.6	$(42.7)	(14.7)%
% of Total Sales	33.9%	27.5%		
Operating (Loss) Income				
Metals	$(98.7)	$(20.5)	$(78.2)	(381.5)%
% of Metals Sales	(11.7)%	(2.2)%		
Plastics	6.3	4.3	2.0	46.5%
% of Plastics Sales	4.6%	3.2%		
Other	(10.5)	(8.4)	(2.1)	(25.0)%
Total Operating Loss	$(102.9)	$(24.6)	$(78.3)	(318.3)%
% of Total Sales	(10.5)%	(2.3)%		

"Other" includes costs of executive, legal and elements of the finance department which are shared by both segments of the Company.

Net Sales:

Consolidated net sales were $979.8 million in 2014, a decrease of $73.3 million, or 7.0%, compared to 2013. Metals segment net sales during 2014 of $841.7 million were $76.6 million, or 8.3%, lower than 2013 reflecting lower average selling prices and demand compared to 2013. Plastics segment 2014 net sales of $138.1 million were $3.3 million, or 2.4%, higher than 2013.

Metals segment pricing declined by 5.9% compared to 2013. The pricing decline was primarily driven by average price decreases for aluminum, nickel and tubing products. Metals segment sales volumes declined by 1.7% compared to 2013. Carbon and alloy plate, tubing and aluminum products had the most significant decline in sales volumes compared to 2013. All of the Metals segment products had lower average selling prices when compared to 2013, with most average selling prices lower by 4% to 9%. The increase in Plastics segment net sales during 2014 was primarily due to strength in the automotive, marine, life science and home goods markets.

Cost of Materials:
Cost of materials (exclusive of depreciation and amortization) during 2014 were $750.4 million, a decrease of $37.7 million, or 4.8%, compared to 2013.
Cost of materials for the Metals segment were $652.5 million, or 77.5% as a percent of net sales, in 2014 compared to $692.2 million, or 75.4% as a percent of net sales, in 2013. Metals segment cost of materials included charges associated with net realized and unrealized losses for forward contracts related to the commodity hedging program of $0.3 million and $2.1 million for 2014 and 2013, respectively. Metals segment 2013 cost of materials included $1.2 million of charges related to the write off of inventory as part of the Company's restructuring activities that were announced in January 2013. Metals segment cost of materials as a percent of net sales were higher in 2014 than 2013 primarily due to increases in inventory reserves for excess and obsolete material. Cost of materials for the Plastics segment were $97.9 million, or 70.9% as a percent of net sales, in 2014 as compared to $95.9 million, or 71.1% as a percent of net sales, for 2013. Plastics segment cost of materials as a percent of net sales were lower in 2014 compared to 2013 due to supply chain and operations efficiency improvements implemented during 2014.
Operating Costs and Expenses and Operating (Loss) Income:
Consolidated operating costs and expenses increased $42.7 million, or 14.7%, from $289.6 million, or 27.5% as a percent of net sales in 2013 to $332.3 million, or 33.9% as a percent of net sales, during 2014.
The Company recorded a $56.2 million goodwill impairment charge during the second quarter of 2014 that is reflected in operating expenses for 2014. In addition, a net gain of $3.0 million associated with the Company's restructuring activities was included in operating costs and expenses in 2014. Restructuring activities for 2014 consisted of a gain on the sale of fixed assets in Houston where the Company completed an October 2013 announced plant consolidation partially offset by employee termination and related benefits for the workforce reductions from the organizational changes announced in June 2014, moving costs associated with the plant consolidations announced in October 2013, and lease termination costs related to the restructuring activities announced in January 2013. The Company recorded restructuring charges of $9.0 million in operating costs during 2013 for the January and October 2013 announced restructuring activities related to moving costs associated with the plant consolidations, employee termination and related benefits, lease termination costs and other exit costs.
In addition to the goodwill impairment and restructuring items, all other operating costs decreased by $1.5 million in 2014 compared to 2013 related to the following:

- Warehouse, processing and delivery costs decreased by $0.4 million to $140.6 million, or 14.3% as a percent of net sales, primarily as a result of the decrease in sales activity in the Metals segment in 2014 and cost decreases resulting from 2014 restructuring activities, which was partially offset by higher costs from branch consolidations in locations that serve plate and oil and gas end markets and the Company's strategic local inventory deployment initiative.
- Sales, general and administrative costs decreased by $0.9 million to $112.5 million, or 11.5% as a percent of net sales, primarily due to lower payroll and benefits costs resulting from restructuring activity workforce reductions.
- Depreciation and amortization expense decreased by $0.2 million in 2014.

Consolidated operating loss for 2014, including goodwill impairment charges of $56.2 million and a net gain from restructuring activity of $3.0 million, was $102.9 million compared to an operating loss of $24.6 million, including $9.0 million of restructuring charges, in 2013.
Other Income and Expense, Income Taxes and Net Loss:
Interest expense was $40.5 million in both 2014 and 2013. In 2013, the Company recognized a $2.6 million loss on the extinguishment of debt resulting from the retirement of $15.0 million of the Company’s 12.75% Senior Secured Notes due 2016 in the fourth quarter of 2013. There was no such loss on extinguishment of debt recognized in 2014.
Other expense related to foreign currency transaction losses was $4.3 million in 2014 compared to $1.9 million for 2013. The majority of these transaction losses related to unhedged intercompany financing arrangements between the United States and the United Kingdom and Canada.

The Company recorded an income tax benefit of $20.6 million in 2014 compared to income tax benefit of $23.1 million in 2013. The Company's effective tax rate is expressed as income tax benefit (expense), which includes tax expense on the Company’s share of joint venture earnings or losses, as a percentage of income (loss) before income taxes and equity in earnings (losses) of joint venture. The effective tax rate for 2014 and 2013 was 14.0% and 33.2%, respectively. The lower effective tax rate for 2014 compared to 2013 results from changes in the geographic mix and timing of income (losses), recording valuation allowances against certain deferred tax assets at certain foreign jurisdictions and the impact of the goodwill impairment charge.

Equity in earnings of the Company’s joint venture was $7.7 million in 2014 compared to $7.0 million in 2013.

Consolidated net loss for 2014 was $119.4 million, or $5.11 per diluted share, compared to net loss of $39.5 million, or $1.70 per diluted share, for 2013.

Liquidity and Capital Resources

Cash and cash equivalents increased (decreased) as follows:

	Year ended December 31,		
	2015	2014	2013
Net cash (used in) from operating activities	$(22.1)	$(75.1)	$74.4
Net cash from (used in) investing activities	20.4	(4.9)	(10.8)
Net cash from (used in) financing activities	5.5	58.2	(53.9)
Effect of exchange rate changes on cash and cash equivalents	(1.2)	(0.6)	(0.5)
Net change in cash and cash equivalents	$2.6	$(22.4)	$9.2

The Company’s principal sources of liquidity are cash provided by operations and available borrowing capacity to fund working capital needs and growth initiatives. Specific components of the change in working capital are highlighted below:

- During 2015, lower accounts receivable balances compared to year-end 2014 resulted in a $37.1 million cash flow source compared to a $5.8 million cash flow use for 2014. The lower receivables balance was a result of lower sales volume in 2015 compared to 2014. Average receivable days outstanding was 52.7 for 2015 and 52.1 days for 2014.
- During 2015, lower inventory levels compared to year-end 2014 resulted in $64.0 million of cash flow source compared to higher inventory levels that were a cash flow use of $23.0 million in 2014. Approximately $23.8 million of the improvement in inventory levels was related to scrapping restructuring activities. In 2015 the Company also successfully decreased inventory through better alignment and execution of its inventory purchase plans with current market dynamics. Inventory levels increased during 2014 due to certain discrete initiatives as well as forecasting policies and purchase plans not being aligned with unfavorable changes in market dynamics. Average days sales in inventory was 184.9 days for 2015 as compared to 174.2 days for 2014. The increase in average days sales in inventory in 2015 compared to 2014 was largely due to decreases in sales volume in 2015, offset somewhat by the overall decrease in inventory in 2015. As a key component of its inventory reduction plans, the Company has been adjusting the inventory deployment initiatives to better align inventory at the facilities with needs of its customers. Each location is expected to carry a mix of inventory to adequately service their customers. Once the Company's current inventory initiatives are fully implemented, including the impact of the sale of inventory at our Houston and Edmonton locations, further reductions in slow-moving and excess inventory and the full alignment and execution of its purchase plans with current market dynamics, it expects days sales in inventory to return to more normal levels of approximately 150 days.
- During 2015, decreases in accounts payable and accrued liabilities used $4.7 million of cash compared to the use of $0.9 million of cash in 2014. Accounts payable days outstanding was 38.3 for 2015 and 43.0 for 2014.

The Company obtained an extension on its senior secured asset based revolving credit facility (the "Revolving Credit Facility") in December 2014, which extended the maturity date from December 15, 2015 to December 10, 2019 (or 91 days prior to the maturity date of the Company's Senior Secured Notes or Convertible Notes if they have not been refinanced). In January 2014, the Company partially exercised the accordion option under the Revolving Credit Facility to increase the aggregate commitments by $25.0 million. As a result, the Company's borrowing capacity increased from $100.0 million to $125.0 million. The Company maintains the option to exercise the accordion for an additional $25.0 million of aggregate commitments in the future, assuming it meets certain thresholds for incurring additional debt. As of December 31, 2015, the Company did not meet the thresholds to exercise the additional $25.0 million accordion under the Revolving Credit Facility.

As noted above, the Company‘s principal sources of liquidity are cash flows from operations and available borrowing capacity under its revolving credit facility. The Company currently plans that it will have sufficient cash flows from its operations (including planned inventory reductions) to continue as a going concern, however, these plans rely on certain underlying assumptions and estimates that may differ from actual results. Such assumptions include improvements in operating results and cash flows driven by the restructuring activities taken during 2015 that streamlined the Company’s organizational structure, lowered operating costs and increased liquidity. The Company’s plans also included the sale for cash of all of its remaining inventory at its Houston and Edmonton facilities and the sale of its wholly-owned subsidiary, TPI. Both of these actions were completed in the first quarter of 2016 (see Note

15 - Subsequent Events to the consolidated financial statements) and provide liquidity in addition to the planned operating cash flows to meet working capital needs, capital expenditures and debt service obligations for the next twelve months.

In February 2016, the Company completed a private exchange offer and consent solicitation (the “Exchange Offer”) to certain eligible holders to exchange new 12.75% Senior Secured Notes due 2018 (the “New Notes”) in exchange for the Company’s outstanding 12.75% Senior Secured Notes due 2016 (the “Existing Notes”). In connection with the Exchange Offer, the Company issued $203.3 million aggregate principal amount of New Notes, leaving $6.7 million aggregate principal amount of Existing Notes outstanding. The Company maintains a contractual right to exchange approximately $3.0 million of the remaining Existing Notes with New Notes prior to their maturity date or the Company may redeem some or all of the Existing Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest. In conjunction with the Exchange Offer, the Company solicited consents to certain proposed amendments to the Existing Notes and the related indenture (the “Existing Indenture”) providing for, among other things, elimination of substantially all restrictive covenants and certain events of default in the Existing Indenture and releasing all of the collateral securing the Existing Notes and related guarantees.

Additionally, the Company has entered into Transaction Support Agreements (the “Support Agreements”) with holders (the “Supporting Holders”) of $51.6 million, or 89.7%, of the aggregate principal amount of the Company’s outstanding 7.00% Convertible Senior Notes due 2017 (the “Existing Convertible Notes”). The Support Agreements provide for the terms of exchanges in which the Company has agreed to issue new 5.25% Senior Secured Convertible Notes due 2019 (the “New Convertible Notes”) in exchange for outstanding Existing Convertible Notes (the “Convertible Note Exchange”).

For additional information regarding the terms of the New Notes and the Convertible Notes, see Note 4 - Debt to the consolidated financial statements.

With this exchange, the Company has positioned itself to extend the maturity of a substantial portion of its long-term debt for up to two years. The Company further plans to reduce its long-term debt through the continued reduction in inventory as well as sales of under-performing and non-core assets. On March 11, 2016, the Company announced that it had entered into an asset purchase agreement for the sale of its wholly-owned subsidiary, TPI. In addition, in February 2016 the Company announced the sale of inventory from its Houston and Edmonton facilities that primarily service the oil and gas industries. With the sale of this inventory, the Company will be closing its Houston and Edmonton facilities and generating further proceeds from the sale of equipment related to the facilities. The Company plans to use the proceeds from the sale of the Houston and Edmonton inventories to pay down its long-term debt. The Company plans to further pay down its long-term debt with the proceeds from the planned sale of the Houston and Edmonton equipment and the sale of TPI, once finalized.

With approximately $40 million in cost improvement expected as a result of the Company's new restructuring plan, the extension of a substantial portion of its long-term debt maturity through 2018, and the reduction in debt through use of proceeds from the sale of inventory at its Houston and Edmonton facilities and the sale of its TPI subsidiary, management believes the Company will be able to generate sufficient cash from operations and planned working capital improvements to fund its ongoing capital expenditure programs and meet its debt obligations for at least the next twelve months. Furthermore, the Company has available borrowing capacity under the asset-based Revolving Credit Facility, as described below, although the borrowing capacity will decrease as a result of the Company’s first quarter 2016 sale of its Edmonton and Houston inventory and TPI subsidiary.

The Company's debt agreements impose significant operating and financial restrictions which may prevent the Company from executing certain business opportunities, such as making acquisitions or paying dividends, among other things. The Revolving Credit Facility contains a springing financial maintenance covenant requiring the Company to maintain the ratio (as defined in the Revolving Credit Facility Loan and Security Agreement) of EBITDA to fixed charges of 1.1 to 1.0 when excess availability is less than the greater of 10% of the calculated borrowing base (as defined in the Revolving Credit Facility Loan and Security Agreement) or $12.5 million. In addition, if excess availability is less than the greater of 12.5% of the calculated borrowing base (as defined in the Revolving Credit

Facility Loan and Security Agreement) or $15.6 million, the lender has the right to take full dominion of the Company’s cash collections and apply these proceeds to outstanding loans under the Revolving Credit Agreement (“Cash Dominion”). The Company's ratio of EBITDA to fixed charges was negative for the year ended December 31, 2015. At this negative ratio, the Company's current maximum borrowing capacity is $96.2 million before triggering Cash Dominion. Based on the Company’s cash projections, it does not anticipate a scenario whereby Cash Dominion would occur during the next twelve months.

Additional unrestricted borrowing capacity under the Revolving Credit Facility at December 31, 2015 was as follows:

Maximum borrowing capacity	$125.0	
Minimum excess availability before triggering Cash Dominion	(15.6	)
Letters of credit and other reserves	(13.2	)
Current maximum borrowing capacity	$96.2	
Borrowings	(66.1	)
Additional unrestricted borrowing capacity	$30.1	

Through its ongoing restructuring and refinancing efforts, the Company is committed to achieving a strong financial position while maintaining sufficient levels of available liquidity, managing working capital and monitoring the Company’s overall capitalization. Cash and cash equivalents at December 31, 2015 were $11.1 million with approximately $3.1 million of the Company’s consolidated cash and cash equivalents balance residing in the United States. As foreign earnings are permanently reinvested, availability under the Company’s Revolving Credit Facility would be used to fund operations in the United States should the need arise in the future.

Working capital, defined as current assets less current liabilities, and the balances of its significant components were as follows:

	December 31,		Working Capital	
	2015	2014	Increase (Decrease)	
Working capital	$256.4	$413.9	$(157.5	)
Inventory	235.4	359.6	(124.2	)
Accounts receivable	89.9	131.0	(41.1	)
Accounts payable	56.3	68.8	12.5	
Accrued and other current liabilities	17.3	18.3	1.0	
Accrued payroll and employee benefits	11.2	9.3	(1.9	)
Cash and cash equivalents	11.1	8.5	2.6	

The Company monitors its overall capitalization by evaluating total debt to total capitalization. Total debt to total capitalization is defined as the sum of short-term and long-term debt, divided by the sum of total debt and stockholders’ equity. Total debt to total capitalization was 87.3% as of December 31, 2015 and 55.1% as of December 31, 2014, calculated as follows:

	December 31, 2015		December 31, 2014	
Total debt	$321.8		$310.1	
Stockholders' equity	$47.0		$252.6	
Total debt	321.8		310.1	
Total capitalization	$368.8		$562.7	
Total debt-to-total capitalization	87.3	%	55.1	%

The Company plans to improve its total debt to total capitalization by improving operating results, managing working capital and using cash from operations as well as cash from the sale of under-performing and non-core assets to repay existing debt. As and when permitted by the terms the agreements governing the Company's outstanding indebtedness, depending on market conditions, the Company may decide in the future to refinance, redeem or repurchase its debt and take other steps to reduce its debt or lease obligations or otherwise improve its overall financial position and balance sheet.

With the execution of the Exchange Offer, in February 2016 Standard & Poor's upgraded the Company's debt rating to CCC- from D and affirmed the Company's negative outlook. Also in February 2016, Moody's Investor Services

downgraded the Company's debt rating to C from Caa2 and also affirmed the Company's stable outlook. The above ratings are not a recommendation to buy, sell or hold securities. With the completion of the Exchange Offer, both Standard & Poor's and Moody's Investor Services have withdrawn all ratings on the Company.

Capital Expenditures

Cash paid for capital expenditures for 2015 was $8.3 million compared to $12.4 million in 2014. The expenditures during 2015 were comprised of approximately $2.8 million for leasehold improvements at the Company's new warehouse in Janesville, Wisconsin, $0.6 million for the Company's e-commerce platform, and $0.4 million related to facility consolidations. The balance of the capital expenditures in 2015 are the result of normal equipment, building improvement and furniture and fixture upgrades throughout the year. Management believes that capital expenditures will be approximately $5.0 million to $6.0 million in 2016.

Contractual Obligations and Other Commitments

The following table includes information about the Company's contractual obligations that impact its short-term and long-term liquidity and capital needs. The table includes information about payments due under specified contractual obligations and is aggregated by type of contractual obligation. It includes the maturity profile of the Company's consolidated long-term debt, operating leases and other long-term liabilities.

At December 31, 2015, the Company's contractual obligations, including estimated payments by period, were as follows:

Payments Due In	Total	Less Than One Year	One to Three Years	Three to Five Years	More Than Five Years
Long-term debt obligations (excluding capital lease obligations) (a)	$333.6	$6.7	$260.8	$66.1	$—
Interest payments on debt obligations (b)	88.5	30.8	55.9	1.8	—
Capital lease obligations	0.4	0.3	0.1	—	—
Operating lease obligations	65.7	12.9	21.0	15.6	16.2
Build-to-suit lease obligation (c)	19.1	0.7	2.3	2.4	13.7
Purchase obligations (d)	199.5	171.2	28.3	—	—
Other (e)	1.6	1.6	—	—	—
Total	$708.4	$224.3	$368.4	$85.9	$29.9

a) Long-term debt obligation payment schedule shown reflects the Exchange Offer whereby the Company issued $203.3 million aggregate principal amount of New Notes due 2018, leaving a $6.7 million aggregate principal Existing Notes due 2016. The Company maintains the contractual right to exchange approximately $3 million of the remaining Existing Notes due 2016 with New Notes due 2018 prior to their maturity date, although the exchange of this debt is not assumed in the table above. Borrowings outstanding on the Company's Revolving Credit Facility due December 10, 2019 will become due 91 days prior to the maturity date of the Company's $6.7 million Existing Notes due December 15, 2016 or $57.5 million Convertible Notes due December 15, 2017 if they have not been refinanced.

b) Interest payments on debt obligations represent interest on all Company debt outstanding as of December 31, 2015 including the imputed interest on capital lease payments. The interest payment amounts related to the variable rate component of the Company's debt assume that interest will be paid at the rates prevailing at December 31, 2015. Future interest rates may change and actual interest payments could differ from those disclosed in the table above.

c) The Company entered into a lease agreement for its new operating facility in Janesville, Wisconsin. For accounting purposes only, the Company has determined that this is a build-to-suit lease. Amounts represent future rent payments to be made on the lease which are allocated for accounting purposes between a reduction in the build-to-suit liability over the life of the build-to-suit lease obligation and interest expense.

d) Purchase obligations consist of raw material purchases made in the normal course of business. The Company has contracts to purchase minimum quantities of material with certain suppliers. For each contractual purchase obligation, the Company generally has a purchase agreement from its customer for the same amount of material over the same time period.

e) Other is comprised of deferred revenues that represent commitments to deliver products.

The table and corresponding footnotes above do not include $30.8 million of non-current liabilities recorded on the consolidated balance sheets. These non-current liabilities consist of $18.7 million of liabilities related to the Company's non-funded pension and postretirement benefit plans for which payment periods cannot be determined. Non-current liabilities also include $4.2 million of deferred income taxes and $7.9 million of other non-current liabilities, which were excluded from the table as the amounts due and timing of payments (or receipts) at future contract settlement dates cannot be determined. Included in the $7.9 million of other non-current liabilities is $5.5 million associated with the Company's withdrawal from a multi-employer pension plan for which the payment periods cannot be determined.

Pension Funding

The Company’s funding policy on its defined benefit pension plans is to satisfy the minimum funding requirements of the Employee Retirement Income Security Act (“ERISA”). Future funding requirements are dependent upon various factors outside the Company’s control including, but not limited to, fund asset performance and changes in regulatory or accounting requirements. Based upon factors known and considered as of December 31, 2015, the Company does not anticipate making significant cash contributions to the pension plans in 2016.

The investment target portfolio allocation for the Company-sponsored pension plans and supplemental pension plan focuses primarily on corporate fixed income securities that match the overall duration and term of the Company’s pension liability structure. Refer to "Retirement Plans" within Critical Accounting Policies and Note 9 - Employee Benefit Plans to the consolidated financial statements for additional details regarding other plan assumptions.

Off-Balance Sheet Arrangements

With the exception of letters of credit and operating lease financing on certain equipment used in the operation of the business, it is not the Company's general practice to use off-balance sheet arrangements, such as third-party special-purpose entities or guarantees of third parties.

As of December 31, 2015, the Company had $10.1 million of irrevocable letters of credit outstanding which primarily consisted of $5.0 million for its new warehouse in Janesville, Wisconsin, $2.0 million for collateral associated with commodity hedges and $1.8 million for compliance with the insurance reserve requirements of its workers' compensation program.

The Company was party to a multi-employer pension plan in Ohio. In connection with the April 2015 restructuring plan, the Company elected to withdraw from the Ohio multi-employer pension plan. The liability associated with the withdrawal from this plan is estimated by the Company to be $5.5 million at December 31, 2015 and has been charged to restructuring expense (income) in the Consolidated Statement of Operations for the year ended December 31, 2015. The Company incurred a withdrawal liability of $0.7 million which was charged to restructuring expense (income) in the Consolidated Statement of Operations for the year ended December 31, 2013 related to its 2013 restructuring activities and subsequent withdrawal from a multi-employer pension plan for employees of a plant closed in California. With the withdrawal from the Ohio and California multi-employer plans, the Company does not participate in any multi-employer pension plans as of December 31, 2015.

Obligations of the Company associated with its leased equipment are disclosed under the Contractual Obligations and Other Commitments section.

Critical Accounting Policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, and include amounts that are based on management's estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The following is a description of the Company's accounting policies that management believes require the most significant judgments and estimates when preparing the Company's consolidated financial statements:

Revenue Recognition — Revenue from the sale of products is recognized when the earnings process is complete and when the title and risk and rewards of ownership have passed to the customer, which is primarily at the time of shipment. Revenue recognized other than at time of shipment represented less than 2% of the Company's consolidated net sales for the years ended December 31, 2015, 2014 and 2013. Revenue from shipping and handling charges is recorded in net sales. Provisions for allowances related to sales discounts and rebates are recorded based on terms of the sale in the period that the sale is recorded. Management utilizes historical information and the current sales trends of the business to estimate such provisions. Actual results could differ from these estimates. The provisions related to discounts and rebates due to customers are recorded as a reduction within net sales in the Company's consolidated statements of operations and comprehensive loss.

The Company maintains an allowance for doubtful accounts related to the potential inability of our customers to make required payments. The allowance for doubtful accounts is maintained at a level considered appropriate based on historical experience and specific identification of customer receivable balances for which collection is unlikely. The provision for doubtful accounts is recorded in sales, general and administrative expense in the Company's consolidated statements of operations and comprehensive loss. Estimates of doubtful accounts are based on historical write-off experience as a percentage of net sales and judgments about the probable effects of economic conditions on certain customers, which can fluctuate significantly from year to year. The Company cannot be certain that the rate of future credit losses will be similar to past experience.

The Company also maintains an allowance for credit memos for estimated credit memos to be issued against current sales. Estimates of allowance for credit memos are based upon the application of a historical issuance lag period to the average credit memos issued each month. If actual results differ significantly from historical experience, there could be a negative impact on the Company’s operating results.

Income Taxes — The Company accounts for income taxes using the asset and liability method, under which deferred income tax assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. The Company regularly reviews deferred tax assets to assess whether it is more-likely-than-not that the deferred tax assets will be realized and, if necessary, establish a valuation allowance for portions of such assets to reduce the carrying value.

For purposes of assessing whether it is more-likely-than-not that deferred tax assets will be realized, the Company considers the following four sources of taxable income for each tax jurisdiction: (a) future reversals of existing taxable temporary differences, (b) projected future earnings, (c) taxable income in carryback years, to the extent that carrybacks are permitted under the tax laws of the applicable jurisdiction, and (d) tax planning strategies, which represent prudent and feasible actions that a company ordinarily might not take, but would take to prevent an operating loss or tax credit carryforward from expiring unused. To the extent that evidence about one or more of these sources of taxable income is sufficient to support a conclusion that a valuation allowance is not necessary, other sources need not be considered. Otherwise, evidence about each of the sources of taxable income is considered in arriving at a conclusion about the need for and amount of a valuation allowance. See Note 11 - Income Taxes to the consolidated financial statements, for further information about the Company's valuation allowance assessments.

The Company has incurred significant losses in recent years. The Company’s operations in the United States and Canada continue to have cumulative pre-tax losses for the three-year period ended December 31, 2015. As a result of the Company now being in a net deferred tax asset position as of December 31, 2015 in these jurisdictions, coupled with the negative evidence of significant cumulative three-year pre-tax losses, the Company recognized a valuation allowance against its net deferred tax assets in the United States and Canada during the second and fourth quarter of 2015, respectively. The Company continues to maintain valuation allowances against its net deferred tax asset positions in China, France, and the UK due to negative evidence such as historical pre-tax and taxable losses.

The Company is subject to taxation in the United States, various states and foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording the related income tax assets and liabilities. It is possible that actual results could differ from the estimates that management has used to determine its consolidated income tax expense.

The Company accounts for uncertainty in income taxes by recognizing the financial statement benefit of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not criteria, the amount recognized in the consolidated financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Company’s investment in the joint venture is through a 50% interest in a limited liability corporation (LLC) taxed as a partnership. The joint venture has two subsidiaries organized as individually taxed C-Corporations. The Company includes in its income tax provision the income tax liability on its share of the income of the joint venture and its subsidiaries. The income tax liability of the joint venture itself is generally treated as a current income tax expense and the income tax liability associated with the profits of the two subsidiaries of the joint venture is treated as deferred income tax expense. The Company cannot independently cause a dividend to be declared by one of the subsidiaries of the joint venture, therefore no benefit of a dividend received deduction can be recognized in the Company's tax provision until a dividend is declared. If one of the C-Corporation subsidiaries of the joint venture declares a dividend payable to the joint venture, the Company recognizes a benefit for the 80% dividends received deduction on its 50% share of the dividend.

Retirement Plans — The Company values retirement plan liabilities based on assumptions and valuations established by management. Future valuations are subject to market changes, which are not in the control of the Company and could differ materially from the amounts currently reported. The Company evaluates the discount rate and expected return on assets at least annually and evaluates other assumptions involving demographic factors, such as retirement age, mortality and turnover periodically, and updates them to reflect actual experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are expressed as the present value of future cash payments which are discounted using the weighted average of market-observed yields for high quality fixed income securities with maturities that correspond to the payment of benefits. Lower discount rates increase present values and subsequent-year pension expense; higher discount rates decrease present values and subsequent-year pension expense. Discount rates used for determining the Company's projected benefit obligation for its pension plans were 4.00% and 3.75% at December 31, 2015 and 2014, respectively.

During the fourth quarter of 2015, the Company changed the methodology used to estimate the service and interest cost components of net periodic pension cost and net periodic postretirement benefit cost for the Company's pension and other postretirement benefit plans. Previously, the Company estimated such cost components utilizing a single weighted-average discount rate derived from the market-observed yield curves of high-quality fixed income securities used to measure the pension benefit obligation and accumulated postretirement benefit obligation. The new methodology utilizes a full yield curve approach in the estimation of these cost components by applying the specific spot rates along the yield curve to their underlying projected cash flows and provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and their corresponding spot rates. The change does not affect the measurement of the Company's pension obligation or accumulated postretirement benefit obligation. The Company has accounted for this change as a change in accounting estimate and it will be applied prospectively starting in 2016. The adoption of the spot rate approach is expected to decrease the service cost and interest cost components of net periodic pension and postretirement benefit costs by approximately $1.2 million in 2016.

The Company's pension plan asset portfolio as of December 31, 2015 is primarily invested in fixed income securities with a duration of approximately 12 years. The assets generally fall within Level 2 of the fair value hierarchy. Assets in the Company's pension plans have earned approximately 8% since 2008 when the Company changed its target investment allocation to focus primarily on fixed income securities. In 2015, the pension plan assets lost approximately 2%.The target investment asset allocation for the pension plans' funds focuses primarily on corporate fixed income securities that match the overall duration and term of the Company's pension liability structure. There was a funding deficit of approximately 5% at both December 31, 2015 and December 31, 2014.

To determine the expected long-term rate of return on the pension plans' assets, current and expected asset allocations are considered, as well as historical and expected returns on various categories of plan assets.

The Company used the following weighted average discount rates and expected return on plan assets to determine the net periodic pension cost:

	2015		2014	
Discount rate	3.50 - 3.75%		4.50	%
Expected long-term rate of return on plan assets	5.25	%	5.25	%

Holding all other assumptions constant, the following table illustrates the sensitivity of changes to the discount rate and long-term rate of return assumptions on the Company's net periodic pension cost (amounts in millions):

	Impact on 2015 Expenses - increase (decrease)
50 basis point decrease in discount rate	$1.0
50 basis point increase in discount rate	$(1.2)
50 basis point decrease in expected return on assets	$0.9

Goodwill and Other Intangible Assets Impairment — The Company tests goodwill for impairment at the reporting unit level on an annual basis and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company assesses, at least quarterly, whether any triggering events have occurred.

A two-step method is used for determining goodwill impairment. The first step is performed to identify whether a potential impairment exists by comparing each reporting unit's fair value to its carrying value. If the carrying value of a reporting unit exceeds its fair value, the next step it to measure the amount of impairment loss, if any.

The determination of the fair value of the reporting unit requires significant estimates and assumptions to be made by management. The fair value of each reporting unit is estimated using a combination of an income approach, which estimates fair value based on a discounted cash flow analysis using historical data, estimates of future cash flows and discount rates based on the view of a market participant, and a market approach, which estimates fair value using market multiples of various financial measures of comparable public companies. In selecting the appropriate assumptions the Company considers: the selection of appropriate peer group companies; control premiums appropriate for acquisitions in the industry in which the Company competes; discount rates; terminal growth rates; long-term projections of future financial performance; and relative weighting of income and market approaches. The long-term projections used in the valuation are developed as part of the Company’s annual long-term planning process. The discount rates used to determine the fair values of the reporting units are those of a hypothetical market participant which are developed based upon an analysis of comparable companies and include adjustments made to account for any individual reporting unit specific attributes such as, size and industry.

The Company completed its December 1, 2015 annual goodwill impairment test for its Plastics reporting unit. No annual goodwill impairment testing was performed for the Metals reporting unit as of December 1, 2015, since the Metals reporting unit goodwill was completely written off as a result of the May 31, 2014 interim goodwill impairment testing and the Metals reporting unit had no indefinite lived intangible assets. As of December 1, 2015, the Plastics reporting unit had a goodwill balance of approximately $13.0 million and no indefinite lived intangible assets. A combination of the income approach and the market approach was utilized to estimate the reporting unit's fair value. The Plastics reporting unit had an estimated fair value that exceeded its carrying value by 24.6%. Under the income approach, the following key assumptions were used in the Plastics reporting unit discounted cash flow analysis:

Discount rate	12.0	%
5-year revenue CAGR	3.2	%
Terminal growth rate	2.0	%

Under the market approach, the Company used a multiple of future earnings before interest, taxes, depreciation and amortization (“EBITDA”) of 5.5 for the Plastics reporting unit. The Company considers several factors in estimating the EBITDA multiple including a reporting unit's market position, gross and operating margins and prospects for growth, among other factors.

If the Plastics reporting unit's carrying value exceeded its fair value, additional valuation procedures would have been required to determine whether the reporting unit's goodwill was impaired, and to the extent goodwill was impaired, the magnitude of the impairment charge.

Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the Plastics reporting unit, the amount of the goodwill impairment charge, or both. Future declines in the overall market value of the Company’s equity may also result in a conclusion that the fair value of the Plastics reporting unit has declined below its carrying value.

The majority of the Company’s recorded intangible assets were acquired as part of the Transtar and Tube Supply acquisitions in September 2006 and December 2011, respectively, and consist of customer relationships, non-compete agreements, trade names and developed technology. The initial values of the intangible assets were based on a discounted cash flow valuation using assumptions made by management as to future revenues from select customers, the level and pace of attrition in such revenues over time and assumed operating income amounts generated from such revenues. The intangible assets are amortized over their useful lives, which are 4 to 12 years for customer relationships, 3 years for non-compete agreements, 1 to 10 years for trade names and 3 years for developed technology. Useful lives are estimated by management and determined based on the timeframe over which a significant portion of the estimated future cash flows are expected to be realized from the respective intangible assets. Furthermore, when certain conditions or certain triggering events occur, a separate test for impairment, which is included in the impairment test for long-lived assets discussed below, is performed. If the intangible asset is deemed to be impaired, such asset will be written down to its fair value. In the fourth quarter of 2015, the Company determined that the customer relationships and trade names intangible assets associated with the Tube Supply acquisition were impaired and the full carrying values of these intangible assets were written down to zero. The non-compete agreements and developed technology intangible assets were fully amortized in the year ended December 31, 2014. See Note 3 - Goodwill and Intangible Assets to the consolidated financial statements for detailed information on goodwill and intangible assets.

Inventories — Inventories consist primarily of finished goods. During the fourth quarter of 2015, the Company elected to change its method of inventory costing for its U.S. metals inventory to the average cost method from the last-in first-out (LIFO) method. The Company's foreign metals operations also determine costs using the average cost method. The Company decided not to change its method of accounting for the Plastics' segment inventory as the Company is currently marketing its Plastic’s segment for sale. After the sale of the Plastics segment, all of the Company's inventory will be accounted for using the average cost method. Prior to this change in accounting principle, at December 31, 2014, approximately 68% of the Company’s inventories were valued at the lower of LIFO cost or market. The current replacement cost of inventories at the Company's Plastics segment which are accounted for under the LIFO method exceeded book value by $2,462 and $2,682 at December 31, 2015 and 2014, respectively.

Inventories are stated at the lower of cost or market. The market price of metals is subject to volatility. During periods when open-market prices decline below net book value, we may need to record a provision to reduce the carrying value of our inventory. We analyze the carrying value of inventory for impairment if circumstances indicate impairment may have occurred. If an impairment occurs, the amount of impairment loss is determined by measuring the excess of the carrying value of inventory over the net realizable value of inventory.

The Company maintains an allowance for excess and obsolete inventory. The excess and obsolete inventory allowance is determined through the specific identification of material, adjusted for expected scrap value to be received, based upon product knowledge, estimated future demand, market conditions and an aging analysis of the inventory on hand. Inventory in excess of our estimated usage requirements is written down to its estimated net realizable value.

Long-Lived Assets — The Company’s long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset or asset group. If future net cash flows are less than the carrying value, the asset or asset group may be impaired. If such assets are impaired, the impairment charge is calculated as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset’s residual value, if any. The Company derives the required undiscounted cash flow estimates from historical experience and internal business plans.

In conjunction with the Company’s plans to reduce its indebtedness and increase liquidity, in the fourth quarter of 2015, the Company made a decision to start exploring opportunities related to certain of its under-performing oil and gas inventory and equipment. In connection with this decision, the Company began marketing for sale the inventory and equipment of its Houston and Edmonton locations. In February 2016, the Company entered into an agreement to sell all of the inventory at the Houston and Edmonton locations as well as the Tube Supply trade name. The Company has further plans to close both of these locations. Given these factors, the Company determined that as of December 31, 2015 certain of its intangible assets including the Tube Supply customer relationships and trade name acquired in connection with the Tube Supply acquisition in 2011, no longer have a remaining useful life and a $33.7 million non-cash impairment charge (none of which is deductible for tax purposes in 2015) was recorded for the year ended December 31, 2015. The non-cash impairment charge removed all the remaining finite-lived intangible assets associated with the Tube Supply acquisition, leaving only customer relationships intangible assets. The majority of the remaining customer relationships intangible assets were acquired as part of the acquisition of Transtar on September 5, 2006.

Due to continued sales declines, net losses and lower than projected cash flows, the Company tested its long-lived assets for impairment during the fourth quarter of 2015. Testing of the Company's other long-lived assets indicated that the undiscounted cash flows of those assets exceeded their carrying values, and the Company concluded that no impairment existed at December 31, 2015 and the remaining useful lives of its long-lived assets were appropriate. The Company also tested its long-lived assets for impairment at May 31, 2014, the date of the Company's interim goodwill impairment analysis, and in the second quarter of 2015 in conjunction with the announced restructuring activities. Both times, the Company concluded that no impairment existed and the remaining useful lives of its long-lived assets were appropriate. The Company will continue to monitor its long-lived assets for impairment.

Share-Based Compensation — The Company offers share-based compensation to executives, other key employees and directors. Share-based compensation expense is recognized ratably over the vesting period or performance period, as appropriate, based on the grant date fair value of the stock award. The Company may either issue shares from treasury or new shares upon share option exercise or award issuance. Management estimates the probable number of awards which will ultimately vest when calculating the share-based compensation expense for its long-term compensation plans ("LTC Plans") and short-term incentive plans ("STI Plans"). As of December 31, 2015, the Company’s weighted average forfeiture rate is approximately 46%. The actual number of awards that vest may differ from management’s estimate.

Stock options and non-vested shares generally vest in one to three years for executives and employees and three years for directors. Stock options have an exercise price equal to the market price of the Company’s stock on the grant date (options granted in 2015) or the average closing price of the Company’s stock for the ten trading days preceding the grant date (options granted in 2010) and have a contractual life of eight to ten years. Stock options are valued using a Black-Scholes option-pricing model. Non-vested shares are valued based on the market price of the Company's stock on the grant date.

The Company granted non-qualified stock options under its 2015 short-term incentive plan ("2015 STI Plan") and 2015 long-term compensation plan ("2015 LTC plan"). The grant date fair value of these stock option awards were estimated using a Black-Scholes option pricing model with the following assumptions:

	2015 STI Plan	2015 LTC Plan
Expected volatility	56.1 %	55.7 %
Risk-free interest rate	1.8 %	1.8 %
Expected life (in years)	6.00	5.80
Expected dividend yield	—	—

Under the 2015 LTC Plans, the total potential award is comprised of non-qualified stock options and restricted share units ("RSUs"), which are time vested and once vested entitle the participant to receive one share of the Company's common stock. Under the 2014 and 2013 LTC Plans, the total potential award is comprised of restricted share units and performance share units ("PSUs") which are based on the Company's performance compared to target goals. The PSUs awarded are based on two independent conditions, the Company’s relative total shareholder return (“RTSR”), which represents a market condition, and Company-specific target goals for Return on Invested Capital (“ROIC”) as defined in the LTC Plans. RSUs generally vest in three years. RSU and ROIC PSU awards are valued based on the market price of the Company's stock on the grant date, and the value of RTSR PSU awards is estimated using a Monte Carlo simulation model.

No PSUs were awarded under the 2015 LTC plan. The grant date fair value of RTSR PSU awards under the active LTC Plans were estimated using a Monte Carlo simulation with the following assumptions:

	2014	2013
Expected volatility	40.8 %	59.5 %
Risk-free interest rate	0.79 %	0.38 %
Expected life (in years)	2.77	2.82
Expected dividend yield	—	—

RTSR is measured against a group of peer companies either in the metals industry or in the industrial products distribution industry (the "RTSR Peer Group") over a three-year performance period as defined in the LTC Plans. The threshold, target and maximum performance levels for RTSR are the 25th, 50th and 75th percentile, respectively, relative to RTSR Peer Group performance. Compensation expense for RTSR PSU awards is recognized regardless of whether the market condition is achieved to the extent the requisite service period condition is met.

ROIC is measured based on the Company's average actual performance versus Company-specific goals as defined in each of the LTC Plans over a three-year performance period. Compensation expense recognized is based on management's expectation of future performance compared to the pre-established performance goals. If the performance goals are not expected to be met, no compensation expense is recognized for the ROIC PSU awards and any previously recognized compensation expense is reversed.

Final RTSR and ROIC PSU award vesting will occur at the end of the three-year performance period, and distribution of PSU awards granted under the LTC Plans are determined based on the Company’s actual performance versus the target goals for a three-year performance period, as defined in each plan. Partial awards can be earned for performance that is below the target goal, but in excess of threshold goals; and award distributions up to twice the target can be achieved if the target goals are exceeded.

Unless covered by a specific change-in-control or severance arrangement, participants to whom RSUs, PSUs, stock options and non-vested shares have been granted must be employed by the Company on the vesting date or at the end of the performance period, as appropriate, or the award will be forfeited.

Fair Value of Financial Instruments — The three-tier value hierarchy the Company utilizes, which prioritizes the inputs used in the valuation methodologies, is:
Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.
Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.
The fair value of cash, accounts receivable and accounts payable approximate their carrying values. The fair value of cash equivalents are determined using the fair value hierarchy described above. Cash equivalents consisting of money market funds are valued based on quoted prices in active markets and as a result are classified as Level 1.
The Company's pension plan asset portfolio as of December 31, 2015 and 2014 is primarily invested in fixed income securities, which generally fall within Level 2 of the fair value hierarchy. Fixed income securities are valued based on evaluated prices provided to the trustee by independent pricing services. Such prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities.
Fair value disclosures for the Senior Secured Notes are determined based on recent trades of the bonds and fall within Level 2 of the fair value hierarchy. The fair value of the Convertible Notes, which fall within Level 3 of the fair value hierarchy, is determined based on similar debt instruments that do not contain a conversion feature, as well as other factors related to the callable nature of the notes.
The main inputs and assumptions into the fair value model for the Convertible Notes at December 31, 2015 were as follows:

Company's stock price at the end of the period	$1.59	
Expected volatility	67.80	%
Credit spreads	69.21	%
Risk-free interest rate	1.05	%

Given the nature and the variable interest rates, the Company has determined that the fair value of borrowings under the Revolving Credit Facility approximates the carrying value.
Fair value of commodity hedges is based on information which is representative of readily observable market data. Derivative liabilities associated with commodity hedges are classified as Level 2 in the fair value hierarchy.
Recent Accounting Pronouncements
See Note 1 - Basis of Presentation and Significant Accounting Policies to the consolidated financial statements for detailed information on recent accounting pronouncements.
ITEM 7A — Quantitative and Qualitative Disclosures about Market Risk
(Dollar amounts in millions)
The Company is exposed to interest rate, commodity price, and foreign exchange rate risks that arise in the normal course of business.
Interest Rate Risk — The Company is exposed to market risk related to its fixed rate and variable rate long-term debt. We do not utilize derivative instruments to manage exposure to interest rate changes. The market value of the Company's $267.5 million of fixed rate long-term debt may be impacted by changes in interest rates.
The Company's interest rates on borrowings under its $125 million revolving credit facility are subject to changes in the LIBOR and prime interest rates. There were $66.1 million borrowings under the Company's revolving credit agreement as of December 31, 2015. A hypothetical 100 basis point increase on the Company's variable rate debt would result in $0.7 million of additional interest expense on an annual basis based on interest expense incurred on the revolving credit facility in 2015.

Commodity Price Risk — The Company’s raw material costs are comprised primarily of engineered metals and plastics. Market risk arises from changes in the price of steel, other metals and plastics. Although average selling prices generally increase or decrease as material costs increase or decrease, the impact of a change in the purchase price of materials is more immediately reflected in the Company’s cost of materials than in its selling prices. The ability to pass surcharges on to customers immediately can be limited due to contractual provisions with those customers. Therefore, a lag may exist between when the surcharge impacts net sales and cost of materials, respectively, which could result in a higher or lower operating profit.

The Company has a commodity hedging program to mitigate risks associated with certain commodity price fluctuations. If the commodity prices hedged were to decrease hypothetically by 100 basis points, the 2015 unrealized loss recorded in cost of materials would have increased by an insignificant amount.

Foreign Currency Risk — The Company conducts the majority of its business in the United States but also has operations in Canada, Mexico, France, the United Kingdom, Spain, China and Singapore. The Company’s results of operations historically have not been materially affected by foreign currency transaction gains and losses and, therefore, the Company has no financial instruments in place for managing the exposure to foreign currency exchange rates. The Company recognized $6.3 million of foreign currency transaction losses during the year ended December 31, 2015.

As a result of the financing arrangements entered into during December 2011, the Company has certain outstanding intercompany borrowings denominated in the U.S. dollar at its Canadian and United Kingdom subsidiaries. These intercompany borrowings are not hedged and may cause foreign currency exposure, which could be significant, in future periods if they remain unhedged.

ITEM 8 — Financial Statements and Supplementary Data
(Amounts in thousands, except par value and per share data)

A.M. Castle & Co.
Consolidated Statements of Operations
and Comprehensive Loss

	Year Ended December 31,		
	2015	2014 As Adjusted (Note 1)	2013 As Adjusted (Note 1)
Net sales	$770,758	$979,837	$1,053,066
Costs and expenses:			
Cost of materials (exclusive of depreciation and amortization)	674,615	750,408	788,126
Warehouse, processing and delivery expense	114,734	140,559	140,934
Sales, general and administrative expense	95,479	112,465	113,405
Restructuring expense (income)	9,008	(2,960)	9,003
Depreciation and amortization expense	24,854	26,044	26,188
Impairment of intangible assets	33,742	—	—
Impairment of goodwill	—	56,160	—
Total costs and expenses	952,432	1,082,676	1,077,656
Operating loss	(181,674)	(102,839)	(24,590)
Interest expense, net	41,980	40,548	40,542
Loss on extinguishment of debt	—	—	2,606
Other expense, net	6,306	4,323	1,924
Loss before income taxes and equity in earnings (losses) of joint venture	(229,960)	(147,710)	(69,662)
Income tax benefit	(21,621)	(20,631)	(23,142)
Loss before equity in earnings (losses) of joint venture	(208,339)	(127,079)	(46,520)
Equity in earnings (losses) of joint venture	(1,426)	7,691	6,987
Net loss	(209,765)	(119,388)	(39,533)
Basic loss per share	$(8.91)	$(5.11)	$(1.70)
Diluted loss per share	$(8.91)	$(5.11)	$(1.70)
Comprehensive loss:			
Foreign currency translation adjustments	$(6,642)	$(5,377)	$(2,295)
Change in unrecognized pension and postretirement benefit costs, net of tax effect of $0, $8,449 and $2,953	9,937	(12,996)	4,623
Other comprehensive (loss) income	3,295	(18,373)	2,328
Net loss	(209,765)	(119,388)	(39,533)
Comprehensive loss	$(206,470)	$(137,761)	$(37,205)

The accompanying notes are an integral part of these statements.

A.M. Castle & Co.
Consolidated Balance Sheets

	December 31, 2015	2014 As adjusted (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	$11,100	$8,454
Accounts receivable, less allowances of $3,440 and $3,375, respectively	89,879	131,003
Inventories	235,443	359,630
Prepaid expenses and other current assets	11,523	9,458
Income tax receivable	346	2,886
Total current assets	348,291	511,431
Investment in joint venture	35,690	37,443
Goodwill	12,973	12,973
Intangible assets, net	10,250	56,555
Prepaid pension cost	8,422	7,092
Deferred income taxes	378	685
Other non-current assets	10,256	11,660
Property, plant and equipment:		
Land	2,869	4,466
Buildings	42,559	52,821
Machinery and equipment	177,803	183,923
Property, plant and equipment, at cost	223,231	241,210
Accumulated depreciation	(151,838)	(168,375)
Property, plant and equipment, net	71,393	72,835
Total assets	$497,653	$710,674
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$56,272	$68,782
Accrued payroll and employee benefits	11,246	9,332
Accrued and other current liabilities	17,324	18,338
Income tax payable	33	328
Current portion of long-term debt	7,012	737
Total current liabilities	91,887	97,517
Long-term debt, less current portion	314,761	309,377
Deferred income taxes	4,169	28,729
Build-to-suit liability	13,237	—
Other non-current liabilities	7,935	3,655
Pension and postretirement benefit obligations	18,676	18,747
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.01 par value—9,988 shares authorized (including 400 Series B Junior Preferred $0.00 par value shares); no shares issued and outstanding at	—	—

December 31, 2015 and December 31, 2014, respectively		
Common stock, $0.01 par value—60,000 shares authorized and 23,888 shares issued and 23,794 outstanding at December 31, 2015 and 23,630 shares issued and 23,559 outstanding at December 31, 2014	238	236
Additional paid-in capital	226,844	225,953
(Accumulated deficit) retained earnings	(145,309)	64,456
Accumulated other comprehensive loss	(33,821)	(37,116)
Treasury stock, at cost—94 shares at December 31, 2015 and 71 shares at December 31, 2014	(964)	(880)
Total stockholders' equity	46,988	252,649
Total liabilities and stockholders' equity	$497,653	$710,674

The accompanying notes are an integral part of these statements.

A.M. Castle & Co.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2015	2014 As Adjusted (Note 1)	2013 As Adjusted (Note 1)
Operating activities:			
Net loss	$(209,765)	$(119,388)	$(39,533)
Adjustments to reconcile net loss to net cash (used in) from operating activities:			
Depreciation and amortization	24,854	26,044	26,188
Amortization of deferred loss (gain)	5	(261)	(1,214)
Amortization of deferred financing costs and debt discount	8,355	8,064	7,914
Impairment of intangible assets	33,742	—	—
Impairment of goodwill	—	56,160	—
Non-cash write-down of inventory	53,971	—	—
(Gain) loss on sale of property, plant & equipment	(21,568)	(5,603)	42
Unrealized (gains) losses on commodity hedges	(600)	(1,256)	358
Unrealized foreign currency transaction losses	5,385	3,540	—
Equity in losses (earnings) of joint venture	1,426	(7,691)	(6,987)
Dividends from joint venture	316	12,127	3,963
Pension curtailment	2,923	—	—
Pension settlement	3,915	—	—
Deferred income taxes	(23,842)	(19,094)	(27,436)
Share-based compensation expense	828	1,972	3,062
Excess tax benefits from share-based payment arrangements	—	(76)	(420)
Changes in assets and liabilities:			
Accounts receivable	37,063	(5,785)	9,279
Inventories	63,986	(22,976)	96,234
Prepaid expenses and other current assets	(7,884)	(60)	1,402
Other non-current assets	(520)	1,686	1,470
Prepaid pension costs	2,675	387	3,953
Accounts payable	(4,461)	2,630	(434)
Accrued payroll and employee benefits	6,938	(230)	(1,892)
Income tax payable and receivable	2,083	(772)	4,388
Accrued and other current liabilities	(196)	(3,493)	(2,854)
Postretirement benefit obligations and other non-current liabilities	(1,762)	(1,002)	(3,098)
Net cash (used in) from operating activities	(22,133)	(75,077)	74,385
Investing activities:			
Capital expenditures	(8,250)	(12,351)	(11,604)
Proceeds from sale of property, plant and equipment	28,631	7,464	794
Net cash from (used in) investing activities	20,381	(4,887)	(10,810)
Financing activities:			
Short-term debt repayments, net	—	—	(496)
Proceeds from long-term debt	967,035	462,404	115,300

Repayments of long-term debt	(960,962)	(403,811)	(170,345)
Payments of build-to-suit liability	(500)	—	—
Payment of debt issue costs	—	(627)	—
Exercise of stock options	—	158	1,216
Excess tax benefits from share-based payment arrangements	—	76	420
Net cash from (used in) financing activities	5,573	58,200	(53,905)
Effect of exchange rate changes on cash and cash equivalents	(1,175)	(611)	(448)
Net change in cash and cash equivalents	2,646	(22,375)	9,222
Cash and cash equivalents—beginning of year	8,454	30,829	21,607
Cash and cash equivalents—end of year	$11,100	$8,454	$30,829

See Note 1 - Basis of Presentation and Significant Accounting Policies to the consolidated financial statements for supplemental cash flow disclosures.

The accompanying notes are an integral part of these statements.

A.M. Castle & Co.
Consolidated Statements of Stockholders' Equity

	Common Shares	Treasury Shares	Preferred Stock	Common Stock	Treasury Stock	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2013, as adjusted (Note 1)	23,211	(59)	$ —	$ 232	$ (679)	$ 219,619	$ 223,377	$ (21,071)	$ 421,478
Net loss							(39,533)		(39,533)
Foreign currency translation								(2,295)	(2,295)
Change in unrecognized pension and postretirement benefit costs, net of tax effect of $2,953								4,623	4,623
Long-term incentive plan						2,877			2,877
Exercise of stock options and other	260	(3)		2	(88)	1,397			1,311
Balance at December 31, 2013, as adjusted (Note 1)	23,471	(62)	$ —	$ 234	$ (767)	$ 223,893	$ 183,844	$ (18,743)	$ 388,461
Net loss							(119,388)		(119,388)
Foreign currency translation								(5,377)	(5,377)
Change in unrecognized pension and postretirement benefit costs, $8,449 tax effect								(12,996)	(12,996)
Long-term incentive plan						1,456			1,456
Exercise of stock options and other	159	(9)		2	(113)	604			493
Balance at December 31, 2014, as adjusted (Note 1)	23,630	(71)	$ —	$ 236	$ (880)	$ 225,953	$ 64,456	$ (37,116)	$ 252,649

Net loss							(209,765)		(209,765)
Foreign currency translation								(6,642)	(6,642)
Change in unrecognized pension and postretirement benefit costs, $0 tax effect								9,937	9,937
Long-term incentive plan						149			149
Exercise of stock options and other	258	(23)		2	(84)	742			660
Balance at December 31, 2015	23,888	(94)	$ —	$ 238	$ (964)	$ 226,844	$ (145,309)	$ (33,821)	$ 46,988

The accompanying notes are an integral part of these statements.

47

A. M. Castle & Co.
Notes to Consolidated Financial Statements
(Amounts in thousands except par value and per share data)
(1) Basis of Presentation and Significant Accounting Policies
Nature of operations — A.M. Castle & Co. and its subsidiaries (the “Company”) is a specialty metals and plastics distribution company serving principally the North American market. The Company has operations in the United States, Canada, Mexico, France, the United Kingdom, Spain, China and Singapore. The Company provides a broad range of product inventories as well as value-added processing and supply chain services to a wide array of customers, principally within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, oil and gas, retail, marine and automotive sectors of the global economy. Particular focus is placed on the aerospace and defense, power generation, mining, heavy industrial equipment, oil and gas, marine, office furniture and fixtures, safety products, life science applications, automotive and general manufacturing industries as well as general engineering applications.
The Company’s corporate headquarters is located in Oak Brook, Illinois. The Company has 41 operational service centers located throughout North America (36), Europe (3) and Asia (2).
The Company purchases metals and plastics from many producers. Purchases are made in large lots and held in distribution centers until sold, usually in smaller quantities and often with value-added processing services performed. Orders are primarily filled with materials shipped from Company stock. The materials required to fill the balance of sales are obtained from other sources, such as direct mill shipments to customers or purchases from other distributors. Thousands of customers from a wide array of industries are serviced primarily through the Company’s own sales organization.
Basis of presentation — The consolidated financial statements include the accounts of A. M. Castle & Co. and its subsidiaries over which the Company exhibits a controlling interest. The equity method of accounting is used for the Company’s 50% owned joint venture, Kreher Steel Company, LLC (“Kreher”). All inter-company accounts and transactions have been eliminated.
The accompanying consolidated financial statements have been prepared on the basis of the Company continuing as a going concern for a reasonable period of time. The Company‘s principal sources of liquidity are cash flows from operations, and available borrowing capacity under its revolving credit facility. These have historically been sufficient to meet working capital needs, capital expenditures and debt service obligations. During the year ended December 31, 2015, the Company incurred a net loss from operations of $209,765 (including non-cash charges of $61,472 related to inventory and purchase commitments and $33,742 related to an impairment of intangible assets) and used cash from operations of $22,133. The Company's plan indicates that it will have sufficient cash flows from its operations to continue as a going concern. The Company's ability to have sufficient cash flows to continue as a going concern is based on plans that rely on certain underlying assumptions and estimates that may differ from actual results. The Company’s plans also included the sale for cash of all of its remaining inventory at its Houston and Edmonton facilities and the sale of its wholly-owned subsidiary, TPI. Both of these actions were completed in the first quarter of 2016 (see Note 15 - Subsequent Events to the consolidated financial statements) and provide liquidity in addition to the forecasted operating cash flows to meet working capital needs, capital expenditures and debt service obligations for the next twelve months.
Use of estimates — The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The principal areas of estimation reflected in the consolidated financial statements are accounts receivable allowances, inventory reserves, goodwill and intangible assets, income taxes, pension and other post-employment benefits and share-based compensation.

Revenue recognition — Revenue from the sale of products is recognized when the earnings process is complete and when the title and risk and rewards of ownership have passed to the customer, which is primarily at the time of shipment. Revenue recognized other than at the time of shipment represented less than 2% of the Company's consolidated net sales for the years ended December 31, 2015, 2014 and 2013. Provisions for allowances related to sales discounts and rebates are recorded based on terms of the sale in the period that the sale is recorded. Management utilizes historical information and the current sales trends of the business to estimate such provisions. The provisions related to discounts and rebates due to customers are recorded as a reduction within net sales in the Company's consolidated statements of operations and comprehensive loss.

Revenue from shipping and handling charges is recorded in net sales. Costs incurred in connection with shipping and handling the Company's products, which are related to third-party carriers or performed by Company personnel, are included in warehouse, processing and delivery expenses. For the years ended December 31, 2015, 2014 and 2013, shipping and handling costs included in warehouse, processing and delivery expenses were $28,320, $35,471 and $35,171, respectively.

The Company maintains an allowance for doubtful accounts related to the potential inability of customers to make required payments. The allowance for doubtful accounts is maintained at a level considered appropriate based on historical experience and specific identification of customer receivable balances for which collection is unlikely. The provision for doubtful accounts is recorded in sales, general and administrative expense in the Company's consolidated statements of operations and comprehensive loss. Estimates of doubtful accounts are based on historical write-off experience as a percentage of net sales and judgments about the probable effects of economic conditions on certain customers.

The Company also maintains an allowance for credit memos for estimated credit memos to be issued against current sales. Estimates of allowance for credit memos are based upon the application of a historical issuance lag period to the average credit memos issued each month.

Accounts receivable allowance for doubtful accounts and credit memos activity is presented in the table below:

	2015	2014	2013
Balance, beginning of year	$3,375	$3,463	$3,529
Add Provision charged to expense	805	465	484
Recoveries	117	139	173
Less Charges against allowance	(857)	(692)	(723)
Balance, end of year	$3,440	$3,375	$3,463

Cost of materials — Cost of materials consists of the costs the Company pays for metals, plastics and related inbound freight charges. It excludes depreciation and amortization which are discussed below.

Operating expenses — Operating costs and expenses primarily consist of:

- Warehouse, processing and delivery expenses, including occupancy costs, compensation and employee benefits for warehouse personnel, processing, shipping and handling costs;
- Sales expenses, including compensation and employee benefits for sales personnel;
- General and administrative expenses, including compensation for executive officers and general management, expenses for professional services primarily attributable to accounting and legal advisory services, bad debt expenses, data communication costs, computer hardware and maintenance expenses and occupancy costs for non-warehouse locations;
- Restructuring activity, including gains on the sale of fixed assets and moving costs related to facility consolidations, employee termination and related benefits associated with salaried and hourly workforce reductions, lease termination costs, professional fees, and other exit costs;
- Depreciation and amortization expenses, including depreciation for all owned property and equipment, and amortization of various intangible assets; and
- Impairment of intangible assets and goodwill.

Cash equivalents — Cash equivalents are highly liquid, short-term investments that have an original maturity of 90 days or less.

Statement of cash flows — Non-cash investing and financing activities and supplemental disclosures of consolidated cash flow information are as follows:

	Year ended December 31,		
	2015	2014	2013
Non-cash investing and financing activities:			
Capital expenditures financed by accounts payable	$667	$434	$1,219
Capital lease obligations	—	873	21
Property, plant and equipment subject to build-to-suit lease	13,735	—	—
Cash paid during the year for:			
Interest	32,934	32,278	33,266
Income taxes	1,980	1,800	2,417
Cash received during the year for:			
Income tax refunds	1,798	2,284	3,015

Inventories — Inventories consist primarily of finished goods. During the fourth quarter of 2015, the Company elected to change its method of inventory costing for its U.S. metals inventory to the average cost method from the last-in first-out ("LIFO") method. The Company's foreign metals operations also determine costs using the average cost method. As discussed in Note 15 - Subsequent Events to the consolidated financial statements, the Company has agreed to sell its Plastics segment. As a result, the Company decided not to change its method of accounting for the Plastics' segment inventory. After the sale of the Plastics segment, all of the Company's inventory will be accounted for using the average cost method. Prior to this change in accounting principle, at December 31, 2014, approximately 68% of the Company’s inventories were valued at the lower of LIFO cost or market.

The Company believes that the average cost method is preferable as it results in increased uniformity across the Company’s global operations with respect to the method of inventory accounting, improves financial reporting by better reflecting the current value of inventory on the Consolidated Balance Sheets, more closely aligns the flow of physical inventory with the accounting for the inventory, provides better matching of revenues and expenses, aligns the Company's external reporting of inventory with its internal forecasting and budgeting for inventory, and improves transparency with how the market evaluates performance, including better comparability with many of the Company’s peers. The Company applied this change in method of inventory costing by retrospectively adjusting the prior period financial statements. The cumulative effect of this accounting change resulted in a $84,138 increase in retained earnings as of January 1, 2013.

As a result of the retrospective adjustment of the change in accounting principle, certain amounts in the Company's Consolidated Statements of Operations and Comprehensive loss for the years ended December 31, 2014 and 2013 were adjusted as follows:

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	As originally reported	Effect of change	As adjusted	As originally reported	Effect of change	As adjusted
Cost of materials (exclusive of depreciation and amortization)	$746,443	$3,965	$750,408	$779,208	$8,918	$788,126
Operating loss	(98,874)	(3,965)	(102,839)	(15,672)	(8,918)	(24,590)
Loss before income taxes and equity in earnings (losses) of joint venture	(143,745)	(3,965)	(147,710)	(60,744)	(8,918)	(69,662)
Income tax expense (benefit)	(1,353)	(19,278)	(20,631)	(19,795)	(3,347)	(23,142)
Loss before equity in earnings (losses) of joint venture	(142,392)	15,313	(127,079)	(40,949)	(5,571)	(46,520)
Net loss	(134,701)	15,313	(119,388)	(33,962)	(5,571)	(39,533)
Basic and diluted loss per common share	$(5.77)	$0.66	$(5.11)	$(1.46)	$(0.24)	$(1.70)
Change in unrecognized pension and postretirement benefit costs	(21,445)	8,449	(12,996)	4,623	—	4,623
Other comprehensive (loss) income	(26,822)	8,449	(18,373)	2,328	—	2,328
Comprehensive loss	(161,523)	23,762	(137,761)	(31,634)	(5,571)	(37,205)

The Consolidated Balance Sheet at December 31, 2014 was adjusted as follows:

	December 31, 2014		
	As originally reported	Effect of change	As adjusted
Inventories	$236,932	$122,698	$359,630
Deferred income tax liability	8,360	20,369	28,729
(Accumulated deficit) retained earnings	(29,424)	93,880	64,456
Accumulated other comprehensive loss	(45,565)	8,449	(37,116)

The consolidated Statements of Cash Flows for the years ended December 31, 2014 and 2013 were adjusted as follows:

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	As originally reported	Effect of change	As adjusted	As originally reported	Effect of change	As adjusted
Net loss	$(134,701)	$15,313	$(119,388)	$(33,962)	$(5,571)	$(39,533)
Deferred income taxes	184	(19,278)	(19,094)	(24,089)	(3,347)	(27,436)
Increase (decrease) from changes in inventories	(26,941)	3,965	(22,976)	87,316	8,918	96,234

The current replacement cost of inventories at the Company's Plastics segment which are accounted for under the LIFO method exceeded book value by $2,462 and $2,682 at December 31, 2015 and 2014, respectively.

The Company maintains an allowance for excess and obsolete inventory. The excess and obsolete inventory allowance is determined through the specific identification of material, adjusted for expected scrap value to be received, based on previous sales experience.

Excess and obsolete inventory allowance activity is presented in the table below:

	2015	2014	2013
Balance, beginning of year	$19,513	$9,579	$10,013
Add Provision charged to expense	29,848	12,061	2,331
Less Charges against allowance	(35,584)	(2,127)	(2,765)
Balance, end of year	$13,777	$19,513	$9,579

In the fourth quarter of 2015, the Company recognized a non-cash charge of $61,472, primarily related to inventory and purchase commitments of the Company's Houston and Edmonton locations which the Company ceased operations at in February 2016. The non-cash charge is reported in cost of materials in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2015.

Property, plant and equipment — Property, plant and equipment are stated at cost and include assets held under capital leases. Expenditures for major additions and improvements are capitalized, while maintenance and repair costs that do not substantially improve or extend the useful lives of the respective assets are expensed in the period in which they are incurred. When items are disposed, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in income.

The Company provides for depreciation of plant and equipment sufficient to amortize the cost over their estimated useful lives as follows:

Buildings and building improvements	5 – 40 years
Plant equipment	5 – 20 years
Furniture and fixtures	2 – 10 years
Vehicles and office equipment	3 – 10 years

Leasehold improvements are depreciated over the shorter of their useful lives or the remaining term of the lease. Depreciation is calculated using the straight-line method and depreciation expense for 2015, 2014 and 2013 was $14,207, $14,414 and $14,397, respectively.

Long-lived assets — The Company's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows (undiscounted and without interest charges) expected to be generated by the asset or asset group. If future net cash flows are less than the carrying value, the asset or asset group may be impaired. If such assets are impaired, the impairment charge is calculated as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. The Company derives the required undiscounted cash flow estimates from historical experience and internal business plans.

Goodwill and intangible assets — The Company tests goodwill for impairment at the reporting unit level on an annual basis at December 1 of each year and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company assesses, at least quarterly, whether any triggering events have occurred.

A two-step method is used for determining goodwill impairment. The first step is performed to identify whether a potential impairment exists by comparing each reporting unit's fair value to its carrying value. If the carrying value of a reporting unit exceeds its fair value, the next step is to measure the amount of impairment loss, if any.

The determination of the fair value of the reporting units requires significant estimates and assumptions to be made by management. The fair value of each reporting unit is estimated using a combination of an income approach, which estimates fair value based on a discounted cash flow analysis using historical data, estimates of future cash flows and

52

discount rates based on the view of a market participant, and a market approach, which estimates fair value using market multiples of various financial measures of comparable public companies. In selecting the appropriate assumptions the Company considers: the selection of appropriate peer group companies; control premiums appropriate for acquisitions in the industry in which the Company competes; discount rates; terminal growth rates; long-term projections of future financial performance; and relative weighting of income and market approaches. The long-term projections used in the valuation are developed as part of the Company's annual long-term planning process. The discount rates used to determine the fair values of the reporting units are those of a hypothetical market participant which are developed based upon an analysis of comparable companies and include adjustments made to account for any individual reporting unit specific attributes such as, size and industry.

The majority of the Company's recorded intangible assets as of December 31, 2015 were acquired as part of the Transtar acquisition in September 2006 and consist of customer relationships. Intangible assets related to non-compete agreements and developed technology acquired in the Transtar acquisition and Tube Supply, Inc. ("Tube Supply") acquisition in 2011 were fully amortized in 2014. In 2015, the Company concluded that the remaining customer relationships and trade name intangible assets acquired in the Tube Supply acquisition were impaired and a $33,742 non-cash impairment charge (none of which is deductible for tax purposes in 2015) was recorded for the year ended December 31, 2015. The non-cash impairment charge recorded removed all the remaining finite-lived intangible assets associated with the Tube Supply acquisition. The initial values of the intangible assets were based on a discounted cash flow valuation using assumptions made by management as to future revenues from select customers, the level and pace of attrition in such revenues over time and assumed operating income amounts generated from such revenues. These intangible assets are amortized over their useful lives, which are 4 to 12 years for customer relationships and 1 to 10 years for trade names. Useful lives are estimated by management and determined based on the timeframe over which a significant portion of the estimated future cash flows are expected to be realized from the respective intangible assets. Furthermore, when certain conditions or certain triggering events occur, a separate test for impairment, which is included in the impairment test for long-lived assets discussed above, is performed. If the intangible asset is deemed to be impaired, such asset will be written down to its fair value.

Income taxes — The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records valuation allowances against its deferred tax assets when it is more likely than not that the amounts will not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and recent results of operations. In the event the Company determines it would not be able to realize its deferred tax assets, a valuation allowance is recorded, which increases the provision for income taxes in the period in which that determination is made.

The Company has undistributed earnings of foreign subsidiaries of $51,584 at December 31, 2015, for which deferred taxes have not been provided. Such earnings are considered indefinitely invested in the foreign subsidiaries. If such earnings were repatriated, additional tax expense may result, although due to the potential availability of foreign tax credits and other items, the calculation of such potential taxes is not practicable.

The Company's 50% ownership interest in Kreher (Note 2 - Joint Venture to the consolidated financial statements) is through a 50% interest in a limited liability company (LLC) taxed as a partnership. Kreher has two subsidiaries organized as individually taxed C-Corporations. The Company includes in its income tax provision the income tax liability on its share of Kreher income. The income tax liability of Kreher itself is generally treated as a current income tax expense and the income tax liability associated with the profits of the two subsidiaries of Kreher is treated as a deferred income tax expense. The Company cannot independently cause a dividend to be declared by one of

Kreher's subsidiaries, therefore no benefit of a dividend received deduction can be recognized in the Company's tax provision until a dividend is declared. If one of Kreher's C-Corporation subsidiaries declares a dividend payable to Kreher, the Company recognizes a benefit for the 80% dividends received deduction on its 50% share of the dividend. In the year ended December 31, 2015, the joint venture recognized a goodwill impairment charge of $3,525 of which the Company recognized 50%, or $1,763.

For uncertain tax positions, the Company applies the provisions of relevant authoritative guidance, which requires application of a “more likely than not” threshold to the recognition and derecognition of tax positions. The Company’s ongoing assessments of the more likely than not outcomes of tax authority examinations and related tax positions require significant judgment and can increase or decrease the Company's effective tax rate as well as impact operating results. Although the Company believes that the positions taken on previously filed tax returns are reasonable, it has established tax and interest reserves in recognition that various taxing authorities may challenge the positions taken, which could result in additional liabilities for taxes and interest.

The Company recognizes interest and penalties related to unrecognized tax benefits within income tax expense. Accrued interest and penalties are included within other long-term liabilities in the consolidated balance sheets.

Insurance plans — The Company is a member of a group captive insurance company (the "Captive") domiciled in Grand Cayman Island. The Captive reinsures losses related to certain of the Company's workers' compensation, automobile and general liability risks that occur subsequent to August 2009. Premiums are based on the Company's loss experience and are accrued as expenses for the period to which the premium relates. Premiums are credited to the Company's "loss fund" and earn investment income until claims are actually paid. For claims that were incurred prior to August 2009, the Company is self-insured. Self-insurance amounts are capped, for individual claims and in the aggregate, for each policy year by an insurance company. Self-insurance reserves are based on unpaid, known claims (including related administrative fees assessed by the insurance company for claims processing) and a reserve for incurred but not reported claims based on the Company's historical claims experience and development.

The Company is self-insured for medical insurance for its domestic operations. Self-insurance reserves are maintained based on incurred but not paid claims based on a historical lag.

Foreign currency — For the majority of the Company's non-U.S. operations, the functional currency is the local currency. Assets and liabilities of those operations are translated into U.S. dollars using year-end exchange rates, and income and expenses are translated using the average exchange rates for the reporting period. The currency effects of translating financial statements of the Company's non-U.S. operations which operate in local currency environments are recorded in accumulated other comprehensive (loss) income, a separate component of stockholders' equity. Other than transaction losses related to unhedged intercompany financing arrangements between the United States and the United Kingdom and Canada, transaction gains or losses resulting from foreign currency transactions were not material for any of the years presented.

Loss per share — Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock plus common stock equivalents. Common stock equivalents consist of employee and director stock options, restricted stock awards, other share-based payment awards, and contingently issuable shares related to the Company's Convertible Senior Notes ("Convertible Notes") which are included in the calculation of weighted average shares outstanding using the treasury stock method, if dilutive.

The following table is a reconciliation of the basic and diluted loss per share calculations:

	Year ended December 31,		
	2015	2014	2013
Numerator:			
Net loss	$(209,765)	$(119,388)	$(39,533)
Denominator:			
Weighted average common shares outstanding	23,553	23,359	23,214
Effect of dilutive securities:			
Outstanding common stock equivalents	—	—	—
Denominator for diluted loss per share	23,553	23,359	23,214
Basic loss per share	$(8.91)	$(5.11)	$(1.70)
Diluted loss per share	$(8.91)	$(5.11)	$(1.70)
Excluded outstanding share-based awards having an anti-dilutive effect	1,071	388	717
Excluded "in the money" portion of Convertible Notes having an anti-dilutive effect	—	365	2,032

The Convertible Notes are dilutive to the extent the Company generates net income and the average stock price during the annual period is greater than the conversion price of the Convertible Notes. The Convertible Notes are only dilutive for the “in the money” portion of the Convertible Notes that could be settled with the Company’s stock.

Concentrations — The Company serves a wide range of customers within the producer durable equipment, aerospace, heavy industrial equipment, industrial goods, construction equipment, oil and gas, retail, marine and automotive sectors of the economy. Its customer base includes many Fortune 500 companies as well as thousands of medium and smaller sized firms spread across the entire spectrum of metals and plastics using industries. The Company's customer base is well diversified and, therefore, the Company does not have dependence upon any single customer or a few customers. No single customer represented more than 3% of the Company's 2015 total net sales. Approximately 72% of the Company's net sales are from locations in the United States.

Share-based compensation — The Company offers share-based compensation awards to executives, other key employees and directors. Share-based compensation expense is recognized ratably over the vesting period or performance period, as appropriate, based on the grant date fair value of the stock award. The Company may either issue shares from treasury or new shares upon share option exercise or award issuance. Management estimates the probable number of awards which will ultimately vest when calculating the share-based compensation expense for its LTC Plans and STI Plans. As of December 31, 2015, the Company's weighted average forfeiture rate is approximately 46%. The actual number of awards that vest may differ from management's estimate.

Stock options generally vest in one to three years for executives and employees and non-vested shares granted to directors vest in three years. Stock options have an exercise price equal to the closing price of the Company's stock on the date of grant (options granted in 2015) or the average closing price of the Company's stock for the 10 trading days preceding the grant date (options granted in 2010) and have a contractual life of eight to 10 years. Stock options are valued using a Black-Scholes option-pricing model. Non-vested shares are valued based on the market price of the Company's stock on the grant date. The Company granted non-qualified stock options under its short-term incentive plan and long-term compensation plan in 2015.

Under the 2015 LTC Plans, the total potential award is comprised of non-qualified stock options and RSUs, which are time vested and once vested entitle the participant to receive shares of the Company's common stock. Under the 2014 and 2013 LTC Plans, the total potential award is comprised of restricted share units and PSUs which are based on the Company's performance compared to target goals. The PSUs awarded are based on two independent conditions, the Company's RTSR, which represents a market condition, and Company-specific target goals for ROIC as defined in the LTC Plans. RSUs generally vest in three years. RSU and ROIC PSU awards are valued based on the market price of the Company's stock on the grant date, and the value of RTSR PSU awards is estimated using a Monte Carlo simulation model. No PSUs were awarded under the 2015 LTC plan.

RTSR is measured against a group of peer companies either in the metals industry or in the industrial products distribution industry (the "RTSR Peer Group") over a three-year performance period as defined in the LTC Plans. The threshold, target and maximum performance levels for RTSR are the 25th, 50th and 75th percentile, respectively, relative to RTSR Peer Group performance. Compensation expense for RTSR PSU awards is recognized regardless of whether the market condition is achieved to the extent the requisite service period condition is met.

ROIC is measured based on the Company's average actual performance versus Company-specific goals as defined in each of the LTC Plans over a three-year performance period. Compensation expense recognized is based on management's expectation of future performance compared to the pre-established performance goals. If the performance goals are not expected to be met, no compensation expense is recognized for the ROIC PSU awards and any previously recognized compensation expense is reversed.

Final RTSR and ROIC PSU award vesting will occur at the end of the three-year performance period, and distribution of PSU awards granted under the LTC Plans are determined based on the Company's actual performance versus the target goals for a three-year performance period, as defined in each plan. Partial awards can be earned for performance that is below the target goal, but in excess of threshold goals; and award distributions up to twice the target can be achieved if the target goals are exceeded.

Unless covered by a specific change-in-control or severance arrangement, participants to whom RSUs, PSUs, stock options and non-vested shares have been granted must be employed by the Company on the vesting date or at the end of the performance period, as appropriate, or the award will be forfeited.

New Accounting Standards Updates

Standards Updates Adopted

Effective December 31, 2015, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2015-17, "Balance Sheet Classification of Deferred Taxes." This ASU requires entities to present deferred tax assets ("DTAs") and deferred tax liabilities ("DTLs") as noncurrent in a classified balance sheet.

It thus simplifies the current guidance, which requires entities to separately present DTAs and DTLs as current or noncurrent in a classified balance sheet. Netting of DTAs and DTLs by tax jurisdiction is still required under the new guidance. The consolidated balance sheet for the year ended December 31, 2014 has been retrospectively adjusted for the adoption of this ASU.

Concurrent with the Company's change in method of accounting for inventories for U.S. metals operations to the average cost method from the LIFO method, effective December 31, 2015 the Company adopted ASU No. 2015-11, "Simplifying the Measurement of Inventory." This ASU requires entities to measure most inventory at the lower of cost and net realizable value, thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market (market in this context is defined as one of three different measures, one of which is net realizable value). The ASU does not apply to inventories that are measured by using either the LIFO method or the retail inventory method. The Company has prospectively applied this guidance to its consolidated balance sheet as of December 31, 2015 as it believes this change in accounting principle simplifies the measurement and reporting of the Company's inventory at lower of cost or market. The consolidated balance sheet for the year ended December 31, 2014 has not been retrospectively adjusted for the adoption of this ASU.

Effective January 1, 2015, the Company adopted ASU No. 2014-08, "Presentation of Financial Statements and Property, Plant and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 amends the definition of a discontinued operation, expands disclosure requirements for transactions that meet the definition of a discontinued operation and requires entities to disclose additional information about individually significant components that are disposed of or held for sale and do not qualify as discontinued operations. The adoption of this ASU did not have a material impact on the Company's financial condition or financial statement presentation.

Effective January 1, 2014, the Company adopted ASU No. 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.” The amendments in this ASU require an entity to present an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward except when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available or when the deferred tax asset is not intended for this purpose. The adoption of this ASU did not have a material impact on the Company's financial condition or financial statement presentation.

Standards Updates Issued Not Yet Effective

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which requires that lessees recognize assets and liabilities for leases with lease terms greater than twelve months in the statement of financial position. ASU 2016-02 also requires improved disclosures to help users of financial statements better understand the amount, timing and uncertainty of cash flows arising from leases. The update is effective for fiscal years beginning after December 15, 2018, including interim reporting periods within that reporting period. Early adoption is permitted. The Company is currently evaluating the impact the adoption of ASU 2016-02 will have on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs." This new standard requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. ASU No. 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements," was subsequently issued by the FASB to clarify the SEC staff’s position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements, allowing an entity to defer and present debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. The recognition and measurement guidance for debt issuance costs would not be affected by the amendments in ASU No. 2015-03. ASU No. 2015-03 is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2015. Upon adoption, the Company would reclassify its deferred debt issuance costs from other assets to long-term debt. If adopted as of December 31, 2015, the Company would have recorded a reduction in both other non-current assets and long-term debt of approximately $5,750 and would have provided additional disclosure.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern," providing additional guidance surrounding the disclosure of going concern uncertainties in the financial statements and implementing requirements for management to perform interim and annual assessments of an entity’s ability to continue as a going concern within one year of the date the financial statements are issued. The ASU is effective for annual reporting periods, and interim periods within those years, beginning after December 15, 2016. The Company will begin performing the periodic assessments required by the ASU on its effective date and is currently assessing whether the adoption of the ASU will result in additional disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," related to revenue recognition. The underlying principle of the new standard is that a business or other organization will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. The ASU provides alternative methods of initial adoption. ASU 2015-14, "Deferral of the Effective Date," was issued in August 2015 to defer the effective date of ASU No. 2014-09 for public companies until annual reporting periods beginning after December 15, 2017. Early adoption is permitted for annual reporting periods beginning after December 15, 2016. The Company is currently reviewing the guidance and assessing the potential impact on its consolidated financial statements.

(2) Joint Venture

Kreher Steel Company, LLC is a 50% owned joint venture of the Company. Kreher is a national distributor and processor of carbon and alloy steel bar products, headquartered in Melrose Park, Illinois.

The following information summarizes the Company’s participation in the joint venture as of and for the year ended December 31:

	2015	2014	2013
Equity in earnings (losses) of joint venture	$(1,426)	$7,691	$6,987
Investment in joint venture	35,690	37,443	41,879
Sales to joint venture	284	188	198
Purchases from joint venture	49	224	86

The following information summarizes financial data for this joint venture as of and for the year ended December 31:

	2015	2014	2013
Revenues	$160,104	$259,487	$230,351
Net income (loss)	(2,876)	15,555	13,720
Current assets	66,645	93,679	82,827
Non-current assets	22,777	26,377	25,615
Current liabilities	7,792	11,896	10,548
Non-current liabilities	11,287	35,469	16,103
Members’ equity	70,343	72,691	81,791
Capital expenditures	2,176	3,042	1,789
Depreciation and amortization	2,390	2,294	2,217

(3) Goodwill and Intangible Assets

The changes in carrying amounts of goodwill during the years ended December 31, 2015 and 2014 were as follows:

	2015			2014		
	Metals Segment	Plastics Segment	Total	Metals Segment	Plastics Segment	Total
Balance as of January 1:						
Goodwill	$116,377	$12,973	$129,350	$116,533	$12,973	$129,506
Accumulated impairment losses	(116,377)	—	(116,377)	(60,217)	—	(60,217)
Balance as of January 1	—	12,973	12,973	56,316	12,973	69,289
Impairment charge	—	—	—	(56,160)	—	(56,160)
Currency valuation	—	—	—	(156)	—	(156)
Balance as of December 31:						
Goodwill	116,377	12,973	129,350	116,377	12,973	129,350
Accumulated impairment losses	(116,377)	—	(116,377)	(116,377)	—	(116,377)
Balance as of December 31	$—	$12,973	$12,973	$—	$12,973	$12,973

The Company tests goodwill for impairment at the reporting unit level on an annual basis as of December 1 and more often if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company assesses, at least quarterly, whether any triggering events have occurred. A two-step method is used for determining goodwill impairment. The first step is performed to identify whether a potential impairment exists by comparing each reporting unit's fair value to its carrying value. If the carrying value of a reporting unit exceeds its fair value, the next step is to measure the amount of impairment loss, if any.

During the second quarter of 2014, the Company concluded that under FASB Accounting Standards Codification ("ASC") 350, "Intangibles - Goodwill and Other," its unfavorable operating results could be indicators of impairment of its Metals reporting unit's goodwill and, therefore, performed an interim impairment analysis as of May 31, 2014 using the two-step quantitative analysis. Under the first step, the Company determined that the carrying value of the Metals reporting unit exceeded its estimated fair value requiring the Company to perform the second step of the analysis. The second step of the analysis included allocating the calculated fair value (determined in the first step) of the Metals reporting unit to its assets and liabilities to determine an implied goodwill value. The result of the second step was that the goodwill of the Metals reporting unit was impaired and a $56,160 non-cash impairment charge ($13,900 of which is deductible for tax purposes) was recorded during the three-month period ended June 30, 2014 to eliminate the Metals reporting unit goodwill. No interim impairment analysis was performed for the Plastics reporting unit as of May 31, 2014 as there were no indicators of impairment for the Plastics reporting unit.

The Company completed its December 1, 2015 annual goodwill impairment test for its Plastics reporting unit and there were no identified impairment charges.

The following summarizes the components of the Company's intangible assets at December 31, 2015 and 2014:

	2015		2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$69,425	$59,175	$116,268	$64,922
Trade names	378	378	7,864	2,655
Total	$69,803	$59,553	$124,132	$67,577

In conjunction with the Company's plans to reduce its indebtedness and increase liquidity, in the fourth quarter of 2015 the Company made a decision to start exploring opportunities related to certain of its under-performing oil and gas inventory and equipment. In connection with this decision, the Company began marketing the sale of the inventory and equipment of its Houston and Edmonton locations. In February 2016, the Company entered into an agreement to sell all of the inventory at the Houston and Edmonton locations as well as the Tube Supply trade name. The Company has further plans to close both of these locations. Given these factors, the Company determined that as of December

31, 2015, certain of its intangible assets including the Tube Supply customer relationships and trade name acquired

58

in connection with the Tube Supply acquisition in 2011, no longer have a remaining useful life and a $33,742 non-cash impairment charge (none of which is deductible for tax purposes in 2015) was recorded for the year ended December 31, 2015. The entire non-cash impairment charge was recorded to the Company's Metals segment. The non-cash impairment charge removed all the remaining finite-lived intangible assets associated with the Tube Supply acquisition, leaving only customer relationships intangible assets. The majority of the remaining customer relationships intangible assets were acquired as part of the acquisition of Transtar on September 5, 2006. The weighted average amortization period for the remaining customer relationships intangible assets is 1.7 years.

Due to the Company’s continued sales declines, net losses and lower than projected cash flows, the Company tested its remaining long-lived assets for impairment during the fourth quarter of 2015. Testing of the Company's other long-lived assets indicated that the undiscounted cash flows of those assets exceeded their carrying values, and the Company concluded that no impairment existed at December 31, 2015 and the remaining useful lives of its long-lived assets were appropriate. The Company also tested its long-lived assets for impairment at May 31, 2014, the date of the Company's interim goodwill impairment analysis, and in the second quarter of 2015 in conjunction with the announced restructuring activities. Both times, the Company concluded that no impairment existed and the remaining useful lives of its long-lived assets were appropriate. The Company will continue to monitor its long-lived assets for impairment.

For the years ended December 31, 2015, 2014, and 2013, the aggregate amortization expense was $10,647, $11,630 and $11,791, respectively.

The following is a summary of the estimated annual amortization expense for each of the next 5 years:

2016	$6,137
2017	4,113
2018	—
2019	—
2020	—

(4) Debt

Short-term and long-term debt consisted of the following at December 31, 2015 and 2014:

	2015	2014
LONG-TERM DEBT		
12.75% Senior Secured Notes due December 15, 2016[(a)]	$6,681	$210,000
7.0% Convertible Notes due December 15, 2017	57,500	57,500
12.75% Senior Secured Notes due December 15, 2018	203,319	—
Revolving Credit Facility due December 10, 2019	66,100	59,200
Other, primarily capital leases	428	1,257
Less: unamortized discount	(12,255)	(17,843)
Total debt	$321,773	$310,114
Less: current portion	(7,012)	(737)
Total long-term portion	$314,761	$309,377

(a) 2015 balance represents the maximum aggregate principal amount of 12.75% Senior Secured Notes due December 15, 2016 as the Company maintains a contractual right to exchange approximately $3,000 of the remaining 12.75% Senior Secured Notes due December 15, 2016 with new 12.75% Senior Secured Notes due December 15, 2018 prior to their maturity date.

During December 2011 the Company issued $225,000 aggregate principal amount of 12.75% Senior Secured Notes due 2016, $57,500 aggregate principal amount of 7.0% Convertible Senior Notes due 2017 (the “Convertible Notes”) and entered into a $100,000 senior secured asset based revolving credit facility (the “Revolving Credit Facility”). The Company incurred debt origination fees of $18,136 associated with the debt transactions which are primarily being amortized using the effective interest method.

59

Secured Notes

In July 2012, the Company completed the exchange of $225,000 principal amount of 12.75% Senior Secured Notes due 2016 (the "Secured Notes"), which are registered under the Securities Act of 1933, as amended (the "Securities Act"), for $225,000 principal amount of outstanding 12.75% Senior Secured Notes due 2016, which had not been registered under the Securities Act. The Company did not receive any proceeds from the exchange offer. In November 2013, the Company purchased $15,000 aggregate principal amount of its Secured Notes in the open market with available cash. The Secured Notes that were purchased by the Company were subsequently retired. The purchase of the Secured Notes resulted in a pre-tax loss on debt extinguishment of $2,606 consisting of tender premiums, write off of unamortized debt issuance costs and tender expenses.

The Secured Notes have a maturity date of December 15, 2016. In February 2016, the Company completed a private exchange offer and consent solicitation (the “Exchange Offer”) to certain eligible holders to exchange new 12.75% Senior Secured Notes due 2018 (the “New Secured Notes”) for the Company’s outstanding Secured Notes. In connection with the Exchange Offer, the Company issued $203,319 aggregate principal amount of New Secured Notes, leaving $6,681 aggregate principal amount of Secured Notes outstanding. In conjunction with the Exchange Offer, the Company solicited consents to certain proposed amendments to the Secured Notes and the related indenture (the “Existing Indenture”) providing for, among other things, elimination of substantially all restrictive covenants and certain events of default in the Existing Indenture and releasing all of the collateral securing the Secured Notes and related guarantees.

The Company maintains the contractual right to exchange the remaining Secured Notes with New Secured Notes prior to their maturity date or the Company may redeem some or all of the Secured Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest. The New Secured Notes have substantially the same terms as the Secured Notes except for the following principal differences (i) the New Secured Notes were offered pursuant to an exemption from the registration requirements of the Securities Act, and do not have the benefit of any exchange offer or other registration rights, (ii) the New Secured Notes effectively extend the maturity date of the Secured Notes to December 15, 2018, unless the Company is unable to both (a) complete the exchange of a portion of its Convertible Notes on or prior to June 30, 2016, and (b) redeem, on one or more occasions (each, a “Special Redemption”), an aggregate of not less than $27,500 of aggregate principal amount of the New Secured Notes on or prior to October 31, 2016, using cash available to the Company and/or net proceeds from sales of assets of the Company or a Restricted Subsidiary outside the ordinary course of business (other than net proceeds derived from the sale of accounts receivable and inventory (the “Designated Asset Sale Proceeds”)), subject to a penalty equal to 4.00% of the outstanding principal, payable in cash and/or stock, in the Company’s sole discretion (the “Special Redemption Condition”), in which case the maturity date of the New Secured Notes will be September 14, 2017, (iii) the New Secured Notes provide that, whether or not the Special Redemption Condition is satisfied, the Company will have an obligation to effect Special Redemptions using Designated Asset Sale Proceeds or other permissible funds until such time as the aggregate amount of Special Redemptions equals $40,000, (iv) the New Secured Notes contain modifications to the asset sale covenant providing that the Company shall not use any net proceeds from asset sales outside the ordinary course of business to redeem, repay or prepay the Secured Notes or the Convertible Notes, (v) the granting of a third-priority lien on the collateral securing the New Secured Notes for the benefit of new Convertible Notes is a permitted lien under the indenture and (vi) the New Secured Notes include an event of default if the Company does not complete the Private Convertible Note Exchanges (as defined below) by June 30, 2016, subject to certain exceptions.

The New Secured Notes and the Secured Notes are fully and unconditionally guaranteed, jointly and severally, by certain 100% owned domestic subsidiaries of the Company (the “Note Guarantors”). The New Secured Notes and the related guarantees are secured by a lien on substantially all of the Company's and the Note Guarantors' assets, subject to certain exceptions and permitted liens pursuant to a pledge and security agreement. The terms of the New Secured Notes contain numerous covenants imposing financial and operating restrictions on the Company's business. These covenants place restrictions on the Company's ability and the ability of its subsidiaries to, among other things, pay

dividends, redeem stock or make other distributions or restricted payments; incur indebtedness or issue common stock; make certain investments; create liens; agree to payment restrictions affecting certain subsidiaries; consolidate or merge; sell or otherwise transfer or dispose of assets, including equity interests of certain subsidiaries; enter into transactions with affiliates, enter into sale and leaseback transactions; and use the proceeds of permitted sales of the Company's assets. Refer to Note 14 - Guarantor Financial Information to the consolidated financial statements.
The Company may redeem some or all of the New Secured Notes at a redemption price of 100% of the principal amount, plus accrued and unpaid interest.
The New Secured Notes also contain a provision that allows holders of the New Secured Notes to require the Company to repurchase all or any part of the New Secured Notes if a change of control triggering event occurs. Under this

provision, the repurchase of the New Secured Notes will occur at a purchase price of 101% of the outstanding principal amount, plus accrued and unpaid interest, if any, on such New Secured Notes to the date of repurchase. In addition, upon certain asset sales, the Company may be required to offer to use the net proceeds thereof to purchase some of the New Secured Notes at 100% of the principal amount thereof, plus accrued and unpaid interest.

The New Secured Notes require that the Company must make, subject to certain conditions, within 95 days of the end of each fiscal year beginning with the fiscal year ending December 31, 2016, an offer to purchase the New Secured Notes with i) 75% of excess cash flow (as defined in the New Secured Notes indenture) until the Company has offered to purchase up to $50,000 in aggregate principal amount of the notes, ii) 50% of excess cash flow until the Company has offered to purchase up to $75,000 in aggregate principal amount of the notes, iii) 25% of the excess cash flow until the Company has offered to purchase up to $100,000 in aggregate principal amount of the notes and iv) 0% thereafter, in each case, at 103% of the principal amount, thereof, plus accrued and unpaid interest.

The Company pays interest on the New Secured Notes and the Secured Notes at a rate of 12.75% per annum in cash semi-annually. The Company paid interest of $26,775, $26,775 and $28,548 on the Secured Notes during the years ended December 31, 2015, 2014 and 2013, respectively.

Convertible Notes

The $57,500 Convertible Notes were issued pursuant to an indenture, dated as of December 15, 2011, among the Company, the Note Guarantors and U.S. Bank National Association, as trustee. The Convertible Notes were issued by the Company at an initial offering price equal to 100% of the principal amount.

The Convertible Notes will mature on December 15, 2017. The Company pays interest on the Convertible Notes at a rate of 7.0% per annum in cash semi-annually. The Company paid interest of $4,025, $4,025 and $4,025 on the Convertible Notes during the years ended December 31, 2015, 2014 and 2013, respectively. The Convertible Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Note Guarantors.

The initial conversion rate for the Convertible Notes is 97.2384 shares of the Company’s common stock per $1 principal amount of Convertible Notes, equivalent to an initial conversion price of approximately $10.28 per share of common stock. The conversion rate will be subject to adjustment, but will not be adjusted for accrued and unpaid interest, if any. In addition, if an event constituting a fundamental change occurs, the Company will in some cases increase the conversion rate for a holder that elects to convert its Convertible Notes in connection with such fundamental change. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at the Company’s election, together with cash in lieu of fractional shares.

Holders may convert their Convertible Notes at their option on any day prior to the close of business on the scheduled trading day immediately preceding June 15, 2017 only under the following circumstances: (1) during the five business-day period after any five consecutive trading-day period (the “measurement period”) in which the trading price per note for each day of that measurement period was less than 98% of the product of the last reported sale price of the Company’s common stock and the applicable conversion rate on each such day; (2) during any calendar quarter (and only during such calendar quarter) after the calendar quarter ended December 31, 2011, if the last reported sale price of the Company’s common stock for 20 or more trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is equal to or greater than 130% of the applicable conversion price in effect for each applicable trading day; (3) upon the occurrence of specified corporate events, including certain dividends and distributions; or (4) if the Company calls the Convertible Notes for redemption on or after December 20, 2015. The Convertible Notes will be convertible, regardless of the foregoing circumstances, at any time from, and including, June 15, 2017 through the second scheduled trading day immediately preceding the maturity date.

Upon a fundamental change and subject to certain exceptions, as defined in the Convertible Notes indenture, holders may require the Company to repurchase some or all of their Convertible Notes for cash at a repurchase price equal to 100% of the principal amount of the Convertible Notes being repurchased, plus any accrued and unpaid interest.

The Company could redeem the Convertible Notes prior to December 20, 2015. On or after December 20, 2015, the Company may redeem all or part of the Convertible Notes (except for the Convertible Notes that the Company is required to repurchase as described above) if the last reported sale price of the Company's common stock exceeds 135% of the applicable conversion price for 20 or more trading days in a period of 30 consecutive trading days ending on the trading day immediately prior to the date of the redemption notice. The redemption price will equal the sum of 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest, plus a "make-whole premium" payment. The Company must make the "make-whole" premium payments on all Convertible Notes called for redemption including Convertible Notes converted after the date we delivered the notice of redemption. The Company will pay the redemption price in cash except for any non-cash portion of the "make-whole" premium.

In January 2016, the Company entered into Transaction Support Agreements (the “Support Agreements”) with holders (the “Supporting Holders”) of $51,600, or 89.7%, of the aggregate principal amount of the Convertible Notes. The Support Agreements provide for the terms of exchanges in which the Company has agreed to issue new 5.25% Senior Secured Convertible Notes due 2019 (the “New Convertible Notes”) in exchange for outstanding Convertible Notes (the “Convertible Note Exchange”).

Pursuant to the Support Agreements, the New Convertible Notes will mature on December 31, 2019, and will bear interest at a rate of 5.25% per annum, payable semi-annually in cash. For each $1 principal amount of existing Convertible Notes validly exchanged in the Convertible Note Exchange, an exchanging holder of existing Convertible Notes will receive $0.7 principal amount of New Convertible Notes, plus accrued and unpaid interest. The New Convertible Notes shall initially be convertible into shares of the Company's common stock at any time at a conversion price per share equal to $2.25 and shall be subject to the same adjustment provisions contained in the existing Convertible Notes. All current and future guarantors of the New Secured Notes, the Secured Notes, the Revolving Credit Facility, and any other material indebtedness of the Company will guarantee the New Convertible Notes, subject to certain exceptions. The New Convertible Notes will be secured on a “silent” third-priority basis by the same collateral that secures the New Secured Notes. Upon conversion, the Company will pay and/or deliver, as the case may be, cash, shares of common stock or a combination of cash and shares of common stock, at the Company’s election, together with cash in lieu of fractional shares. The value of shares of the Company's common stock for purposes of the settlement of the conversion right will be calculated as provided in the indenture for the existing Convertible Notes, using a 20 trading day period rather than a 40 trading day period for the observation period. Upon such conversion, the holder shall be entitled to receive an amount equal to the "make-whole" premium, payable in the form of cash, shares of the Company's common stock, or a combination of both, in the Company's sole discretion. The value of shares of Company common stock for purposes of calculating the "make-whole" premium will be based in the greater of (i) 130% of the conversion price then in effect and (ii) the volume weighted average price ("VWAP") of such shares for the observation period (using a 20 trading day period) as provided in the indenture for the existing Convertible Notes.

If the VWAP of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which such notice of redemption is provided, the Company shall have the right to redeem any or all of the New Convertible Notes at a price equal to (i) 100.0% of the aggregate principal amount thereof plus (ii) the "make-whole" premium. The redemption price can be paid in the form of cash, shares of the Company's common stock or a combination of both, at the Company's sole discretion. The value of shares of Company Common Stock will be based on the VWAP of such shares for the 20 trading days immediately preceding the date of redemption. Prior to the third trading day prior to the date of any such redemption, any New Convertible Notes called for redemption may be converted by the holder into shares of Company Common Stock at the Conversion Price then in effect.

Revolving Credit Facility

The Revolving Credit Facility consists of a $125,000 senior secured asset-based revolving credit facility (subject to adjustment pursuant to a borrowing base described below), of which (a) up to an aggregate principal amount of $20,000 will be available for a Canadian subfacility, (b) up to an aggregate principal amount of $20,000 will be available for letters of credit and (c) up to an aggregate principal amount of $10,000 will be available for swingline loans. Loans under the Revolving Credit Facility will be made available to the Company and certain domestic subsidiaries (the “U.S. Borrowers”) in U.S. dollars and the Canadian Borrowers in U.S. dollars and Canadian dollars. In December 2014, the Company obtained an extension on its revolving credit facility, which extended the maturity date from December 15, 2015 to December 10, 2019 (or 91 days prior to the maturity date of the Company's Secured Notes or Convertible Notes if they have not been refinanced).

All obligations of the U.S. Borrowers under the Revolving Credit Facility are guaranteed on a senior secured basis by each direct and indirect, existing and future, domestic subsidiary of the U.S. Borrowers (the “U.S. Subsidiary Guarantors” and together with the U.S. Borrowers, the “U.S. Credit Parties”), subject to certain exceptions for immaterial subsidiaries. All obligations of the Canadian Borrowers under the Revolving Credit Facility are guaranteed on a senior secured basis by (a) each U.S. Credit Party and (b) each direct and indirect, existing and future, Canadian subsidiary of the Company (the “Canadian Subsidiary Guarantors” and together with the Canadian Borrowers, the “Canadian Credit Parties”; and the U.S. Credit Parties together with the Canadian Credit Parties, the “Credit Parties”), subject to certain exceptions.

All obligations under the Revolving Credit Facility are secured on a first-priority basis by a perfected security interest in substantially all assets of the Credit Parties (subject to certain exceptions for permitted liens). The Revolving Credit Facility will rank pari passu in right of payment with the Secured Notes, but, pursuant to the intercreditor agreement, the Secured Notes will be effectively subordinated to the indebtedness under the Revolving Credit Facility with respect to the collateral.

At the Company’s election, borrowings under the Revolving Credit Facility will bear interest at variable rates based on (a) a customary base rate plus an applicable margin of between 0.50% and 1.00% (depending on quarterly average undrawn availability under the Revolving Credit Facility) or (b) an adjusted LIBOR rate plus an applicable margin of between 1.50% and 2.00% (depending on quarterly average undrawn availability under the Revolving Credit Facility). The weighted average interest rate on borrowings outstanding under the revolving credit facilities were 2.70%, 3.08% and 2.71% for the years ended December 31, 2015, 2014 and 2013, respectively. The Company will pay certain customary recurring fees with respect to the Revolving Credit Facility.

The Revolving Credit Facility permits the Company to increase the aggregate amount of the commitments under the Revolving Credit Facility from time to time in an aggregate amount for all such increases not to exceed $50,000, subject to certain conditions. The existing lenders under the Revolving Credit Facility are not obligated to provide the incremental commitments. In January 2014, the Company partially exercised the accordion option under its revolving credit facility to increase the aggregate commitments by $25,000. As a result, the Company's borrowing capacity increased from $100,000 to $125,000. The Company maintains the option to exercise the accordion for an additional $25,000 of aggregate commitments in the future, assuming it meets certain thresholds for incurring additional debt. As of December 31, 2015, the Company did not meet the thresholds to exercise the additional $25,000 accordion under the Revolving Credit Facility.

The Revolving Credit facility contains a springing financial maintenance covenant requiring the Company to maintain the ratio of EBITDA (as defined in the agreement) to fixed charges of 1.1 to 1.0 when excess availability is less than the greater of 10% of the calculated borrowing base (as defined in the agreement) or $12,500. In addition, if excess availability is less than the greater of 12.5% of the calculated borrowing base (as defined in the agreement) or $15,625, the lender has the right to take full dominion of the Company’s cash collections and apply these proceeds to outstanding loans under the Revolving Credit Agreement. The Company's ratio of EBITDA to fixed charges was negative for the twelve months ended December 31, 2015. At this negative ratio, the Company's current maximum borrowing capacity would be $96,239 before triggering full dominion of the Company's cash collections. As of December 31, 2015, the Company had $30,139 of additional unrestricted borrowing capacity available under the Revolving Credit Facility.

Net interest expense reported on the consolidated statements of operations was reduced by interest income from investment of excess cash balances of $10 in 2015, $81 in 2014 and $35 in 2013.

(5) Fair Value Measurements

The three-tier value hierarchy the Company utilizes, which prioritizes the inputs used in the valuation methodologies, is:

Level 1—Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2—Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants.

The fair value of cash, accounts receivable and accounts payable approximate their carrying values. The fair value of cash equivalents are determined using the fair value hierarchy described above. Cash equivalents consisting of money market funds are valued based on quoted prices in active markets and as a result are classified as Level 1.

The Company’s pension plan asset portfolio as of December 31, 2015 and 2014 is primarily invested in fixed income securities, which generally fall within Level 2 of the fair value hierarchy. Fixed income securities in the pension plan asset portfolio are valued based on evaluated prices provided to the trustee by independent pricing services. Such prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. Refer to Note 9 - Employee Benefit Plans to the consolidated financial statements for pension fair value disclosures.

Fair Value Measurements of Debt

The fair value of the Company's Secured Notes existing as of December 31, 2015 was estimated to be $160,662 compared to a carrying value of $210,000. The fair value for the Secured Notes is determined based on recent trades of the bonds on the open market and fall within Level 2 of the fair value hierarchy.

The fair value of the Convertible Notes, as of December 31, 2015 was estimated to be approximately $21,966 compared to a carrying value of $57,500. The fair value for the Convertible Notes, which fall within Level 3 of the fair value hierarchy, is determined based on similar debt instruments that do not contain a conversion feature, as well as other factors related to the callable nature of the notes.

The main inputs and assumptions into the fair value model for the Convertible Notes at December 31, 2015 were as follows:

Company's stock price at the end of the period	$1.59	
Expected volatility	67.80	%
Credit spreads	69.21	%
Risk-free interest rate	1.05	%

Given the nature and the variable interest rates, the Company has determined that the fair value of borrowings under the Revolving Credit Facility approximates the carrying value.

Fair Value Measurements of Commodity Hedges

The Company has a commodity hedging program to mitigate risks associated with certain commodity price fluctuations. At December 31, 2015, the Company had executed forward contracts that extend into 2016. The counterparty to these contracts is not considered a credit risk by the Company. At December 31, 2015 and 2014, the notional value associated with forward contracts was $3,080 and $7,486, respectively. The Company recorded, through cost of materials, realized and unrealized net losses of $852, $288 and $2,141 during the years ended December 31, 2015, 2014 and 2013, respectively, as a result of the decline in the fair value of the contracts. As of December 31, 2015 and 2014, all commodity hedge contracts were in a liability position. As of December 31, 2015, the Company had a letter of credit outstanding for $2,000 as collateral associated with commodity hedge contracts.

The Company uses information which is representative of readily observable market data when valuing derivative liabilities associated with commodity hedges. The derivative liabilities are classified as Level 2 in the table below.

The liabilities measured at fair value on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total [a]
As of December 31, 2015				
Derivative liability for commodity hedges	$—	$1,015	$—	$1,015
As of December 31, 2014				
Derivative liability for commodity hedges	$—	$1,615	$—	$1,615

[a] As of December 31, 2015, the entire derivative liability for commodity hedges balance of $1,015 is short-term and is included in accrued and other current liabilities in the Consolidated Balance Sheets. As of December 31, 2014, the short-term portion of the derivative liability for commodity hedges of $1,137 is included in accrued and other current liabilities and the long-term portion of $478 is included in other non-current liabilities in the Consolidated Balance Sheets.

(6) Lease Agreements

The Company has operating and capital leases covering certain warehouse and office facilities, equipment, automobiles and trucks, with the lapse of time as the basis for all rental payments.

The Company has determined that for accounting purposes its lease of its new operating facility in Janesville, Wisconsin is a build-to-suit lease. During the construction of this facility, which concluded in the fourth quarter of 2015, the Company assumed certain risks of certain construction cost overages and was, therefore, deemed to be the owner of the facility during the construction period. All costs of construction related to this facility are recognized as property, plant and equipment, with a related build-to-suit liability.

Subsequent to the completion of construction, the Company did not qualify for sale-leaseback accounting because of provisions in the lease which constituted prohibited continuing involvement. As a result, the Company will amortize

the build-to-suit liability over the lease term and depreciate the building over the lease term. As of December 31, 2015, the Company has reflected $13,237 as build-to-suit liability in the Consolidated Balance Sheets.
Total gross value of property, plant and equipment under capital leases was $2,109 and $2,452 in 2015 and 2014, respectively.
Future minimum rental payments under leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2015 are as follows:

	Capital Leases	Operating Leases	Built-to-Suit Lease
2016	$330	$12,936	$687
2017	95	11,313	1,156
2018	1	9,645	1,180
2019	—	8,056	1,203
2020	—	7,500	1,227
Later years	—	16,246	13,644
Total future minimum rental payments	$426	$65,696	$19,097

Total rental payments charged to expense were $13,910 in 2015, $14,173 in 2014, and $15,062 in 2013. Lease extrication charges of $444, $186 and $1,448 associated with restructuring activities in the Metals segment were charged to expense in 2015, 2014 and 2013, respectively, within restructuring expense (income) in the Consolidated Statements of Operations and Comprehensive Loss.
(7) Stockholders' Equity
Accumulated other comprehensive loss as reported in the consolidated balance sheets as of December 31, 2015 and 2014 was comprised of the following:

	2015	2014
Unrecognized pension and postretirement benefit costs, net of tax	$(17,185)	$(27,122)
Foreign currency translation losses	(16,636)	(9,994)
Total accumulated other comprehensive loss	$(33,821)	$(37,116)

Changes in accumulated other comprehensive loss by component for the years ended December 31, 2015 and 2014 are as follows:

	Defined Benefit Pension and Postretirement Items		Foreign Currency Items		Total	
	2015	2014	2015	2014	2015	2014
Balance as of January 1,	$(27,122)	$(14,126)	$(9,994)	$(4,617)	$(37,116)	$(18,743)
Other comprehensive loss before reclassifications	(966)	(14,004)	(6,642)	(5,377)	(7,608)	(19,381)
Amounts reclassified from accumulated other comprehensive loss, net of tax [a]	10,903	1,008	—	—	10,903	1,008
Net current period other comprehensive income (loss)	9,937	(12,996)	(6,642)	(5,377)	3,295	(18,373)
Balance as of December 31,	$(17,185)	$(27,122)	$(16,636)	$(9,994)	$(33,821)	$(37,116)

[a] See reclassifications from accumulated other comprehensive loss table for details of reclassification from accumulated other comprehensive loss for the year ended December 31, 2015.

Reclassifications from accumulated other comprehensive loss for the years ended December 31, 2015 and 2014 are as follows:

	Year ended December 31,	
	2015	2014
Unrecognized pension and postretirement benefit items:		
Prior service cost [b]	$(244)	$(282)
Actuarial loss [b]	(3,821)	(1,381)
Recognition of curtailment loss [b]	(2,923)	—
Recognition of settlement loss [b]	(3,915)	—
Total before Tax	(10,903)	(1,663)
Tax effect	—	655
Total reclassifications for the period, net of tax	$(10,903)	$(1,008)

[b] The prior service cost and actuarial loss components of accumulated other comprehensive loss are included in the computation of net periodic pension and postretirement benefit cost included in sales, general and administrative expense. The pension curtailment and settlement prior service cost components recognized are shown as restructuring expense (income) in the Consolidated Statements of Operations and Comprehensive loss for the year ended December 31, 2015.

(8) Share-based Compensation (stock option and share units amounts below are in thousands)

The consolidated compensation cost recorded for the Company's share-based compensation arrangements was $828, $1,972 and $3,062 for 2015, 2014 and 2013, respectively. The total income tax benefit recognized in the consolidated statements of operations for share-based compensation arrangements was $0, $189 and $1,141 in 2015, 2014 and 2013, respectively. All compensation expense related to share-based compensation arrangements is recorded in sales, general and administrative expense. The unrecognized compensation cost as of December 31, 2015 associated with all share-based payment arrangements is $2,088 and the weighted average period over which it is to be expensed is 1.5 years.

2015 Short-Term Incentive Plan

On July 24, 2015, the Board of Directors of the Company approved certain revisions to the Company's 2015 STI Plan. Along with providing cash bonus opportunities, the revisions awarded 124 stock options to executive officers and other select personnel, which were granted under the Company's 2008 Omnibus Incentive Plan. The stock options vest in three equal installments over three years from the grant date and are exercisable immediately upon vesting. The strike price was equal to the closing price of the Company's stock on the date of grant. The term of the options is 10 years from the date of grant.

The weighted average grant date fair value of $2.10 per share for the options granted under the 2015 STI Plan was estimated using the Black-Scholes option-pricing model with the following assumptions:

Expected volatility	56.1 %
Risk-free interest rate	1.8 %
Expected life (in years)	6.0
Expected dividend yield	—

Restricted Stock, Stock Option and Equity Compensation Plans – The Company maintains the 2008 A.M. Castle & Co. Omnibus Incentive Plan (amended and restated as of April 25, 2013) for the benefit of officers, directors and other key management employees. There is an aggregate amount of 3,350 authorized shares under this plan.

Long-Term Compensation and Incentive Plans

On July 24, 2015, the Board of Directors of the Company approved equity awards under the Company's 2015 LTC Plan for executive officers and other select personnel. The 2015 LTC Plan awards included RSUs and non-qualified stock options.

On March 26, 2014, the Board of Directors of the Company approved equity awards under the Company's 2014 Long-Term Compensation Plan ("2014 LTC Plan") for executive officers and other select personnel. On March 6, 2013, the Board of Directors of the Company approved equity awards under the Company's 2013 Long-Term Compensation Plan ("2013 LTC Plan") for executive officers and other select personnel. Both the 2014 LTC Plan and the 2013 LTC Plan included RSUs and PSUs.

Each of the respective LTC Plans for 2015, 2014 and 2013 are subject to the terms of the Company's 2008 A.M. Castle & Co. Omnibus Incentive Plan, amended and restated as of April 25, 2013.

Restricted Share Units and Non-Vested Shares

The RSUs granted under the 2015 and 2014 LTC Plans will cliff vest on December 31, 2017 and December 31, 2016, respectively. Approximately 23 RSUs granted under the 2013 LTC Plan cliff vested on December 31, 2015. Each RSU that becomes vested entitles the participant to receive one share of the Company's common stock. The number of shares delivered may be reduced by the number of shares required to be withheld for federal and state withholding tax requirements (determined at the market price of Company shares at the time of payout).

The outstanding non-vested share balance consists of shares issued to the Board of Directors. Non-vested shares were issued to the directors during the second quarter of 2015, 2014 and 2013, respectively, and will cliff vest after three years in the second quarter of 2018, 2017 and 2016, respectively.

The grant date fair value of the RSUs and non-vested shares is established using the market price of the Company's stock on the date of grant.

A summary of the non-vested share and RSU activity is as follows:

	Non-Vested Shares		Restricted Share Units	
	Shares	Weighted-Average Grant Date Fair Value	Units	Weighted-Average Grant Date Fair Value
Outstanding at January 1, 2015	107	$ 14.21	199	$14.67
Granted	149	$ 3.74	188	$3.92
Forfeited	—	$ —	(98)	$12.96
Vested	(86)	$ 13.01	(79)	$14.53
Outstanding at December 31, 2015	170	$ 10.08	210	$5.91
Expected to vest at December 31, 2015	170	$ 10.08	106	$5.30

The unrecognized compensation cost as of December 31, 2015 associated with RSU and non-vested share awards was $1,051. The total fair value of shares vested during the years ended December 31, 2015, 2014 and 2013 was $1,762, $938 and $1,106, respectively.

Performance Shares

PSU awards are based on two independent conditions, the Company's relative total shareholder return ("RTSR"), which represents a market condition, and Company-specific target goals for Return on Invested Capital ("ROIC") as defined in the LTC Plans.

There were no PSUs awarded by the Company under the 2015 LTC Plan. The status of PSUs that have been awarded as part of the active LTC Plans is summarized below as of December 31, 2015:

Plan Year	Grant Date Fair Value	Estimated Number of Performance Shares to be Issued	Maximum Number of Performance Shares that Could Potentially be Issued
2014 LTC Plan			
RTSR performance condition	$20.16	—	69
ROIC performance condition	$14.35	—	69
2013 LTC Plan			
RTSR performance condition	$24.74	—	46
ROIC performance condition	$16.29	—	46

The grant date fair values of PSU awards containing the RTSR performance condition were estimated using a Monte Carlo simulation with the following assumptions:

	2014		2013	
Grant Date Fair Value per Share Unit	$20.16		$24.74	
Expected volatility	40.8	%	59.5	%
Risk-free interest rate	0.79	%	0.38	%
Expected life (in years)	2.77		2.82	
Expected dividend yield	—		—	

The grant date fair values for PSU awards subject to the ROIC performance condition were established using the market price of the Company's common stock on the date of grant.

Final award vesting and distribution of performance awards at December 31, 2015 that were granted under the 2013 LTC Plan was determined based on the Company's actual performance versus the target goals for a three-year consecutive period (as defined in the 2013 Plan). Refer to the table above for the number of shares expected to be issued under 2013 LTC Plan. The unrecognized compensation cost as of December 31, 2015 associated with the 2014 LTC Plan performance share units is $219.

Stock Options

In addition to the stock options granted under the 2015 STI Plan, the Company granted 583 stock options under the 2015 LTC Plan which vest in three equal installments during 2016, 2017 and 2018. The first installment will be exercisable 12 months after the date of grant and the remaining installments will be exercisable on February 25, 2017 and February 25, 2018, except for awards granted to the Company's President and Chief Executive Officer which become exercisable on April 17, 2017 and April 18, 2018. The strike price was equal to the closing price of the Company's stock on the date of grant. The term of the options is 10 years from the date of grant.

The weighted average grant date fair value of $2.05 per share for the options granted under the 2015 LTC Plan was estimated using the Black-Scholes option-pricing model with the following assumptions:

Expected volatility	55.7	%
Risk-free interest rate	1.8	%
Expected life (in years)	5.8	
Expected dividend yield	—	

A summary of stock option activity under all stock-based compensation plans is as follows:

	Shares	Weighted Average Exercise Price	Intrinsic Value	Weighted Average Remaining Contractual Life
Stock options outstanding at January 1, 2015	82	$13.62		
Granted	707	$3.92		
Exercised	—	$—		
Forfeited	(64)	$5.03		
Expired	(34)	$14.77		
Stock options outstanding at December 31, 2015	691	$4.43	$—	9.2 years
Stock options exercisable at December 31, 2015	40	$12.79	$—	2.2 years
Stock options vested or expected to vest as of December 31, 2015	530	$4.59	$—	9.0 years

The total intrinsic value of options exercised during the years ended December 31, 2014 and 2013 was $56 and $914, respectively. There were no options exercised during the year ended December 31, 2015. The unrecognized compensation cost associated with stock options as of December 31, 2015 was $818.

(9) Employee Benefit Plans

Pension Plans

Certain employees of the Company are covered by Company-sponsored pension plans and a supplemental pension plan (collectively, the “pension plans”). These pension plans are defined benefit, noncontributory plans. Benefits paid to retirees are based upon age at retirement, years of credited service and average earnings. The Company also has a supplemental pension plan, which is a non-qualified, unfunded plan. The Company uses a December 31 measurement date for the pension plans.

The Company-sponsored pension plans are frozen for all employees except for employees represented by the United Steelworkers of America. The assets of the Company-sponsored pension plans are maintained in a single trust account.

The Company’s funding policy is to satisfy the minimum funding requirements of the Employee Retirement Income Security Act of 1974, commonly called ERISA.

In conjunction with the restructuring activities in the second quarter of 2015, the Company recorded a pension curtailment charge of $2,923 and a pension settlement charge of $3,915 in the year ended December 31, 2015 related to the company-sponsored defined benefit plans.

Components of net periodic pension plans cost were as follows:

	2015	2014	2013
Service cost	$549	$453	$699
Interest cost	6,938	6,885	6,327
Expected return on assets	(9,395)	(8,381)	(9,278)
Amortization of prior service cost	244	282	322
Amortization of actuarial loss	4,018	1,717	1,942
Settlement charge	3,915	—	—
Curtailment charge	2,923	—	—
Net periodic pension plans cost	$9,192	$956	$12

The expected amortization of pension prior service cost and actuarial loss for the next fiscal year are $200 and $1,832, respectively.