UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

or

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

For the transition period from __________ to __________

Commission File No. 001-35938

GLOBAL BRASS AND COPPER HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**06-1826563**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
475 N. Martingale Road Suite 1050 Schaumburg, IL	**60173**
(Address of principal executive offices)	**(Zip Code)**

(847) 240-4700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	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 ☒

On October 29, 2015, there were 21,507,154 shares of common stock outstanding.

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements.
Global Brass and Copper Holdings, Inc.
Consolidated Balance Sheets (Unaudited)

(In millions, except share and par value data)	As of September 30, 2015	As of December 31, 2014	As of September 30, 2014
Assets			
Current assets:			
Cash	$ 73.5	$ 44.6	$ 17.4
Accounts receivable (net of allowance of $1.3, $1.0 and $1.0 at September 30, 2015, December 31, 2014 and September 30, 2014, respectively)	154.5	152.3	194.1
Inventories	197.0	189.0	216.2
Prepaid expenses and other current assets	16.3	26.2	23.6
Deferred income taxes	33.9	30.1	32.0
Income tax receivable	—	8.3	4.4
Total current assets	475.2	450.5	487.7
Property, plant and equipment	148.2	138.6	132.2
Less: Accumulated depreciation	44.3	35.1	31.7
Property, plant and equipment, net	103.9	103.5	100.5
Investment in joint venture	—	2.0	2.5
Goodwill	4.4	4.4	4.4
Intangible assets, net	0.5	0.6	0.6
Deferred income taxes	2.5	0.8	1.2
Other noncurrent assets	12.1	14.7	15.6
Total assets	$ 598.6	$ 576.5	$ 612.5
Liabilities and equity			
Current liabilities:			
Current portion of capital lease obligation	$ 1.1	$ 1.0	$ 1.0
Accounts payable	91.8	82.5	106.0
Accrued liabilities	53.1	57.3	54.6
Accrued interest	11.5	3.2	12.2
Income tax payable	0.5	0.5	0.2
Total current liabilities	158.0	144.5	174.0
Non-current portion of debt	357.9	379.8	388.5
Deferred income taxes	—	0.8	—
Other noncurrent liabilities	25.4	25.4	25.6
Total liabilities	541.3	550.5	588.1
Commitments and contingencies (Note 12)			
Global Brass and Copper Holdings, Inc. stockholders' equity:			
Common stock - $0.01 par value; 80,000,000 shares authorized; 21,553,883, 21,369,407 and 21,369,407 shares issued at September 30, 2015, December 31, 2014 and September 30, 2014, respectively	0.2	0.2	0.2
Additional paid-in capital	35.8	32.5	32.1
Retained earnings (accumulated deficit)	19.6	(10.1)	(12.1)
Treasury stock - 46,729, 29,200 and 29,200 shares at September 30, 2015, December 31, 2014 and September 30, 2014, respectively	(0.7)	(0.4)	(0.4)
Accumulated other comprehensive (loss) income	(1.9)	(0.6)	0.3
Total Global Brass and Copper Holdings, Inc. stockholders' equity	53.0	21.6	20.1
Noncontrolling interest	4.3	4.4	4.3
Total equity	57.3	26.0	24.4
Total liabilities and equity	$ 598.6	$ 576.5	$ 612.5

The accompanying notes are an integral part of these consolidated financial statements.

Global Brass and Copper Holdings, Inc.
Consolidated Statements of Operations (Unaudited)

(In millions, except per share data)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net sales	$ 367.7	$ 436.8	$ 1,182.8	$ 1,321.1
Cost of sales	325.1	392.2	1,046.0	1,188.7
Gross profit	42.6	44.6	136.8	132.4
Selling, general and administrative expenses	20.2	18.8	63.5	57.5
Operating income	22.4	25.8	73.3	74.9
Interest expense	9.9	10.0	29.8	29.7
Loss on extinguishment of debt	2.3	—	2.3	—
Gain on sale of investment in joint venture	—	—	(6.3)	—
Other (income) expense, net	(0.1)	0.1	(0.2)	0.3
Income before provision for income taxes and equity income	10.3	15.7	47.7	44.9
Provision for income taxes	3.3	5.7	15.7	16.5
Income before equity income	7.0	10.0	32.0	28.4
Equity income, net of tax	—	0.3	0.3	0.8
Net income	7.0	10.3	32.3	29.2
Less: Net income attributable to noncontrolling interest	0.1	0.1	0.2	0.3
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 6.9	$ 10.2	$ 32.1	$ 28.9
Net income attributable to Global Brass and Copper Holdings, Inc. per common share:				
Basic	$ 0.32	$ 0.48	$ 1.51	$ 1.36
Diluted	$ 0.32	$ 0.48	$ 1.50	$ 1.36
Weighted average common shares outstanding:				
Basic	21.3	21.2	21.3	21.2
Diluted	21.4	21.3	21.4	21.3
Dividends declared per common share	$ 0.0375	$ 0.0375	$ 0.1125	$ 0.1125

The accompanying notes are an integral part of these consolidated financial statements.

Global Brass and Copper Holdings, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)

(In millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net income	$ 7.0	$ 10.3	$ 32.3	$ 29.2
Other comprehensive income:				
Foreign currency translation adjustment	(1.4)	(0.3)	(1.9)	(0.4)
Less: Income tax benefit on foreign currency translation adjustment	(0.3)	(0.2)	(0.5)	(0.2)
Comprehensive income	5.9	10.2	30.9	29.0
Less: Comprehensive (loss) income attributable to noncontrolling interest	(0.1)	0.1	0.1	0.3
Comprehensive income attributable to Global Brass and Copper Holdings, Inc.	$ 6.0	$ 10.1	$ 30.8	$ 28.7

The accompanying notes are an integral part of these consolidated financial statements.

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Global Brass and Copper Holdings, Inc.
Consolidated Statements of Changes in Equity / (Deficit) (Unaudited)

(In millions, except share data)	Common stock	Additional paid-in capital	Retained earnings / (accumulated deficit)/	Treasury stock	Accumulated other comprehensive (loss) income	Total Global Brass and Copper Holdings, Inc. stockholders' equity/(deficit)	Noncontrolling interest	Total equity/ (deficit)
Balance at December 31, 2013	$ 0.2	$ 30.5	$ (38.6)	$ —	$ 0.5	$ (7.4)	$ 4.0	$ (3.4)
Share-based compensation (106,316 shares)	—	1.3	—	—	—	1.3	—	1.3
Exercise of stock options (11,605 shares)	—	0.1	—	—	—	0.1	—	0.1
Share repurchases (29,200 shares)	—	—	—	(0.4)	—	(0.4)	—	(0.4)
Excess tax benefit on share-based compensation	—	0.2	—	—	—	0.2	—	0.2
Dividends declared	—	—	(2.4)	—	—	(2.4)	—	(2.4)
Net income	—	—	28.9	—	—	28.9	0.3	29.2
Other comprehensive loss, net of tax	—	—	—	—	(0.2)	(0.2)	—	(0.2)
Balance at September 30, 2014	$ 0.2	$ 32.1	$ (12.1)	$ (0.4)	$ 0.3	$ 20.1	$ 4.3	$ 24.4
Balance at December 31, 2014	$ 0.2	$ 32.5	$ (10.1)	$ (0.4)	$ (0.6)	$ 21.6	$ 4.4	$ 26.0
Share-based compensation (172,678 shares)	—	3.1	—	—	—	3.1	—	3.1
Exercise of stock options (11,798 shares)	—	0.1	—	—	—	0.1	—	0.1
Share repurchases (17,529 shares)	—	—	—	(0.3)	—	(0.3)	—	(0.3)
Excess tax benefit on share-based compensation	—	0.1	—	—	—	0.1	—	0.1
Dividends declared	—	—	(2.4)	—	—	(2.4)	—	(2.4)
Distribution to noncontrolling interest	—	—	—	—	—	—	(0.2)	(0.2)
Net income	—	—	32.1	—	—	32.1	0.2	32.3
Other comprehensive loss, net of tax	—	—	—	—	(1.3)	(1.3)	(0.1)	(1.4)
Balance at September 30, 2015	$ 0.2	$ 35.8	$ 19.6	$ (0.7)	$ (1.9)	$ 53.0	$ 4.3	$ 57.3

The accompanying notes are an integral part of these consolidated financial statements.

Global Brass and Copper Holdings, Inc.
Consolidated Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30,	
(In millions)	2015	2014
Cash flows from operating activities		
Net income	$ 32.3	$ 29.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Lower of cost or market adjustment to inventory	4.8	0.2
Unrealized loss on derivatives	0.1	0.3
Depreciation	10.0	8.8
Amortization of intangible assets	0.1	0.1
Amortization of debt issuance costs	2.1	2.0
Loss on debt extinguishment	2.3	—
Share-based compensation expense	3.1	1.3
Excess tax benefit from share-based compensation	(0.1)	(0.2)
Provision for bad debts, net of reductions	0.4	(0.1)
Deferred income taxes	(5.8)	3.1
Loss on disposal of property, plant and equipment	0.4	—
Gain on sale of investment in joint venture	(6.3)	—
Equity earnings, net of distributions	0.1	(0.4)
Change in assets and liabilities:		
Accounts receivable	(3.5)	(22.3)
Inventories	(13.9)	(25.8)
Prepaid expenses and other current assets	9.9	(1.4)
Accounts payable	11.9	23.6
Accrued liabilities	(4.6)	(1.3)
Accrued interest	8.3	8.9
Income taxes, net	8.4	(0.2)
Other, net	—	(1.1)
Net cash provided by operating activities	60.0	24.7
Cash flows from investing activities		
Capital expenditures	(13.0)	(19.5)
Proceeds from sale of property, plant, and equipment	0.1	0.8
Proceeds from sale of investment in joint venture	8.0	—
Net cash used in investing activities	(4.9)	(18.7)
Cash flows from financing activities		
Borrowings on ABL Facility	0.9	245.1
Payments on ABL Facility	(0.9)	(242.1)
Purchases of Senior Secured Notes	(21.1)	—
Premium payment on partial debt extinguishment	(1.8)	—
Principal payments under capital lease obligation	(0.7)	—
Dividends paid	(2.4)	(2.4)
Distribution to noncontrolling interest owner	(0.2)	—
Proceeds from exercise of stock options	0.1	0.1
Excess tax benefit from share-based compensation	0.1	0.2
Share repurchases	(0.3)	(0.4)
Net cash (used in) provided by financing activities	(26.3)	0.5
Effect of foreign currency exchange rates	0.1	0.1
Net increase in cash	28.9	6.6
Cash at beginning of period	44.6	10.8
Cash at end of period	$ 73.5	$ 17.4
Noncash investing and financing activities		
Purchases of property, plant and equipment not yet paid	$ 1.8	$ 1.4
Acquisition of equipment under capital lease obligation	$ —	$ 6.0

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presentation and Principles of Consolidation

Global Brass and Copper Holdings, Inc. ("Holdings," the "Company," "we," "us," or "our") through its wholly-owned principal operating subsidiary, Global Brass and Copper, Inc. ("GBC"), is operated and managed through three reportable segments: GBC Metals, LLC ("Olin Brass"), Chase Brass and Copper Company, LLC ("Chase Brass") and A.J. Oster, LLC ("A.J. Oster").

These unaudited consolidated financial statements include the accounts of the Company, our wholly-owned subsidiaries and our majority-owned subsidiaries in which we have a controlling interest. All intercompany accounts and transactions are eliminated in consolidation. The equity method is used to account for investments in affiliated companies that are 20% to 50% owned where we do not hold a controlling voting interest and do not direct the matters that most significantly impact the investee's operations.

The accompanying unaudited interim consolidated financial statements include all normal recurring adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. The December 31, 2014 consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP"). Certain information and disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

The preparation of 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. In addition, it requires management to make estimates and assumptions that affect the reported amount of net sales and expenses during the reporting periods. Actual amounts could differ from those estimates.

Results of operations for the interim periods presented are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole. There have been no significant changes to our significant accounting policies during the nine months ended September 30, 2015. These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company included in our Annual Report on Form 10-K for the year ended December 31, 2014.

Revision of Prior Period Statements of Cash Flows

We revised our consolidated statement of cash flows for the nine months ended September 30, 2014 to correct errors related to the treatment of purchases of property, plant and equipment for which cash had not yet been paid. These non-cash purchases were previously reflected as a component of net cash used in operating activities and net cash used in investing activities. We assessed and determined that the error is not material to any previously reported annual or interim financial statements. The revision of prior reported amounts has no impact on the reported change in cash or amounts reported in the consolidated balance sheets, statements of operations, statements of comprehensive income or statements of changes in equity / (deficit).

For the nine months ended September 30, 2014, the correction to cash flows from operating activities was to adjust the cash effect of the change in accounts payable and the change in accrued liabilities by $3.0 million and $0.3 million, respectively, from $20.6 million and $1.6 million, respectively, to $23.6 million and $1.3 million, respectively. The correction to cash flows from investing activities was to adjust capital expenditures by $3.3 million, from $16.2 million to $19.5 million. The revision resulted in an increase of $3.3 million to the Company's "net cash provided by operating activities" for the nine months ended September 30, 2014, with a corresponding increase to "net cash used in investing activities".

Recently Issued and Recently Adopted Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-16, *Business Combinations (Topic 805) Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. ASU 2015-16 is effective for fiscal years, and interim reporting periods within those fiscal years, beginning after December 15, 2015. We do not expect the adoption of this standard to have a material effect on our financial statements.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory* (“ASU 2015-11”). ASU 2015-11 simplifies the guidance on the subsequent measurement of inventory, excluding inventory measured using last-in, first-out (“LIFO”) or the retail inventory method. Under the new standard, in scope inventory, which includes inventory that is measured using first-in, first-out (“FIFO”) or average cost, should be measured at the lower of cost and net realizable value. Prior to the issuance of the standard, inventory was measured at the lower of cost or market (where market was defined as replacement cost, with a ceiling of net realizable value and floor of net realizable value less a normal profit margin). The new standard is effective for interim and annual periods beginning after December 15, 2016, with early adoption permitted. We are in the process of evaluating the impact of adoption on our consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-3, *Interest — Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs* (“ASU 2015-3”), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-3 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted. ASU 2015-3 requires retrospective adoption. In August 2015, the FASB issued ASU No. 2015-15, *Interest – Imputation of Interest (Subtopic 835-30), Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of Credit Arrangements* (“ASU 2015-15”). ASU 2015-15 provides additional guidance to ASU 2015-3, which did not address presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 noted that the Securities and Exchange Commission (“SEC”) staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. We do not expect the adoption of these standards to have a material effect on our financial statements.

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014, in May 2014, the FASB issued ASU No. 2014-9, *Revenue from Contracts with Customers* (“ASU 2014-9”). The guidance provides companies with a single model for use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific revenue guidance. In August 2015, the FASB issued ASU No. 2015-14, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date* (“ASU 2015-14”), which is an amendment to ASU 2014-9 and defers its effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The guidance permits companies to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. We are in the process of evaluating the impact of adoption on our consolidated financial statements.

2. Earnings Per Share

Basic earnings per share is computed based on the weighted-average number of common shares outstanding and diluted earnings per share is computed based on the weighted-average number of common shares outstanding adjusted by the number of additional shares that would have been outstanding had potentially dilutive common shares been issued. Potentially dilutive securities include nonvested share awards and stock options for which the exercise price was less than the average market price of our outstanding common stock. Nonvested performance-based share awards are included in the average diluted shares outstanding for each period if established performance criteria have been met at the end of the respective periods.

The following table sets forth the computation of basic and diluted earnings per share:

(in millions, except per share data)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Numerator				
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 6.9	$ 10.2	$ 32.1	$ 28.9
Denominator				
Weighted-average common shares outstanding	21.3	21.2	21.3	21.2
Effect of potentially dilutive securities:				
Stock options and nonvested share awards	0.1	0.1	0.1	0.1
Weighted-average common shares outstanding, assuming dilution	21.4	21.3	21.4	21.3
Net income attributable to Global Brass and Copper Holdings, Inc. per common share:				
Basic	$ 0.32	$ 0.48	$ 1.51	$ 1.36
Diluted	$ 0.32	$ 0.48	$ 1.50	$ 1.36

The computation of weighted-average common shares outstanding, assuming dilution, for the periods presented, includes the average common shares outstanding that would result from the assumed exercise of outstanding stock options and vesting of restricted stock awards and vesting of the portion of performance-based shares for which the established performance criterion has been met. Weighted-average common shares outstanding, assuming dilution, for the three and nine months ended September 30, 2014 excluded 150,740 shares and 147,136 shares awarded under our equity incentive plan, respectively, because they were anti-dilutive.

3. Inventories

Inventories were as follows:

(in millions)	As of September 30, 2015	As of December 31, 2014	As of September 30, 2014
Raw materials and supplies	$ 33.7	$ 29.7	$ 35.2
Work-in-process	80.6	78.7	82.8
Finished goods	82.7	80.6	98.2
Total inventories	$ 197.0	$ 189.0	$ 216.2

Inventories include costs attributable to direct labor and manufacturing overhead, but are primarily comprised of raw material costs. The metals component of inventories that is valued on a LIFO basis comprised approximately 70% of total inventory at September 30, 2015, December 31, 2014 and September 30, 2014. Other manufactured inventories, including the direct labor and manufacturing overhead components and certain non-U.S. inventories, are valued on a FIFO basis.

During the three months ended September 30, 2015, we reduced the recorded value of certain domestic, non-copper metal inventory by $2.3 million, resulting from the decline in market value of these metals. We did not record a similar adjustment in the three months ended September 30, 2014. During the nine months ended September 30, 2015 and 2014, these adjustments were $4.8 million and $0.2 million, respectively. These non-cash, lower of cost or market adjustments were recorded in cost of sales in the accompanying consolidated statements of operations.

If all inventories had been valued at period-end market values, inventories would have been approximately $248.9 million, $280.1 million and $316.7 million at September 30, 2015, December 31, 2014 and September 30, 2014, respectively.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were as follows:

	As of		
(in millions)	September 30, 2015	December 31, 2014	September 30, 2014
Workers’ compensation plan deposits	$ 6.3	$ 6.2	$ 5.7
Deferred cost of sales - toll customers	2.9	12.7	9.1
Prepaid insurance	2.4	2.8	3.4
Derivative contract assets	1.1	1.3	1.6
Prepaid tooling	0.5	1.2	1.2
Other	3.1	2.0	2.6
Total prepaid expenses and other current assets	$ 16.3	$ 26.2	$ 23.6

5. Investment in Joint Venture

During each of the nine months ended September 30, 2015 and 2014, we received cash dividends from Dowa Olin Metal Corporation (the “Dowa Joint Venture”) of $0.4 million, which were recorded as a reduction in our investment in the Dowa Joint Venture.

On April 3, 2015, we sold our 50% share of the Dowa Joint Venture to our joint venture partner, DOWA Metaltech Co. Ltd. for $8.0 million. Thus, we no longer own any portion of the Dowa Joint Venture. During the nine months ended September 30, 2015, we recognized a gain of $6.3 million and related tax expense of $1.5 million on the sale.

6. Accrued Liabilities

Accrued liabilities consisted of the following:

	As of		
(in millions)	September 30, 2015	December 31, 2014	September 30, 2014
Compensation and benefits	$ 23.6	$ 18.1	$ 18.7
Workers’ compensation	13.8	14.2	14.6
Deferred sales revenue - toll customers	2.9	12.7	9.1
Insurance	2.9	2.5	2.2
Professional fees	2.5	2.1	2.7
Utilities	1.8	1.5	1.7
Taxes	1.3	1.7	1.3
Tooling	0.4	0.8	0.6
Other	3.9	3.7	3.7
Total accrued liabilities	$ 53.1	$ 57.3	$ 54.6

7. Financing

Long-term debt consisted of the following:

	As of		
(in millions)	September 30, 2015	December 31, 2014	September 30, 2014
Senior Secured Notes	$ 353.9	$ 375.0	$ 375.0
ABL Facility	—	—	8.5
Obligations under capital lease	5.1	5.8	6.0
Total debt	359.0	380.8	389.5
Less: Current portion of capital lease obligations	1.1	1.0	1.0
Non-current portion of debt	$ 357.9	$ 379.8	$ 388.5

Senior Secured Notes

We have $353.9 million of senior secured notes outstanding that mature on June 1, 2019 (the "Senior Secured Notes") and are guaranteed by Holdings. Interest on the Senior Secured Notes accrues at the rate of 9.50% per annum and is payable semiannually in arrears on June 1 and December 1.

During the three months ended September 30, 2015, we purchased in the open market an aggregate of $21.1 million principal amount of our Senior Secured Notes for an aggregate purchase price of $22.9 million, plus accrued interest. As a result of these purchases, we recognized a loss on the extinguishment of debt of $2.3 million, which includes a premium of $1.8 million and the write-off of $0.5 million of unamortized debt issuance costs.

The credit agreement governing the ABL Facility (hereinafter defined) and the indenture governing the Senior Secured Notes (the "Indenture") limit the ability of GBC and its subsidiaries to pay dividends or distribute cash to Holdings and to its equityholders, although ordinary course dividends and distributions to meet the limited holding company expenses and related obligations at Holdings of up to $5.0 million per year are permitted under those agreements. Under the terms of the Indenture, GBC is also permitted to pay dividends or distribute to Holdings and its equityholders up to 50% of its "Consolidated Net Income" (as such term is used in the Indenture) from April 1, 2012 to the end of GBC's most recently ended fiscal quarter. As of September 30, 2015, all of the net assets of the subsidiaries are restricted except for $78.0 million, which are permitted for dividend distributions under the Indenture. As of September 30, 2015, we were in compliance with all of the covenants relating to the Indenture.

ABL Facility

Available borrowings under our asset-based revolving loan facility (the "ABL Facility") were $200.0 million, $199.5 million and $191.0 million as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively. As of September 30, 2015, December 31, 2014 and September 30, 2014, amounts outstanding, if any, under the ABL Facility accrued interest at a rate of 4.25%. Unused amounts under the ABL Facility incur an unused line fee of 0.50% per annum, payable in full on a quarterly basis.

The ABL Facility has an expiration date of June 1, 2017 and contains various debt covenants to which we are subject on an ongoing basis. As of September 30, 2015, we were in compliance with all of the covenants under the ABL Facility.

8. Income Taxes

The effective income tax rate, which is the provision for income taxes as a percentage of income before provision for income taxes and equity income, was 32.0% and 36.3% for the three months ended September 30, 2015 and 2014, respectively. The effective income tax rate was 32.9% and 36.7% for the nine months ended September 30, 2015 and 2014, respectively. The effective income tax rates for the three and nine months ended September 30, 2015 and 2014 differed from the U.S. Federal statutory rate of 35% primarily due to state income taxes, utilization of foreign tax credits in 2015 due to the sale of our share of the Dowa Joint Venture, the domestic manufacturing deduction, and discrete tax items that impacted the provision for income taxes in these periods.

As of September 30, 2015, December 31, 2014 and September 30, 2014, we had $25.2 million, $25.2 million and $25.4 million, respectively, of unrecognized tax benefits, none of which would impact the effective tax rate, if recognized. Estimated interest and penalties related to the underpayment of income taxes are classified as a component of provision for income taxes. There were no such estimated amounts for the three and nine months ended September 30, 2015 or 2014. Accrued interest and penalties as of September 30, 2015, December 31, 2014 and September 30, 2014 were $0.1 million. Our liability for uncertain tax positions of $25.3 million, $25.3 million and $25.5 million at September 30, 2015, December 31, 2014 and September 30, 2014, respectively, is presented in other noncurrent liabilities in the accompanying unaudited consolidated balance sheets.

Our U.S. federal returns for the period ended December 31, 2012 and all subsequent periods remain open for audit. The majority of state returns for the period ended December 31, 2011 and all subsequent periods also remain open for audit.

9. Segment Information

Our Chief Operating Decision Maker allocates resources and evaluates performance at the divisional level. As such, we have determined that we have three reportable segments: Olin Brass, Chase Brass and A.J. Oster.

Olin Brass is a leading manufacturer and converter of copper and brass sheet, strip and fabricated products. Olin Brass also rerolls and forms other alloys such as stainless steel, carbon steel and aluminum. Olin Brass's products are used in five primary markets: building and housing, munitions, automotive, coinage, and electronics/electrical components.

Chase Brass is a leading manufacturer of brass rod in North America. Chase Brass primarily manufactures brass rod, including round and other shapes, ranging from 1/4 inch to 4.5 inches in diameter. The key attributes of brass rod include its machinability, corrosion resistance and moderate strength, making it especially suitable for forging and machining products such as valves and fittings. Brass rod is generally manufactured from copper or copper-alloy scrap. Chase Brass produces brass rod used in production applications which can be grouped into four primary markets: building and housing, transportation, electronics/electrical components and industrial machinery and equipment.

A.J. Oster is a processor and distributor primarily of copper and copper-alloy sheet, strip and foil. A.J. Oster operates six strategically-located service centers in the United States, Puerto Rico and Mexico. Each A.J. Oster service center reliably provides a broad range of high quality products at quick lead-times in small quantities. These capabilities, combined with A.J. Oster's operations of precision slitting, hot tinning, traverse winding, cutting, edging and special packaging, provide value to a broad customer base. A.J. Oster's products are used in three primary markets: building and housing, automotive and electronics/electrical components.

Corporate and Other includes compensation for corporate executives and officers, corporate office and administrative salaries, and professional fees for accounting, tax and legal services. Corporate and Other also includes interest expense, state and Federal income taxes, overhead costs, share-based compensation expense, costs related to other long-term incentive programs, gains and losses associated with certain acquisitions and dispositions and the elimination of intercompany balances and transactions.

The Chief Operating Decision Maker evaluates performance and determines resource allocations based on a number of factors, the primary performance measure being Adjusted EBITDA.

Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization ("EBITDA") adjusted to exclude unrealized gains and losses on derivative contracts in support of our balanced book approach, unrealized gains and losses associated with derivative contracts related to electricity and natural gas costs, non-cash losses due to lower of cost or market adjustments to inventory, non-cash gains and losses due to the depletion of a LIFO layer of metal inventory, share-based compensation expense, loss on extinguishment of debt, non-cash income accretion related to the Dowa Joint Venture, restructuring and other business transformation charges, specified legal and professional expenses and certain other items, each of which are excluded because our management believes they are not indicative of the ongoing performance of our core operations.

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

Below is a reconciliation of Adjusted EBITDA of segments to income before provision for income taxes and equity income:

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Sales, External Customers				
Olin Brass	$ 163.3	$ 200.4	$ 525.5	$ 613.0
Chase Brass	129.6	154.7	427.5	470.0
A.J. Oster	74.8	81.7	229.8	238.1
Total net sales, external customers	$ 367.7	$ 436.8	$ 1,182.8	$ 1,321.1
Intersegment Net Sales				
Olin Brass	$ 11.5	$ 16.7	$ 41.8	$ 44.6
Chase Brass	0.3	—	1.5	—
A.J. Oster	0.1	0.2	0.1	0.2
Total intersegment net sales	$ 11.9	$ 16.9	$ 43.4	$ 44.8
Adjusted EBITDA				
Olin Brass	$ 15.0	$ 11.0	$ 42.0	$ 31.1
Chase Brass	15.5	18.1	54.0	54.2
A.J. Oster	4.6	4.5	12.8	12.6
Total Adjusted EBITDA of segments	35.1	33.6	108.8	97.9
Corporate and Other	(4.5)	(3.2)	(7.9)	(9.2)
Depreciation expense	(3.4)	(3.5)	(10.0)	(8.8)
Amortization expense	(0.1)	(0.1)	(0.1)	(0.1)
Interest expense	(9.9)	(10.0)	(29.8)	(29.7)
Net income attributable to noncontrolling interest	0.1	0.1	0.2	0.3
Unrealized (loss) gain on derivative contracts (a)	(0.8)	0.1	(0.1)	(0.3)
Loss on extinguishment of debt (b)	(2.3)	—	(2.3)	—
Equity method investment income (c)	—	(0.2)	(0.1)	(0.3)
Specified legal/professional expenses (d)	(0.4)	(1.1)	(2.2)	(3.1)
Lower of cost or market adjustment to inventory (e)	(2.3)	—	(4.8)	(0.2)
Share-based compensation expense (f)	(1.2)	0.3	(3.1)	(1.3)
Restructuring and other business transformation charges (g)	—	(0.3)	(0.9)	(0.3)
Income before provision for income taxes and equity income	$ 10.3	$ 15.7	$ 47.7	$ 44.9

(a) Represents unrealized gains and losses on derivative contracts.

(b) Represents the loss on extinguishment of debt recognized in connection with the open market purchases of Senior Secured Notes.

(c) Excludes accretion income of $0.1 million for the three months ended September 30, 2014. Excludes accretion income of $0.2 million and $0.5 million for the nine months ended September 30, 2015 and 2014, respectively. Equity method investment income is exclusive to Olin Brass.

(d) Represents selected professional fees for accounting, tax, legal and consulting services incurred as a public company that exceed our expected long-term requirements.

(e) Represents non-cash lower of cost or market charges for the write down of domestic, non-copper metal inventory.

(f) Represents share-based compensation expense resulting from the grant of non-qualified stock options, restricted stock and performance-based shares to certain employees, members of our management and our Board of Directors.

(g) Restructuring and other business transformation charges for the nine months ended September 30, 2015 and the three and nine months ended September 30, 2014 represent severance charges at Olin Brass.

10. Derivative Contracts

We maintain a metal, natural gas and electricity pricing risk-management strategy that uses commodity derivative contracts to minimize significant, unanticipated gains or losses that may arise from volatility of the commodity indices.

We are also exposed to credit risk and market risk. Credit risk is the risk that the counterparty might fail to fulfill its performance obligations under the terms of the derivative contract. Market risk is the risk that the value of a derivative instrument might be adversely affected by a change in commodity price. We manage the market risk associated with derivative contracts by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

We manage credit risk associated with derivative contracts by executing derivative instruments with counterparties that we believe are credit-worthy. The amount of such credit risk is limited to the fair value of the derivative contract plus the unpaid portion of amounts due to the Company pursuant to terms of the derivative contracts, if any. If the credit worthiness of these counterparties deteriorates, management believes that this exposure is mitigated by provisions in the derivative arrangements which allow for the legal right of offset of any amounts due to the Company from the counterparties, if any, with any amounts payable to the counterparties by the Company.

The following tables provide a summary of our outstanding commodity derivative contracts:

(in millions, except for number of contracts)

	As of					
	September 30, 2015		December 31, 2014		September 30, 2014	
	Net Notional Amount	# of Contracts	Net Notional Amount	# of Contracts	Net Notional Amount	# of Contracts
Metal	$ 2.5	814	$ 13.4	400	$ (7.4)	526
Natural gas	1.6	53	2.6	78	2.2	60
Electricity	1.6	19	5.9	77	3.4	41
Total	$ 5.7	886	$ 21.9	555	$ (1.8)	627

	As of		
(in millions)	September 30, 2015	December 31, 2014	September 30, 2014
Notional amount - long	$ 29.4	$ 29.9	$ 22.5
Notional amount - (short)	(23.7)	(8.0)	(24.3)
Net long / (short)	$ 5.7	$ 21.9	$ (1.8)

The fair values of derivative contracts in the consolidated balance sheets include the impact of netting derivative assets and liabilities when a legally enforceable master netting arrangement exists. The following tables summarize the gross amounts of open derivative contracts, the net amounts presented in the consolidated balance sheets, and the collateral deposited with counterparties:

(in millions)	As of September 30, 2015		
	Gross Amounts of Recognized Assets	**Gross Amounts Offset in Consolidated Balance Sheet**	**Net Amounts of Assets Presented in Consolidated Balance Sheet**
Metal	$ 1.6	$ (1.6)	$ —
Natural gas	—	—	—
Electricity	—	—	—
Collateral on deposit	3.2	(2.1)	1.1
Total	$ 4.8	$ (3.7)	$ 1.1
Consolidated balance sheet location:			
Prepaid expenses and other current assets			$ 1.1

(in millions)	As of September 30, 2015		
	Gross Amounts of Recognized Liabilities	**Gross Amounts Offset in Consolidated Balance Sheet**	**Net Amounts of Liabilities Presented in Consolidated Balance Sheet**
Metal	$ 3.1	$ (3.1)	$ —
Natural gas	0.4	(0.4)	—
Electricity	0.2	(0.2)	—
Total	$ 3.7	$ (3.7)	$ —

(in millions)	As of December 31, 2014		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Assets Presented in Consolidated Balance Sheet
Metal	$ 0.5	$ (0.5)	$ —
Natural gas	—	—	—
Electricity	0.2	(0.2)	—
Collateral on deposit	3.3	(2.0)	1.3
Total	$ 4.0	$ (2.7)	$ 1.3
Consolidated balance sheet location:			
Prepaid expenses and other current assets			$ 1.3

(in millions)	As of December 31, 2014		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Liabilities Presented in Consolidated Balance Sheet
Metal	$ 1.4	$ (1.4)	$ —
Natural gas	0.7	(0.7)	—
Electricity	0.6	(0.6)	—
Total	$ 2.7	$ (2.7)	$ —

(in millions)	As of September 30, 2014		
	Gross Amounts of Recognized Assets	**Gross Amounts Offset in Consolidated Balance Sheet**	**Net Amounts of Assets Presented in Consolidated Balance Sheet**
Metal	$ 1.1	$ (0.5)	$ 0.6
Natural gas	—	—	—
Electricity	0.3	(0.2)	0.1
Collateral on deposit	0.9	—	0.9
Total	$ 2.3	$ (0.7)	$ 1.6
Consolidated balance sheet location:			
Prepaid expenses and other current assets			$ 1.6

(in millions)	As of September 30, 2014		
	Gross Amounts of Recognized Liabilities	**Gross Amounts Offset in Consolidated Balance Sheet**	**Net Amounts of Liabilities Presented in Consolidated Balance Sheet**
Metal	$ 0.5	$ (0.5)	$ —
Natural gas	0.1	—	0.1
Electricity	0.2	(0.2)	—
Total	$ 0.8	$ (0.7)	$ 0.1
Consolidated balance sheet location:			
Accrued liabilities			$ 0.1

The following table summarizes the effects of derivative contracts in the consolidated statements of operations:

(in millions)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2015	**2014**	**2015**	**2014**
Losses (gains) in cost of sales for:				
Metal	$ 1.5	$ (0.5)	$ 1.4	$ (1.0)
Natural gas	0.2	0.2	0.3	—
Electricity	—	0.2	0.3	(1.4)
Total	$ 1.7	$ (0.1)	$ 2.0	$ (2.4)

11. Fair Value Measurements

ASC 820 specifies a fair value framework and hierarchy based upon the observability of inputs used in valuation techniques. In accordance with this guidance, fair value measurements are classified under the following hierarchy:

- **Level 1** - Quoted prices for identical instruments in active markets.
- **Level 2** - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.
- **Level 3** - Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

As of September 30, 2015, December 31, 2014 and September 30, 2014, the fair value of our commodity derivative contracts was $1.1 million, $1.3 million and $1.5 million, respectively. In accordance with ASC 820, our metal, natural gas and electricity commodity derivative contracts are considered Level 2, as fair value measurements consist of both quoted price inputs and inputs provided by a third party that are derived principally from or corroborated by observable market data by correlation. These assumptions include, but are not limited to, those concerning interest rates, credit rates, discount rates, default rates and other factors. All of our derivative commodity contracts have a set term of 24 months or less.

We do not hold assets or liabilities requiring a Level 3 measurement and there have not been any transfers between the hierarchy levels during 2015 or 2014.

For purposes of financial reporting, we have determined that the carrying value of cash, accounts receivable, accounts payable, and accrued expenses approximates fair value due to their short term nature. Additionally, given the revolving nature and the variable interest rates, we have determined that the carrying value of the ABL Facility also approximates fair value. As of September 30, 2015, the fair value of our Senior Secured Notes approximated $383.8 million compared to a carrying value of $353.9 million. As of December 31, 2014 and September 30, 2014, the fair value of our Senior Secured Notes approximated $405.0 million and $417.2 million, respectively, compared to a carrying value of $375.0 million. The fair value of the Senior Secured Notes was based upon quotes from financial institutions (Level 2 in the fair value hierarchy as defined by ASC 820).

12. Commitments and Contingencies

Environmental Considerations

We are subject to a variety of environmental laws and regulations governing discharges to air and water, the handling, storage and disposal of hazardous or solid waste materials and the remediation of contamination associated with releases of hazardous substances. Although we believe we are in material compliance with all of the various regulations applicable to our business, there can be no assurance that requirements will not change in the future or that we will not incur significant costs to comply with such requirements. We employ responsible personnel at each facility, along with various environmental engineering consultants from time to time to assist with ongoing management of environmental, health and safety requirements. We expense environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible. Expenditures that extend the life of the related property are capitalized. We determine our liability on a location by location basis and record a liability at the time it is deemed probable and can be reasonably estimated. We are currently not aware of any environmental matters which may have a material impact on our financial position, results of operations, or liquidity.

On November 19, 2007 (the date of inception of GBC), we acquired the assets and operations relating to the worldwide metals business of Olin Corporation. Olin Corporation agreed to retain liability arising out of the existing conditions on certain of our properties for any remedial actions required by environmental laws, and agreed to indemnify the Company for all or part of a number of other environmental liabilities. Since 2007, Olin Corporation has been performing remedial actions at the facilities in East Alton, Illinois and Waterbury, Connecticut related to environmental conditions at such facilities, and has been participating in remedial actions at certain other properties as well. If Olin Corporation were to stop its environmental remedial activities at our properties, we could be required to assume responsibility for these activities, the cost of which could be material.

Legal Considerations

We are party to various legal proceedings arising in the ordinary course of business. We believe that none of our lawsuits are individually material or that the aggregate exposure of all of our lawsuits, including those that are probable and those that are only reasonably possible, is material to our financial condition, results of operations or cash flows.

13. Condensed Consolidating Financial Information

In June 2012, Holdings (presented as “Parent” in the following tables), through its wholly-owned principal operating subsidiary, GBC (presented as “Issuer” in the following tables), issued the Senior Secured Notes as further described in Note 7, “Financing.” The Senior Secured Notes are jointly and severally guaranteed on a senior secured basis by Holdings and substantially all existing 100%-owned U.S. subsidiaries of GBC and any future restricted subsidiaries who guarantee or incur certain types of Permitted Debt, as such term is defined under the Indenture (individually, a "Guarantor" and collectively, the "Guarantors"). The guarantees are full and unconditional, except that a Guarantor can be automatically released and relieved of its obligations under certain customary provisions contained in the Indenture. Under these customary provisions, a Guarantor is automatically released from its obligations as a guarantor upon the sale of the Guarantor or substantially all of its assets to a third party, the designation of the Guarantor as an unrestricted subsidiary in accordance with the terms of the Indenture, the release or discharge of all guarantees by such Guarantor and the repayment of all indebtedness, or upon the Issuer's exercise of its legal defeasance option or covenant defeasance option or if the obligations under the Indenture are discharged in accordance with the terms of the Indenture. All other subsidiaries of GBC, whether direct or indirect, do not guarantee the Senior Secured Notes (collectively, the "Non-Guarantors").

Holdings is also a guarantor of the ABL Facility and substantially all of its 100%-owned U.S. subsidiaries are borrowers under, or guarantors of, the ABL Facility on a senior secured basis.

The following condensed consolidating financial information presents the financial position, results of operations, comprehensive income and cash flows of (1) the Parent, (2) the Issuer, (3) the Guarantors, (4) the Non-Guarantors and (5) eliminations to arrive at the information for the Company on a consolidated basis. The condensed consolidating financial information presented below is not necessarily indicative of the financial position, results of operations, comprehensive income or cash flows of the Parent, the Issuer, the Guarantors or the Non-Guarantors on a stand-alone basis.

As discussed in Note 1, "Basis of Presentation and Principles of Consolidation," the Company's consolidated statement of cash flows for the nine months ended September 30, 2014 reflects revisions to correct errors related to the treatment of purchases of property, plant and equipment for which cash had not yet been paid. The revision resulted in an increase of $3.3 million to the Company's and Guarantor Subsidiaries "net cash provided by operating activities" for the nine months ended September 30, 2014, with a corresponding increase to "net cash used in investing activities".

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(in millions)	Condensed Consolidating Balance Sheet As of September 30, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash	$ —	$ 63.0	$ 3.4	$ 8.5	$ (1.4)	$ 73.5
Accounts receivable, net of allowance	—	3.2	137.9	13.4	—	154.5
Inventories	—	—	188.5	14.7	(6.2)	197.0
Prepaid expenses and other current assets	—	10.1	5.7	0.5	—	16.3
Deferred income taxes	—	33.9	—	—	—	33.9
Total current assets	—	110.2	335.5	37.1	(7.6)	475.2
Property, plant and equipment, net	—	0.5	102.9	0.5	—	103.9
Investment in subsidiaries	61.8	853.0	23.2	—	(938.0)	—
Intercompany accounts	—	—	512.4	—	(512.4)	—
Goodwill	—	—	4.4	—	—	4.4
Intangible assets, net	—	—	0.5	—	—	0.5
Deferred income taxes	—	2.5	—	—	—	2.5
Other noncurrent assets	—	9.9	2.2	—	—	12.1
Total assets	$ 61.8	$ 976.1	$ 981.1	$ 37.6	$ (1,458.0)	$ 598.6
Liabilities and equity						
Current liabilities:						
Current maturities of long-term debt	$ —	$ —	$ 1.1	$ —	$ —	$ 1.1
Accounts payable	—	6.6	90.0	2.8	(7.6)	91.8
Accrued liabilities	—	19.7	32.7	0.7	—	53.1
Accrued interest	—	11.5	—	—	—	11.5
Income tax payable	—	—	0.2	0.3	—	0.5
Total current liabilities	—	37.8	124.0	3.8	(7.6)	158.0
Long-term debt	—	353.9	4.0	—	—	357.9
Other noncurrent liabilities	—	25.3	0.1	—	—	25.4
Intercompany accounts	8.8	497.3	—	6.3	(512.4)	—
Total liabilities	8.8	914.3	128.1	10.1	(520.0)	541.3
Global Brass and Copper Holdings, Inc. stockholders' equity	53.0	61.8	853.0	23.2	(938.0)	53.0
Noncontrolling interest	—	—	—	4.3	—	4.3
Total equity	53.0	61.8	853.0	27.5	(938.0)	57.3
Total liabilities and equity	$ 61.8	$ 976.1	$ 981.1	$ 37.6	$ (1,458.0)	$ 598.6

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Balance Sheet As of December 31, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash	$ —	$ 37.6	$ 3.8	$ 4.6	$ (1.4)	$ 44.6
Accounts receivable, net of allowance	—	2.6	131.6	18.1	—	152.3
Inventories	—	—	173.5	15.8	(0.3)	189.0
Prepaid expenses and other current assets	—	10.1	16.0	0.1	—	26.2
Deferred income taxes	—	30.1	—	—	—	30.1
Income tax receivable	—	8.4	—	—	(0.1)	8.3
Total current assets	—	88.8	324.9	38.6	(1.8)	450.5
Property, plant and equipment, net	—	0.7	102.4	0.4	—	103.5
Investment in joint venture	—	—	2.0	—	—	2.0
Investment in subsidiaries	29.8	752.5	23.1	—	(805.4)	—
Intercompany accounts	—	—	419.3	—	(419.3)	—
Goodwill	—	—	4.4	—	—	4.4
Intangible assets, net	—	—	0.6	—	—	0.6
Deferred income taxes	—	0.8	—	—	—	0.8
Other noncurrent assets	—	12.5	2.2	—	—	14.7
Total assets	$ 29.8	$ 855.3	$ 878.9	$ 39.0	$ (1,226.5)	$ 576.5
Liabilities and equity						
Current liabilities:						
Current maturities of long-term debt	$ —	$ —	$ 1.0	$ —	$ —	$ 1.0
Accounts payable	—	0.6	82.0	1.6	(1.7)	82.5
Accrued liabilities	—	18.4	38.3	0.6	—	57.3
Accrued interest	—	3.2	—	—	—	3.2
Income tax payable	—	—	0.2	0.4	(0.1)	0.5
Total current liabilities	—	22.2	121.5	2.6	(1.8)	144.5
Long-term debt	—	375.0	4.8	—	—	379.8
Deferred income taxes	—	0.8	—	—	—	0.8
Other noncurrent liabilities	—	25.3	0.1	—	—	25.4
Intercompany accounts	8.2	402.2	—	8.9	(419.3)	—
Total liabilities	8.2	825.5	126.4	11.5	(421.1)	550.5
Global Brass and Copper Holdings, Inc. stockholders' equity	21.6	29.8	752.5	23.1	(805.4)	21.6
Noncontrolling interest	—	—	—	4.4	—	4.4
Total equity	21.6	29.8	752.5	27.5	(805.4)	26.0
Total liabilities and equity	$ 29.8	$ 855.3	$ 878.9	$ 39.0	$ (1,226.5)	$ 576.5

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Balance Sheet As of September 30, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash	$ —	$ 7.5	$ 3.7	$ 7.3	$ (1.1)	$ 17.4
Accounts receivable, net of allowance	—	2.7	176.8	14.6	—	194.1
Inventories	—	—	196.0	21.4	(1.2)	216.2
Prepaid expenses and other current assets	—	10.8	12.5	0.3	—	23.6
Deferred income taxes	—	32.0	—	—	—	32.0
Income tax receivable	—	4.6	—	—	(0.2)	4.4
Total current assets	—	57.6	389.0	43.6	(2.5)	487.7
Property, plant and equipment, net	—	0.8	99.3	0.4	—	100.5
Investment in joint venture	—	—	2.5	—	—	2.5
Investment in subsidiaries	28.2	734.7	23.9	—	(786.8)	—
Intercompany accounts	—	—	358.3	—	(358.3)	—
Goodwill	—	—	4.4	—	—	4.4
Intangible assets, net	—	—	0.6	—	—	0.6
Deferred income taxes	—	1.2	—	—	—	1.2
Other noncurrent assets	—	13.2	2.4	—	—	15.6
Total assets	$ 28.2	$ 807.5	$ 880.4	$ 44.0	$ (1,147.6)	$ 612.5
Liabilities and equity						
Current liabilities:						
Current maturities of long-term debt	$ —	$ —	$ 1.0	$ —	$ —	$ 1.0
Accounts payable	—	1.4	103.9	3.0	(2.3)	106.0
Accrued liabilities	—	18.3	35.6	0.7	—	54.6
Accrued interest	—	12.2	—	—	—	12.2
Income tax payable	—	—	0.1	0.3	(0.2)	0.2
Total current liabilities	—	31.9	140.6	4.0	(2.5)	174.0
Long-term debt	—	383.5	5.0	—	—	388.5
Other noncurrent liabilities	—	25.5	0.1	—	—	25.6
Intercompany accounts	8.1	338.4	—	11.8	(358.3)	—
Total liabilities	8.1	779.3	145.7	15.8	(360.8)	588.1
Global Brass and Copper Holdings, Inc. stockholders' equity	20.1	28.2	734.7	23.9	(786.8)	20.1
Noncontrolling interest	—	—	—	4.3	—	4.3
Total equity	20.1	28.2	734.7	28.2	(786.8)	24.4
Total liabilities and equity	$ 28.2	$ 807.5	$ 880.4	$ 44.0	$ (1,147.6)	$ 612.5

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Statement of Operations Three Months Ended September 30, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ —	$ 349.2	$ 21.3	$ (2.8)	$ 367.7
Cost of sales	—	3.4	305.5	19.0	(2.8)	325.1
Gross profit (loss)	—	(3.4)	43.7	2.3	—	42.6
Selling, general and administrative expenses	0.3	5.2	13.9	0.8	—	20.2
Operating income (loss)	(0.3)	(8.6)	29.8	1.5	—	22.4
Interest expense	—	9.8	0.1	—	—	9.9
Loss on extinguishment of debt	—	2.3	—	—	—	2.3
Other expense (income), net	—	0.2	0.1	(0.4)	—	(0.1)
Income (loss) before provision for (benefit from) income taxes and equity income	(0.3)	(20.9)	29.6	1.9	—	10.3
Provision for (benefit from) income taxes	(0.1)	(7.0)	9.9	0.5	—	3.3
Income (loss) before equity income	(0.2)	(13.9)	19.7	1.4	—	7.0
Equity income, net of tax	7.1	21.0	1.3	—	(29.4)	—
Net income	6.9	7.1	21.0	1.4	(29.4)	7.0
Less: Net income attributable to noncontrolling interest	—	—	—	0.1	—	0.1
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 6.9	$ 7.1	$ 21.0	$ 1.3	$ (29.4)	$ 6.9

(in millions)	Condensed Consolidating Statement of Operations Three Months Ended September 30, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ —	$ 421.2	$ 23.0	$ (7.4)	$ 436.8
Cost of sales	—	0.2	378.6	20.8	(7.4)	392.2
Gross profit (loss)	—	(0.2)	42.6	2.2	—	44.6
Selling, general and administrative expenses	0.3	4.0	13.6	0.9	—	18.8
Operating income (loss)	(0.3)	(4.2)	29.0	1.3	—	25.8
Interest expense	—	9.8	0.2	—	—	10.0
Other expense, net	—	—	0.1	—	—	0.1
Income (loss) before provision for (benefit from) income taxes and equity income	(0.3)	(14.0)	28.7	1.3	—	15.7
Provision for (benefit from) income taxes	(0.1)	(4.8)	9.9	0.7	—	5.7
Income (loss) before equity income	(0.2)	(9.2)	18.8	0.6	—	10.0
Equity income, net of tax	10.4	19.6	0.8	—	(30.5)	0.3
Net income	10.2	10.4	19.6	0.6	(30.5)	10.3
Less: Net income attributable to noncontrolling interest	—	—	—	0.1	—	0.1
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 10.2	$ 10.4	$ 19.6	$ 0.5	$ (30.5)	$ 10.2

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Statement of Operations Nine Months Ended September 30, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ —	$ 1,134.8	$ 66.3	$ (18.3)	$ 1,182.8
Cost of sales	—	5.8	998.6	59.9	(18.3)	1,046.0
Gross profit (loss)	—	(5.8)	136.2	6.4	—	136.8
Selling, general and administrative expenses	0.9	16.7	43.4	2.5	—	63.5
Operating income (loss)	(0.9)	(22.5)	92.8	3.9	—	73.3
Interest expense	—	29.5	0.3	—	—	29.8
Loss on extinguishment of debt	—	2.3	—	—	—	2.3
Gain on sale of investment in joint venture	—	—	(6.3)	—	—	(6.3)
Other expense (income), net	—	0.3	0.1	(0.6)	—	(0.2)
Income (loss) before provision for (benefit from) income taxes and equity income	(0.9)	(54.6)	98.7	4.5	—	47.7
Provision for (benefit from) income taxes	(0.3)	(18.1)	32.7	1.4	—	15.7
Income (loss) before equity income	(0.6)	(36.5)	66.0	3.1	—	32.0
Equity income, net of tax	32.7	69.2	3.2	—	(104.8)	0.3
Net income	32.1	32.7	69.2	3.1	(104.8)	32.3
Less: Net income attributable to noncontrolling interest	—	—	—	0.2	—	0.2
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 32.1	$ 32.7	$ 69.2	$ 2.9	$ (104.8)	$ 32.1

(in millions)	Condensed Consolidating Statement of Operations Nine Months Ended September 30, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ —	$ 1,271.4	$ 70.4	$ (20.7)	$ 1,321.1
Cost of sales	—	(0.4)	1,145.9	63.9	(20.7)	1,188.7
Gross profit (loss)	—	0.4	125.5	6.5	—	132.4
Selling, general and administrative expenses	0.9	13.2	41.0	2.4	—	57.5
Operating income (loss)	(0.9)	(12.8)	84.5	4.1	—	74.9
Interest expense	—	29.5	0.2	—	—	29.7
Other expense (income), net	—	0.2	0.2	(0.1)	—	0.3
Income (loss) before provision for (benefit from) income taxes and equity income	(0.9)	(42.5)	84.1	4.2	—	44.9
Provision for (benefit from) income taxes	(0.3)	(15.8)	31.2	1.4	—	16.5
Income (loss) before equity income	(0.6)	(26.7)	52.9	2.8	—	28.4
Equity income, net of tax	29.5	56.2	3.3	—	(88.2)	0.8
Net income	28.9	29.5	56.2	2.8	(88.2)	29.2
Less: Net income attributable to noncontrolling interest	—	—	—	0.3	—	0.3
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 28.9	$ 29.5	$ 56.2	$ 2.5	$ (88.2)	$ 28.9

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Statement of Comprehensive Income Three Months Ended September 30, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 6.9	$ 7.1	$ 21.0	$ 1.4	$ (29.4)	$ 7.0
Foreign currency translation adjustment, net of tax	(0.9)	(0.9)	(1.2)	(1.6)	3.5	(1.1)
Comprehensive income (loss)	6.0	6.2	19.8	(0.2)	(25.9)	5.9
Less: Comprehensive loss attributable to noncontrolling interest	—	—	—	(0.1)	—	(0.1)
Comprehensive income (loss) attributable to Global Brass and Copper Holdings, Inc.	$ 6.0	$ 6.2	$ 19.8	$ (0.1)	$ (25.9)	$ 6.0

(in millions)	Condensed Consolidating Statement of Comprehensive Income Three Months Ended September 30, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 10.2	$ 10.4	$ 19.6	$ 0.6	$ (30.5)	$ 10.3
Foreign currency translation adjustment, net of tax	(0.1)	(0.1)	(0.3)	(0.3)	0.7	(0.1)
Comprehensive income	10.1	10.3	19.3	0.3	(29.8)	10.2
Less: Comprehensive income attributable to noncontrolling interest	—	—	—	0.1	—	0.1
Comprehensive income attributable to Global Brass and Copper Holdings, Inc.	$ 10.1	$ 10.3	$ 19.3	$ 0.2	$ (29.8)	$ 10.1

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Statement of Comprehensive Income Nine Months Ended September 30, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 32.1	$ 32.7	$ 69.2	$ 3.1	$ (104.8)	$ 32.3
Foreign currency translation adjustment, net of tax	(1.3)	(1.3)	(1.8)	(2.0)	5.0	(1.4)
Comprehensive income	30.8	31.4	67.4	1.1	(99.8)	30.9
Less: Comprehensive income attributable to noncontrolling interest	—	—	—	0.1	—	0.1
Comprehensive income attributable to Global Brass and Copper Holdings, Inc.	$ 30.8	$ 31.4	$ 67.4	$ 1.0	$ (99.8)	$ 30.8

(in millions)	Condensed Consolidating Statement of Comprehensive Income Nine Months Ended September 30, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 28.9	$ 29.5	$ 56.2	$ 2.8	$ (88.2)	$ 29.2
Foreign currency translation adjustment, net of tax	(0.2)	(0.2)	(0.4)	(0.5)	1.1	(0.2)
Comprehensive income	28.7	29.3	55.8	2.3	(87.1)	29.0
Less: Comprehensive income attributable to noncontrolling interest	—	—	—	0.3	—	0.3
Comprehensive income attributable to Global Brass and Copper Holdings, Inc.	$ 28.7	$ 29.3	$ 55.8	$ 2.0	$ (87.1)	$ 28.7

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Statement of Cash Flows Nine Months Ended September 30, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities						
Net cash provided by operating activities	$ 2.5	$ 50.7	$ 5.1	$ 4.7	$ (3.0)	$ 60.0
Cash flows from investing activities						
Capital expenditures	—	—	(12.9)	(0.1)	—	(13.0)
Proceeds from sale of property, plant, and equipment	—	—	0.1	—	—	0.1
Proceeds from sale of investment in joint venture	—	—	8.0		—	8.0
Net cash used in investing activities	—	—	(4.8)	(0.1)	—	(4.9)
Cash flows from financing activities						
Borrowings on ABL Facility	—	0.9	—	—	—	0.9
Payments on ABL Facility	—	(0.9)	—	—	—	(0.9)
Purchases of Senior Secured Notes	—	(21.1)	—	—	—	(21.1)
Premium payment on partial debt extinguishment	—	(1.8)	—	—	—	(1.8)
Principal payments under capital lease obligation	—	—	(0.7)	—	—	(0.7)
Dividends paid	(2.4)	(2.4)	—	(0.6)	3.0	(2.4)
Distributions to noncontrolling interest owners	—	—	—	(0.2)	—	(0.2)
Proceeds from exercise of stock options	0.1	—	—	—	—	0.1
Excess tax benefit from share-based compensation	0.1	—	—	—	—	0.1
Share repurchases	(0.3)	—	—	—	—	(0.3)
Net cash used in financing activities	(2.5)	(25.3)	(0.7)	(0.8)	3.0	(26.3)
Effect of foreign currency exchange rates	—	—	—	0.1	—	0.1
Net increase (decrease) in cash	—	25.4	(0.4)	3.9	—	28.9
Cash at beginning of period	—	37.6	3.8	4.6	(1.4)	44.6
Cash at end of period	$ —	$ 63.0	$ 3.4	$ 8.5	$ (1.4)	$ 73.5

Global Brass and Copper Holdings, Inc.
Notes to Consolidated Financial Statements (Unaudited)

(in millions)	Condensed Consolidating Statement of Cash Flows Nine Months Ended September 30, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities						
Net cash provided by operating activities	$ 2.5	$ 3.7	$ 18.3	$ 3.7	$ (3.5)	$ 24.7
Cash flows from investing activities						
Capital expenditures	—	(0.1)	(19.3)	(0.1)	—	(19.5)
Proceed from sale of property, plant, and equipment	—	—	0.8	—	—	0.8
Net cash used in investing activities	—	(0.1)	(18.5)	(0.1)	—	(18.7)
Cash flows from financing activities						
Borrowings on ABL Facility	—	245.1	—	—	—	245.1
Payments on ABL Facility	—	(242.1)	—	—	—	(242.1)
Dividends paid	(2.4)	(2.4)	—	—	2.4	(2.4)
Proceeds from exercise of stock options	0.1	—	—	—	—	0.1
Excess tax benefit from share-based compensation	0.2	—	—	—	—	0.2
Share repurchases	(0.4)				—	(0.4)
Net cash provided by (used in) financing activities	(2.5)	0.6	—	—	2.4	0.5
Effect of foreign currency exchange rates	—	—	—	0.1	—	0.1
Net increase (decrease) in cash	—	4.2	(0.2)	3.7	(1.1)	6.6
Cash at beginning of period	—	3.3	3.9	3.6	—	10.8
Cash at end of period	$ —	$ 7.5	$ 3.7	$ 7.3	$ (1.1)	$ 17.4

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” that involve risks and uncertainties. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “projects,” “may,” “would,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “anticipates” or similar expressions that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make or may make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements contained in this report are based upon information available to us on the date of this report.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as “cautionary statements”, are disclosed under the “Risk Factors” section in Item 1A of our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 16, 2015, and subsequent Reports on Form 10-Q, including, without limitation, in conjunction with the forward-looking statements included in this Report on Form 10-Q and in our other SEC filings. All forward-looking information in this report and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include, but are not limited to:

- the impact of our substantial indebtedness, including the effect of our ability to borrow money, fund working capital and operations and make new investments;
- general economic conditions affecting the markets in which our products are sold;
- our ability to implement our business strategies, including acquisition activities;
- our ability to continue implementing our balanced book approach to substantially reduce the impact of fluctuations in metal prices on our earnings and operating margins;
- shrinkage from processing operations and metal price fluctuations, particularly copper;
- the condition of various markets in which our customers operate, including the housing and commercial construction industries;
- our ability to maintain business relationships with our customers on favorable terms;
- the impact of a loss in customer volume or demand or a shift by customers of their manufacturing or sourcing offshore;
- our ability to compete effectively with existing and new competitors;
- limitations on our ability to purchase raw materials, particularly copper;
- fluctuations in commodity and energy prices and costs;
- our ability to maintain sufficient liquidity as commodity and energy prices rise;
- the effects of industry consolidation or competition in our business lines;
- operational factors affecting the ongoing commercial operations of our facilities, including technology failures, catastrophic weather-related damage, regulatory approvals, permit issues, unscheduled blackouts, outages or repairs or unanticipated changes in energy costs;
- operational factors affecting the ongoing commercial operations of our facilities resulting from inclement weather conditions;

- supply, demand, prices and other market conditions for our products;
- our ability to accommodate increases in production to meet demand for our products;
- our ability to continue our operations internationally and the risks applicable to international operations;
- government regulations relating to our products and services, including new legislation relating to derivatives and the elimination of the dollar bill and EPA regulations regarding the registration and marketing of bactericidal copper products;
- our ability to maintain effective internal control over financial reporting;
- our ability to realize the planned cost savings and efficiency gains as part of our various initiatives;
- our ability to successfully execute acquisitions and joint ventures;
- workplace safety issues;
- our ability to retain key employees;
- adverse developments in our relationship with our employees or the future terms of our collective bargaining agreements;
- rising employee medical costs;
- environmental costs and our exposure to environmental claims;
- our exposure to product liability claims;
- our ability to successfully manage litigation;
- our ability to maintain cost-effective insurance policies;
- our ability to maintain the confidentiality of our proprietary information, to protect the validity, enforceability or scope of our intellectual property rights and manage litigation regarding our intellectual property rights;
- litigation regarding our intellectual property rights could affect us and harm our business;
- our limited experience managing and operating as an SEC reporting company;
- our ability to service our substantial indebtedness;
- fluctuations in interest rates; and
- restrictive covenants in our indebtedness that may adversely affect our operational flexibility.

We caution you that the foregoing list of factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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

The following discussion and analysis of financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2014. In addition to historical data, this discussion contains forward-looking statements about our business, operations and financial performance based on current expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those discussed in the section entitled "Cautionary Statement Concerning Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q.

Overview

Our Company

Global Brass and Copper Holdings, Inc. ("Holdings," the "Company," "we," "us," or "our") was incorporated in Delaware on October 10, 2007. Holdings, through its wholly-owned principal operating subsidiary, Global Brass and Copper, Inc. ("GBC"), commenced commercial operations on November 19, 2007 through the acquisition of the metals business from Olin Corporation. Holdings, through GBC, is operated and managed through three reportable segments: GBC Metals, LLC ("Olin Brass"), Chase Brass and Copper Company, LLC ("Chase Brass") and A.J. Oster, LLC ("A.J. Oster"). Corporate and Other includes certain administrative costs and expenses and the elimination of intercompany balances.

We are a leading value-added converter, fabricator, processor and distributor of specialized copper and brass products including a wide range of sheet, strip, foil, rod, tube and fabricated metal component products. While we primarily process copper and copper-alloys, we also reroll and form certain other metals such as stainless steel, carbon steel and aluminum. Using processed scrap, copper cathode and other refined metals, we engage in metal melting and casting, rolling, drawing, extruding, welding and stamping to fabricate finished and semi-finished alloy products.

Our products are used in a variety of applications across diversified markets, including the building and housing, munitions, automotive, transportation, coinage, electronics/electrical components, industrial machinery and equipment and general consumer markets. We access these markets through direct mill sales, our captive distribution network and third-party distributors. We hold the exclusive production and distribution rights in North America for a free machining, lead-free brass rod product, which we sell under the Green Dot™ and Eco Brass® brand names. The vertical integration of the manufacturing capabilities of Olin Brass and the distribution capabilities of A.J. Oster allows us to access a wide variety of customers with both high and low volume demand for our products.

Unlike traditional metals companies, including those that engage in mining, smelting and refining activities, we are purely a metal converter, fabricator, processor and distributor and do not attempt to generate profits from fluctuations in metal prices. Our financial performance is primarily driven by metal conversion economics, not by the underlying movements in the price of copper and the other metals we use. Through our "balanced book" approach, we strive to match the timing, quantity and price of our metal sales with the timing, quantity and price of our replacement metal purchases. This practice, along with our toll processing operations, substantially reduces the financial impact of metal price movements on our earnings and operating margins.

For a discussion of Key Factors Affecting our Results of Operations, including the "balanced book" approach, refer to our Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 16, 2015.

Non-GAAP Measures

In addition to the results reported in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), we also report "Adjusted EBITDA" and "Adjusted sales", which are non-GAAP financial measures as defined below.

Adjusted EBITDA is not intended as an alternative to net income, as an indicator of our operating performance, as an alternative to any other measure of performance in conformity with U.S. GAAP or as an alternative to cash flow provided by (used in) operating activities as a measure of liquidity. Adjusted sales may not be comparable to similarly titled measures presented by other companies and is not a measure of operating performance or liquidity defined by U.S. GAAP.

You should therefore not place undue reliance on Adjusted EBITDA, Adjusted sales, or any ratios calculated using them. Our U.S. GAAP-based measures can be found in our consolidated financial statements and the related notes thereto included elsewhere in this report.

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization ("EBITDA") adjusted to exclude the following: unrealized gains and losses on derivative contracts in support of our balanced book approach, unrealized gains and losses associated with derivative contracts related to electricity and natural gas costs, non-cash losses due to lower of cost or market adjustments to inventory, non-cash gains and losses due to the depletion of a LIFO layer of metal inventory, share-based compensation expense, loss on extinguishment of debt, non-cash income accretion related to Dowa-Olin Metal Corporation (the "Dowa Joint Venture"), restructuring and other business transformation charges, specified legal and professional expenses and certain other items.

We believe Adjusted EBITDA represents a meaningful presentation of the financial performance of our core operations, without the impact of the various items excluded, in order to provide period-to-period comparisons that are more consistent and more easily understood. We also believe it is an important supplemental measure that is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.

Adjusted EBITDA is the key metric used by our Chief Operating Decision Maker to evaluate the business performance of our segments in comparison to budgets, forecasts and prior-year financial results, providing a measure that management believes reflects our core operating performance. For example, we use Adjusted EBITDA per pound in order to measure the effectiveness of the balanced book approach in reducing the financial impact of metal price volatility on earnings and operating margins, and to measure the effectiveness of our business transformation initiatives in improving earnings and operating margins. In addition, measures similar to Adjusted EBITDA are defined and used in the agreements governing our asset-based revolving loan facility (the "ABL Facility") and our 9.50% senior secured notes due 2019 (the "Senior Secured Notes") to determine compliance with various financial covenants and tests.

However, our Adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. In addition, it has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Some of these limitations are that Adjusted EBITDA:

- does not reflect every expenditure, future requirements for capital expenditures or contractual commitments;
- does not reflect the significant interest expense or the amounts necessary to service interest or principal payments on our debt;
- does not reflect income tax expense and therefore the cost of complying with applicable laws;
- is an imperfect substitute for cash flow as it eliminates depreciation and amortization expense but does not include cash expended for capital expenditures required to operate our business;
- does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations; and
- does not reflect limitations on our costs related to transferring earnings from our subsidiaries to us.

We compensate for these limitations by using Adjusted EBITDA along with other comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance. Such U.S. GAAP measurements include operating income (loss), net income (loss), cash flows from operations and other cash flow data. We have significant uses of cash, including capital expenditures, interest payments, debt principal repayments, taxes and other non-recurring charges, which are not reflected in Adjusted EBITDA.

Adjusted sales

Adjusted sales is defined as net sales less the metal component of net sales. Net sales is the most directly comparable U.S. GAAP measure to adjusted sales. Adjusted sales represents the value-added premium we earn over our conversion and fabrication costs. We use adjusted sales on a consolidated basis to monitor the revenues that are generated from our value-added conversion and fabrication processes excluding the effects of fluctuations in metal costs. We believe that adjusted sales supplements our U.S. GAAP results to provide a more complete understanding of the results of our business, and we believe it is useful to our investors and other parties for these same reasons.

Results of Operations

Consolidated Results of Operations for the Three Months Ended September 30, 2015, Compared to the Three Months Ended September 30, 2014.

The following discussions present an analysis of our results of operations for the three months ended September 30, 2015 as compared to the three months ended September 30, 2014. These discussions should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

	Three Months Ended September 30,				Change: 2015 vs. 2014	
(in millions)	2015	% of Net Sales	2014	% of Net Sales	Amount	Percent
Net sales	$ 367.7	100.0 %	$ 436.8	100.0%	$ (69.1)	(15.8)%
Cost of sales	325.1	88.4 %	392.2	89.8%	(67.1)	(17.1)%
Gross profit	42.6	11.6 %	44.6	10.2%	(2.0)	(4.5)%
Selling, general and administrative expenses	20.2	5.5 %	18.8	4.3%	1.4	7.4 %
Operating income	22.4	6.1 %	25.8	5.9%	(3.4)	(13.2)%
Interest expense	9.9	2.7 %	10.0	2.3%	(0.1)	(1.0)%
Loss on extinguishment of debt	2.3	0.6 %	—	—%	2.3	N/A
Other (income) expense, net	(0.1)	— %	0.1	—%	(0.2)	N/M
Income before provision for income taxes and equity income	10.3	2.8 %	15.7	3.6%	(5.4)	(34.4)%
Provision for income taxes	3.3	0.9 %	5.7	1.3%	(2.4)	(42.1)%
Income before equity income	7.0	1.9 %	10.0	2.3%	(3.0)	(30.0)%
Equity income, net of tax	—	— %	0.3	0.1%	(0.3)	(100.0)%
Net income	7.0	1.9 %	10.3	2.4%	(3.3)	(32.0)%
Less: Net income attributable to noncontrolling interest	0.1	— %	0.1	—%	—	— %
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 6.9	1.9 %	$ 10.2	2.3%	$ (3.3)	(32.4)%
Adjusted EBITDA (a)	$ 30.6	8.3 %	$ 30.4	7.0%	$ 0.2	0.7 %

(a) See "Non-GAAP Measures—Adjusted EBITDA" and the reconciliation included elsewhere in this report.

N/A - not applicable

N/M - not meaningful

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Adjusted sales is a non-GAAP financial measure. See "Non-GAAP Measures—Adjusted sales." The following table presents a reconciliation of net sales to adjusted sales and net sales per pound to adjusted sales per pound:

	Three Months Ended September 30,		Change: 2015 vs. 2014	
(in millions, except per pound values)	2015	2014	Amount	Percent
Pounds shipped (a)	129.8	131.8	(2.0)	(1.5)%
Net sales	$ 367.7	$ 436.8	$ (69.1)	(15.8)%
Metal component of net sales	233.2	300.1	(66.9)	(22.3)%
Adjusted sales	$ 134.5	$ 136.7	$ (2.2)	(1.6)%
Net sales per pound	$ 2.83	$ 3.31	$ (0.48)	(14.5)%
Metal component of net sales per pound	1.79	2.27	(0.48)	(21.1)%
Adjusted sales per pound	$ 1.04	$ 1.04	$ —	— %
Average copper price per pound (b)	$ 2.40	$ 3.16	$ (0.76)	(24.1)%

(a) Amounts exclude quantity of unprocessed metal sold.
(b) Copper prices reported by the Commodity Exchange ("COMEX").

Net sales

Net sales decreased by $69.1 million, or 15.8%, and is comprised of a metal cost recovery component and adjusted sales. As shown in the table above, the metal cost recovery component decreased by $66.9 million, which is due to decreased metal prices and product mix ($45.2 million), lower sales of unprocessed metals ($17.1 million) and lower volume ($4.6 million). Adjusted sales decreased by $2.2 million due primarily to an unfavorable $1.6 million impact from the net effect of changes in product mix and increases in average selling prices, with the remainder attributable to volume.

Volume decreased by 2.0 million pounds, or 1.5%, due primarily to lower demand in the munitions market and in the industrial machinery and equipment market, partially offset by higher demand in the coinage market.

Gross profit

Gross profit decreased by $2.0 million, or 4.5%, from $44.6 million to $42.6 million.

The following table presents the items within gross profit that are excluded from the calculation of Adjusted EBITDA, as well as the remaining gross profit for the periods presented. For further information regarding the items that are excluded from the calculation of Adjusted EBITDA, see "Non-GAAP Measures—Adjusted EBITDA," as well as the reconciliation of net income attributable to Global Brass and Copper Holdings, Inc. to Adjusted EBITDA presented elsewhere in this report.

	Three Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	2015	2014	Amount
Unrealized (loss) gain on derivative contracts	$ (0.8)	$ 0.1	$ (0.9)
Lower of cost or market adjustment to inventory	(2.3)	—	(2.3)
Depreciation expense	(3.0)	(2.7)	(0.3)
Remaining gross profit	48.7	47.2	1.5
Total gross profit	$ 42.6	$ 44.6	$ (2.0)

During the three months ended September 30, 2015, we reduced the recorded value of certain domestic, non-copper metal inventory by $2.3 million, resulting from the decline in market value of these metals. We did not record a similar adjustment in the three months ended September 30, 2014.

The “remaining gross profit” above increased by $1.5 million, $3.0 million of which is due to reduced manufacturing conversion costs and $1.2 million of lower shrinkage costs resulting from a decline in metal costs. The increase was partially offset by the combination of lower volumes ($1.1 million) and the $1.6 million net effect of unfavorable changes in product mix and increased selling prices.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by $1.4 million, or 7.4%, from $18.8 million to $20.2 million.

The following table presents the items within selling, general and administrative expenses that are excluded from the calculation of Adjusted EBITDA, as well as the remaining selling, general and administrative expenses for the periods presented. For further information regarding the items that are excluded from the calculation of Adjusted EBITDA, see “Non-GAAP Measures—Adjusted EBITDA,” as well as the reconciliation of net income attributable to Global Brass and Copper Holdings, Inc. to Adjusted EBITDA presented elsewhere in this report.

	Three Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	**2015**	**2014**	**Amount**
Specified legal/professional expenses	$ 0.4	$ 1.1	$ (0.7)
Share-based compensation expense	1.2	(0.3)	1.5
Restructuring and other business transformation charges	—	0.3	(0.3)
Depreciation expense	0.4	0.8	(0.4)
Amortization expense	0.1	0.1	—
Remaining selling, general and administrative expenses	18.1	16.8	1.3
Total selling, general and administrative expenses	$ 20.2	$ 18.8	$ 1.4

The “remaining selling, general and administrative expenses” above increased by $1.3 million due primarily to increased employee compensation and related costs.

Interest expense

The following table summarizes the components of interest expense:

	Three Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	**2015**	**2014**	**Amount**
Interest on principal	$ 9.0	$ 9.0	$ —
Amortization of debt issuance costs	0.7	0.7	—
Capitalized interest	(0.1)	—	(0.1)
Other borrowing costs (a)	0.3	0.3	—
Total interest expense	$ 9.9	$ 10.0	$ (0.1)

(a) Includes fees related to letters of credit and unused line of credit fees.

Loss on extinguishment of debt

In the third quarter ended September 30, 2015, we purchased in the open market an aggregate of $21.1 million principal amount of our Senior Secured Notes for an aggregate purchase price of $22.9 million, plus accrued interest. As a result of these purchases, we recognized a loss on the extinguishment of debt of $2.3 million, which includes a premium of $1.8 million and the write-off of $0.5 million of unamortized debt issuance costs.

Provision for income taxes

The provision for income taxes decreased by $2.4 million, or 42.1%, from $5.7 million to $3.3 million. The change in the provision for income taxes was due primarily to a decrease in taxable income and a decrease in the effective income tax rate. The effective income tax rate decreased from 36.3% to 32.0%. The effective tax rate differed from the U.S. Federal statutory rate of 35% primarily due to state income taxes, utilization of foreign tax credits in 2015 due to the sale of our share of the Dowa Joint Venture, the domestic manufacturing deduction, and discrete tax items that impacted the provision for income taxes in these periods.

Net income attributable to Global Brass and Copper Holdings, Inc.

Net income attributable to Global Brass and Copper Holdings, Inc. decreased by $3.3 million, or 32.4%, from $10.2 million to $6.9 million mainly due to the loss on extinguishment of debt and the non-cash lower of cost or market adjustment to inventory.

Adjusted EBITDA

Adjusted EBITDA increased by $0.2 million, or 0.7%, from $30.4 million to $30.6 million, due mostly to a decrease in manufacturing conversion costs of $3.0 million, $1.2 million of lower shrinkage costs due to a decline in metal costs, as well as a $0.4 million decrease in other miscellaneous selling, general and administrative expenses. The increase was partially offset by higher employee compensation and related costs of $1.7 million, an unfavorable impact of $1.6 million due to the net effect of changes in product mix and an increase in average selling prices, as well as by a decrease of $1.1 million due to lower volume.

Below is a reconciliation of net income attributable to Global Brass and Copper Holdings, Inc. to Adjusted EBITDA:

	Three Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	**2015**	**2014**	**Amount**
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 6.9	$ 10.2	$ (3.3)
Interest expense	9.9	10.0	(0.1)
Provision for income taxes	3.3	5.7	(2.4)
Depreciation expense	3.4	3.5	(0.1)
Amortization expense	0.1	0.1	—
Unrealized loss (gain) on derivative contracts (a)	0.8	(0.1)	0.9
Loss on extinguishment of debt (b)	2.3	—	2.3
Non-cash accretion of income of Dowa Joint Venture (c)	—	(0.1)	0.1
Specified legal/professional expenses (d)	0.4	1.1	(0.7)
Lower of cost or market adjustment to inventory (e)	2.3	—	2.3
Share-based compensation expense (f)	1.2	(0.3)	1.5
Restructuring and other business transformation charges (g)	—	0.3	(0.3)
Adjusted EBITDA	$ 30.6	$ 30.4	$ 0.2

(a) Represents unrealized gains and losses on derivative contracts.

(b) Represents the loss on extinguishment of debt recognized in connection with the open market purchases of Senior Secured Notes.

(c) As a result of the application of purchase accounting in connection with the November 2007 acquisition, no carrying value was initially assigned to our equity investment in our Dowa Joint Venture. This adjustment represents the accretion of equity in our Dowa Joint Venture at the date of the acquisition over a 13-year period (which represents the estimated useful life of the technology and patents of the joint venture).

(d) Represents selected professional fees for accounting, tax, legal and consulting services incurred as a public company that exceed our expected long-term requirements.

(e) Represents non-cash lower of cost or market charges for the write down of domestic, non-copper metal inventory.

(f) Represents share-based compensation expense resulting from the grant of non-qualified stock options, restricted stock and performance-based shares to certain employees, members of our management and our Board of Directors.

(g) Restructuring and other business transformation charges for the three months ended September 30, 2014 represent severance charges at Olin Brass.

Segment Results of Operations

Segment Results of Operations for the Three Months Ended September 30, 2015, Compared to the Three Months Ended September 30, 2014.

The following discussions present an analysis of our results by segment for the three months ended September 30, 2015 as compared to the three months ended September 30, 2014. This discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

	Three Months Ended September 30,		Change 2015 vs. 2014	
(in millions)	2015	2014	Amount	Percent
Pounds shipped (a)				
Olin Brass	66.8	68.8	(2.0)	(2.9)%
Chase Brass	53.5	55.7	(2.2)	(3.9)%
A.J. Oster	19.0	18.0	1.0	5.6 %
Corporate and other (b)	(9.5)	(10.7)	1.2	11.2 %
Total	129.8	131.8	(2.0)	(1.5)%
Net sales				
Olin Brass	$ 174.8	$ 217.1	$ (42.3)	(19.5)%
Chase Brass	129.9	154.7	(24.8)	(16.0)%
A.J. Oster	74.9	81.9	(7.0)	(8.5)%
Corporate and other (b)	(11.9)	(16.9)	5.0	29.6 %
Total	$ 367.7	$ 436.8	$ (69.1)	(15.8)%
Adjusted EBITDA				
Olin Brass	$ 15.0	$ 11.0	$ 4.0	36.4 %
Chase Brass	15.5	18.1	(2.6)	(14.4)%
A.J. Oster	4.6	4.5	0.1	2.2 %
Total Adjusted EBITDA of operating segments	$ 35.1	$ 33.6	$ 1.5	4.5 %

(a) Amounts exclude quantity of unprocessed metal sold.

(b) Amounts represent intercompany eliminations.

See Note 9,"Segment Information," of our unaudited consolidated financial statements, which are included elsewhere in this report, for a reconciliation of Adjusted EBITDA of segments to income before provision for income taxes and equity income.

Olin Brass

Net sales decreased by $42.3 million as the metal cost recovery component decreased by $40.6 million. The decrease is due to lower sales of unprocessed metal, decreased metal prices and unfavorable product mix fluctuations ($37.6 million), as well as lower volume ($3.0 million). Adjusted sales decreased by $1.7 million due to lower volume of $2.4 million, partially offset by $0.7 million from an increase in average selling prices, including those to A.J. Oster.

Overall volumes decreased by 2.9%, including several notable fluctuations by market. For example, volume in the munitions market was lower, while volume in the coinage market has increased due to demand from the U.S. Mint, who we believe is increasing stocks to more appropriate levels. Additionally, volumes decreased in the distribution market primarily due to lower shipments to A.J. Oster.

Adjusted EBITDA increased by $4.0 million, the primary drivers of which were a decrease in manufacturing conversion costs resulting from improvements in productivity, yield, and cost controls, lower shrinkage costs due to a decline in metal costs, and an increase in average selling prices, including those to A.J. Oster, partially offset by an increase in employee compensation and related costs and lower volume.

Chase Brass

Net sales decreased by $24.8 million due primarily to a $22.5 million decrease in the metal cost recovery component of net sales, which is comprised of a $4.8 million decrease in volume and a $17.7 million decrease from the effect of lower metal prices and unfavorable product mix fluctuations. Adjusted sales decreased by $2.3 million and is comprised of a $1.4 million decrease in volume and a $0.9 million decrease due to product mix fluctuations and pricing in response to competitive pressures.

Volume decreased by 3.9% due to decreased demand in the industrial and machinery equipment and electronics / electrical components markets.

Adjusted EBITDA decreased by $2.6 million due to the decrease in volume, unfavorable product mix fluctuations and pricing in response to competitive pressures, as well as increased manufacturing conversion costs.

A.J. Oster

Net sales decreased by $7.0 million, comprised of a $7.4 million decrease in the metal cost recovery component of net sales and a $0.4 million increase in adjusted sales. The metal cost recovery component decreased by $10.4 million due primarily to an overall decline in metal prices, which was partially offset by increased volume of $3.0 million. Adjusted sales increased due to a $1.9 million increase in volume partially offset by $1.5 million due to product mix fluctuations.

Volume increased by 1.0 million pounds, or 5.6%, due to overall economic growth and progress in achieving commercial growth initiatives, including expanding the product portfolio into other metals.

Adjusted EBITDA increased by $0.1 million primarily due to increased volume, partially offset by unfavorable product mix fluctuations and increased pricing from Olin Brass.

Results of Operations

Consolidated Results of Operations for the Nine Months Ended September 30, 2015, Compared to the Nine Months Ended September 30, 2014.

The following discussions present an analysis of our results of operations for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014. These discussions should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

	Nine Months Ended September 30,				Change: 2015 vs. 2014	
(in millions)	**2015**	**% of Net Sales**	**2014**	**% of Net Sales**	**Amount**	**Percent**
Net sales	$ 1,182.8	100.0 %	$ 1,321.1	100.0%	$ (138.3)	(10.5)%
Cost of sales	1,046.0	88.4 %	1,188.7	90.0%	(142.7)	(12.0)%
Gross profit	136.8	11.6 %	132.4	10.0%	4.4	3.3 %
Selling, general and administrative expenses	63.5	5.4 %	57.5	4.4%	6.0	10.4 %
Operating income	73.3	6.2 %	74.9	5.7%	(1.6)	(2.1)%
Interest expense	29.8	2.5 %	29.7	2.2%	0.1	0.3 %
Loss on extinguishment of debt	2.3	0.2 %	—	—%	2.3	N/A
Gain on sale of investment in joint venture	(6.3)	(0.5)%	—	—%	(6.3)	N/A
Other (income) expense, net	(0.2)	— %	0.3	—%	(0.5)	N/M
Income before provision for income taxes and equity income	47.7	4.0 %	44.9	3.4%	2.8	6.2 %
Provision for income taxes	15.7	1.3 %	16.5	1.2%	(0.8)	(4.8)%
Income before equity income	32.0	2.7 %	28.4	2.1%	3.6	12.7 %
Equity income, net of tax	0.3	— %	0.8	0.1%	(0.5)	(62.5)%
Net income	32.3	2.7 %	29.2	2.2%	3.1	10.6 %
Less: Net income attributable to noncontrolling interest	0.2	— %	0.3	—%	(0.1)	(33.3)%
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 32.1	2.7 %	$ 28.9	2.2%	$ 3.2	11.1 %
Adjusted EBITDA (a)	$ 100.9	8.5 %	$ 88.7	6.7%	$ 12.2	13.8 %

(a) See “Non-GAAP Measures—Adjusted EBITDA” and the reconciliation included elsewhere in this report.

N/A - not applicable

N/M - not meaningful

Adjusted sales is a non-GAAP financial measure. See "Non-GAAP Measures—Adjusted sales." The following table presents a reconciliation of net sales to adjusted sales and net sales per pound to adjusted sales per pound:

	Nine Months Ended September 30,		Change: 2015 vs. 2014	
(in millions, except per pound values)	2015	2014	Amount	Percent
Pounds shipped (a)	391.1	400.9	(9.8)	(2.4)%
Net sales	$ 1,182.8	$ 1,321.1	$ (138.3)	(10.5)%
Metal component of net sales	772.9	905.6	(132.7)	(14.7)%
Adjusted sales	$ 409.9	$ 415.5	$ (5.6)	(1.3)%
Net sales per pound	$ 3.02	$ 3.30	$ (0.28)	(8.5)%
Metal component of net sales per pound	1.97	2.26	(0.29)	(12.8)%
Adjusted sales per pound	$ 1.05	$ 1.04	$ 0.01	1.0 %
Average copper price per pound (b)	$ 2.61	$ 3.17	$ (0.56)	(17.7)%

(a) Amounts exclude quantity of unprocessed metal sold.
(b) Copper prices reported by the COMEX.

Net sales

Net sales decreased by $138.3 million, or 10.5%, and is comprised of a metal cost recovery component and adjusted sales. As shown in the table above, the metal cost recovery component decreased by $132.7 million, which was due to decreased metal prices and product mix ($82.4 million), lower sales of unprocessed metals ($39.9 million) and lower volume ($10.4 million). Adjusted sales decreased by $5.6 million, comprised of a $7.7 million decrease in volume partially offset by a $2.1 million favorable impact from the net effect of changes in product mix and increases in average selling prices.

Volume decreased by 9.8 million pounds, or 2.4% due primarily to decreases within our munitions channel partially offset by increased demand in the coinage market.

Gross profit

Gross profit increased by $4.4 million, or 3.3%, from $132.4 million to $136.8 million.

The following table presents the items within gross profit that are excluded from the calculation of Adjusted EBITDA, as well as the remaining gross profit for the periods presented. For further information regarding the items that are excluded from the calculation of Adjusted EBITDA, see "Non-GAAP Measures—Adjusted EBITDA," as well as the reconciliation of net income attributable to Global Brass and Copper Holdings, Inc. to Adjusted EBITDA presented elsewhere in this report.

	Nine Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	2015	2014	Amount
Unrealized loss on derivative contracts	$ (0.1)	$ (0.3)	$ 0.2
Lower of cost or market adjustment to inventory	(4.8)	(0.2)	(4.6)
Restructuring and other business transformation charges	(0.4)	—	(0.4)
Depreciation expense	(8.8)	(7.1)	(1.7)
Remaining gross profit	150.9	140.0	10.9
Total gross profit	$ 136.8	$ 132.4	$ 4.4

During the nine months ended September 30, 2015 and 2014, we reduced the recorded value of certain domestic, non-copper metal inventory by $4.8 million and $0.2 million, respectively, resulting from the decline in market value of these metals.

The “remaining gross profit” above increased by $10.9 million, $9.3 million from lower manufacturing conversion costs, $2.6 million from lower shrinkage costs due to a decline in metal costs, and $2.1 million from the net effect of increased selling prices and changes in product mix within each segment. Partially offsetting this increase is $3.1 million from lower volume.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by $6.0 million, or 10.4%, from $57.5 million to $63.5 million.

The following table presents the items within selling, general and administrative expenses that are excluded from the calculation of Adjusted EBITDA, as well as the remaining selling, general and administrative expenses for the periods presented. For further information regarding the items that are excluded from the calculation of Adjusted EBITDA, see “Non-GAAP Measures—Adjusted EBITDA”, as well as the reconciliation of net income attributable to Global Brass and Copper Holdings, Inc. to Adjusted EBITDA presented elsewhere in this report.

	Nine Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	**2015**	**2014**	**Amount**
Specified legal/professional expenses	$ 2.2	$ 3.1	$ (0.9)
Share-based compensation expense	3.1	1.3	1.8
Restructuring and other business transformation charges	0.5	0.3	0.2
Depreciation expense	1.2	1.7	(0.5)
Amortization expense	0.1	0.1	—
Remaining selling, general and administrative expenses	56.4	51.0	5.4
Total selling, general and administrative expenses	$ 63.5	$ 57.5	$ 6.0

The “remaining selling, general and administrative expenses” above increased by $5.4 million primarily due to increased employee compensation and related costs.

Interest expense

The following table summarizes the components of interest expense:

	Nine Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	**2015**	**2014**	**Amount**
Interest on principal	$ 27.0	$ 27.0	$ —
Amortization of debt issuance costs	2.1	2.0	0.1
Capitalized interest	(0.1)	(0.2)	0.1
Other borrowing costs (a)	0.8	0.9	(0.1)
Total interest expense	$ 29.8	$ 29.7	$ 0.1

(a) Includes fees related to letters of credit and unused line of credit fees.

Loss on extinguishment of debt

In the third quarter ended September 30, 2015, we purchased in the open market an aggregate of $21.1 million principal amount of our Senior Secured Notes for an aggregate purchase price of $22.9 million, plus accrued interest. As a result of these purchases, we recognized a loss on the extinguishment of debt of $2.3 million, which includes a premium of $1.8 million and the write-off of $0.5 million of unamortized debt issuance costs.

Gain on sale of investment in joint venture

In April 2015, we sold our 50% share of the Dowa Joint Venture to DOWA Metaltech Co. Ltd. for $8.0 million. Thus, we no longer own any portion of the Dowa Joint Venture. During the nine months ended September 30, 2015, we recognized a gain of $6.3 million and related tax expense of $1.5 million on the sale.

Provision for income taxes

The provision for income taxes decreased by $0.8 million, or 4.8%, from $16.5 million to $15.7 million. The change in the provision for income taxes was due primarily to a decrease in the effective income tax rate. The effective income tax rate decreased from 36.7% to 32.9%. The effective tax rate differed from the U.S. Federal statutory rate of 35% primarily due to state income taxes, utilization of foreign tax credits in 2015 due to the sale of our share of the Dowa Joint Venture, the domestic manufacturing deduction, and discrete tax items that impacted the provision for income taxes in these periods.

Net income attributable to Global Brass and Copper Holdings, Inc.

Net income attributable to Global Brass and Copper Holdings, Inc. increased by $3.2 million, or 11.1%, from $28.9 million to $32.1 million mainly due to an increase in gross profit (inclusive of the lower of cost or market adjustment to inventory charge), the gain on sale of our share in the Dowa Joint Venture and partially offset by an increase in selling, general and administrative expenses and the loss on extinguishment of debt, which are described above.

Adjusted EBITDA

Adjusted EBITDA increased by $12.2 million, or 13.8%, from $88.7 million to $100.9 million due to decreased manufacturing conversion costs of $9.3 million, the gain on the sale of our investment in joint venture of $6.3 million, $2.6 million resulting from lower shrinkage costs due to a decline in metal costs and $2.1 million due to the net effect of an increase in average selling prices and changes in product mix within each segment. Partially offsetting this increase was $3.1 million from lower volume and an increase of $5.3 million in employee compensation and related costs. The remainder is due to several offsetting, individually insignificant factors.

Below is a reconciliation of net income attributable to Global Brass and Copper Holdings, Inc. to Adjusted EBITDA:

	Nine Months Ended September 30,		Change: 2015 vs. 2014
(in millions)	2015	2014	Amount
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 32.1	$ 28.9	$ 3.2
Interest expense	29.8	29.7	0.1
Provision for income taxes	15.7	16.5	(0.8)
Depreciation expense	10.0	8.8	1.2
Amortization expense	0.1	0.1	—
Unrealized loss on derivative contracts (a)	0.1	0.3	(0.2)
Loss on extinguishment of debt (b)	2.3	—	2.3
Non-cash accretion of income of Dowa Joint Venture (c)	(0.2)	(0.5)	0.3
Specified legal/professional expenses (d)	2.2	3.1	(0.9)
Lower of cost or market adjustment to inventory (e)	4.8	0.2	4.6
Share-based compensation expense (f)	3.1	1.3	1.8
Restructuring and other business transformation charges (g)	0.9	0.3	0.6
Adjusted EBITDA	$ 100.9	$ 88.7	$ 12.2

(a) Represents unrealized gains and losses on derivative contracts.

(b) Represents the loss on extinguishment of debt recognized in connection with the open market purchases of Senior Secured Notes.

(c) As a result of the application of purchase accounting in connection with the November 2007 acquisition, no carrying value was initially assigned to our equity investment in our Dowa Joint Venture. This adjustment represents the accretion of equity in our Dowa Joint Venture at the date of the acquisition over a 13-year period (which represents the estimated useful life of the technology and patents of the joint venture).

(d) Represents selected professional fees for accounting, tax, legal and consulting services incurred as a public company that exceed our expected long-term requirements.

(e) Represents non-cash lower of cost or market charges for the write down of domestic, non-copper metal inventory.

(f) Represents share-based compensation expense resulting from the grant of non-qualified stock options, restricted stock and performance-based shares to certain employees, members of our management and our Board of Directors.

(g) Restructuring and other business transformation charges for the nine months ended September 30, 2015 and 2014 represent severance charges at Olin Brass.

Segment Results of Operations

Segment Results of Operations for the Nine Months Ended September 30, 2015, Compared to the Nine Months Ended September 30, 2014.

The following discussions present an analysis of our results by segment for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014. This discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

	Nine Months Ended September 30,		**Change 2015 vs. 2014**	
(in millions)	**2015**	**2014**	**Amount**	**Percent**
Pounds shipped (a)				
Olin Brass	197.7	208.6	(10.9)	(5.2)%
Chase Brass	168.7	171.5	(2.8)	(1.6)%
A.J. Oster	56.3	52.0	4.3	8.3 %
Corporate and other (b)	(31.6)	(31.2)	(0.4)	(1.3)%
Total	391.1	400.9	(9.8)	(2.4)%
Net sales				
Olin Brass	$ 567.3	$ 657.6	$ (90.3)	(13.7)%
Chase Brass	429.0	470.0	(41.0)	(8.7)%
A.J. Oster	229.9	238.3	(8.4)	(3.5)%
Corporate and other (b)	(43.4)	(44.8)	1.4	3.1 %
Total	$ 1,182.8	$ 1,321.1	$ (138.3)	(10.5)%
Adjusted EBITDA				
Olin Brass	$ 42.0	$ 31.1	$ 10.9	35.0 %
Chase Brass	54.0	54.2	(0.2)	(0.4)%
A.J. Oster	12.8	12.6	0.2	1.6 %
Total Adjusted EBITDA of operating segments	$ 108.8	$ 97.9	$ 10.9	11.1 %

(a) Amounts exclude quantity of unprocessed metal sold.

(b) Amounts represent intercompany eliminations.

See Note 9, “Segment Information,” of our unaudited consolidated financial statements, which are included elsewhere in this report, for a reconciliation of Adjusted EBITDA of segments to income before provision for income taxes and equity income.

Olin Brass

Net sales decreased by $90.3 million as the metal cost recovery component decreased by $78.7 million. Approximately $62.4 million of the decrease is due to lower sales of unprocessed metals, decreased metal prices and unfavorable product mix fluctuations. The remaining decrease of $16.3 million is due to lower volume. Adjusted sales decreased by $11.6 million due to lower volume of $13.3 million, partially offset by $1.7 million due to an increase in average selling prices, including those to A.J. Oster.

Volume decreased due to lower munitions demand partially offset by increased coinage volume from the U.S. Mint, who we believe is increasing stocks to more appropriate levels.

Adjusted EBITDA increased by $10.9 million, the primary drivers of which were a decrease in manufacturing conversion costs resulting from improvements in productivity, yield, and cost controls, as well as increases in average selling prices, including those to A.J. Oster, partially offset by the negative effect of decreased volume, increased employee compensation and related costs, changes in product mix and several other individually insignificant factors.

Chase Brass

Net sales decreased by $41.0 million as the metal cost recovery component decreased by $41.1 million due to lower volume of $5.9 million and $35.2 million of decreased metal prices. Adjusted sales increased by $0.1 million, which was the result of favorable price and product mix fluctuations of $1.8 million partially offset by decreased volume of $1.7 million.

Volume in the building and housing market increased, while volumes decreased in the transportation, electronics / electrical components and industrial machinery and equipment markets.

Adjusted EBITDA decreased by $0.2 million as favorable price and product mix fluctuations in adjusted sales and lower shrinkage costs due to a decline in metal costs could not overcome the decrease in volume, increased manufacturing conversion costs and increased selling, general and administrative expenses.

A.J. Oster

Net sales decreased by $8.4 million, comprised of a decrease in the metal cost recovery component of $11.8 million and a $3.4 million increase in adjusted sales. The metal cost recovery component decreased due to decreased metal prices of $23.6 million, which was partially offset by an increase in volume of $11.8 million. Adjusted sales increased due to higher volume of $7.7 million partially offset by unfavorable product mix fluctuations of $4.3 million.

Volume increased by 4.3 million pounds, or 8.3%, due to A.J. Oster's success in achieving its commercial growth initiatives, including expanding its product portfolio into other metals.

Adjusted EBITDA increased by $0.2 million, which was primarily due to increased volume and decreased manufacturing conversion costs despite increased pricing from Olin Brass. The increase was partially offset by unfavorable product mix fluctuations.

Changes in Financial Condition

The following discussions present an analysis of fluctuations in certain asset, liability and equity components of our consolidated balance sheet as of September 30, 2015 as compared to the amounts as of December 31, 2014 and September 30, 2014. These discussions should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

September 30, 2015 compared to December 31, 2014

Cash increased by $28.9 million primarily due to earnings generated in the last nine months and other factors as detailed in our consolidated statement of cash flows for the nine months ended September 30, 2015.

Accounts payable increased by $9.3 million, which is mostly attributable to an increase of four days in our days payable outstanding.

Our non-current portion of debt decreased by $21.9 million, reflective of our open market purchase of $21.1 million of principal amount of Senior Secured Notes.

September 30, 2015 compared to September 30, 2014

Accounts receivable decreased by $39.6 million primarily due to decreases in metal prices.

Inventory decreased by $19.2 million due to improved inventory management.

Cash increased mostly as a result of earnings generated in the twelve months ended September 30, 2015.

Our non-current portion of debt decreased by $30.6 million, reflective of our open market purchase of $21.1 million of principal amount of Senior Secured Notes. Additionally, the $8.5 million of debt outstanding under the ABL Facility as of September 30, 2014 was paid off in the fourth quarter of 2014.

Liquidity and Capital Resources

Sources and Uses of Cash

Our primary uses of cash are to fund working capital, operating expenses, debt service and capital expenditures. Historically, our primary sources of short-term liquidity have been cash flow from operations and borrowings under our ABL Facility. Holdings derives all of its cash flow from its subsidiaries, including GBC, and receives dividends, distributions and other payments from them to generate the funds necessary to meet its financial obligations. However, Holdings is a holding company with no operations, no employees and no assets other than its investment in GBC. All of our operations are conducted at GBC and its subsidiaries. GBC is also the primary obligor on our indebtedness, and Holdings has no indebtedness other than its guarantee of GBC's indebtedness.

The credit agreement governing the ABL Facility and the indenture governing the Senior Secured Notes (the "Indenture") limit the ability of GBC and its subsidiaries to pay dividends or distribute cash to Holdings and to its equityholders, although ordinary course dividends and distributions to meet the limited holding company expenses and related obligations at Holdings of up to $5.0 million per year are permitted under those agreements. Under the terms of the Indenture, GBC is also permitted to pay dividends or distribute to Holdings and its equityholders up to 50% of its "Consolidated Net Income" (as such term is used in the Indenture) from April 1, 2012 to the end of GBC's most recently ended fiscal quarter. As of September 30, 2015, all of the net assets of the subsidiaries are restricted except for $78.0 million, which are permitted for dividend distributions under the Indenture.

We do not believe that the restrictions on dividends and distributions to Holdings and its equityholders imposed by the terms of our debt agreements have any impact on our liquidity, financial condition or results of operations. We believe that these resources will be sufficient to meet our working capital and debt service needs for the foreseeable future, including costs that we may incur in connection with our growth strategy.

Cash Flows

The following table presents the summary components of net cash provided by (used in) operating, investing and financing activities for the periods indicated. The following discussion presents an analysis of cash flows for the nine months ended September 30, 2015 as compared to the nine months ended September 30, 2014 and should be read in conjunction with our consolidated statements of cash flows in our unaudited consolidated financial statements included elsewhere in this report. Our consolidated statement of cash flows for the nine months ended September 30, 2014 reflects revisions discussed in the notes to the unaudited consolidated financial statements included elsewhere in this report.

Cash Flow Analysis	**Nine Months Ended September 30,**		**Change: 2015 vs. 2014**
(in millions)	**2015**	**2014**	**Amount**
Cash flows provided by operating activities	$ 60.0	$ 24.7	$ 35.3
Cash flows used in investing activities	$ (4.9)	$ (18.7)	$ 13.8
Cash flows (used in) provided by financing activities	$ (26.3)	$ 0.5	$ (26.8)

Cash flows from operating activities

Net cash provided by operating activities increased by $35.3 million due primarily to working capital improvements, $18.8 million of which relates primarily to the impact of decreased metal prices on accounts receivable. Another $11.9 million resulted from improved inventory management.

In addition, our income tax receivables net of payables yielded an $8.6 million benefit to cash flow from operations due to the utilization in 2015 of the overpayment of taxes that occurred in 2014.

Cash flows from investing activities

Our cash flows from investing activities in 2015 benefited from $8.0 million in proceeds from the sale of our investment in the Dowa Joint Venture and $6.5 million from lower capital spending.

Cash flows from financing activities

Net cash used in financing activities was $26.3 million as compared to a $0.5 million provision of cash in the prior year period. The change in net cash flows from financing activities is primarily attributed to $22.9 million of cash used to purchase Senior Secured Notes in the open market.

Outstanding Indebtedness

Our long-term debt outstanding was $359.0 million at September 30, 2015, $380.8 million at December 31, 2014, and $389.5 million at September 30, 2014, inclusive of the current portions. As described in Note 7, "Financing," we made some open market purchases of our Senior Secured Notes. We may, from time to time, retire certain of our outstanding debt through open market cash purchases, privately-negotiated transactions or otherwise. Such purchases, if any, will depend on prevailing market conditions, our liquidity requirements and other factors.

The ABL Facility and the Indenture contain various covenants to which we are subject to on an ongoing basis. At September 30, 2015, we were in compliance with all of these covenants.

For additional information regarding our ABL Facility, the Indenture governing the Senior Secured Notes and our capital lease obligations, see the notes to our unaudited consolidated financial statements, which are included elsewhere in this report, and our Annual Report on Form 10-K filed with the SEC on March 16, 2015 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources".

Recently Issued and Recently Adopted Accounting Pronouncements

For information on recently issued and recently adopted accounting pronouncements, see the notes to our unaudited consolidated financial statements, which are included elsewhere in this report.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

There is no material change in the information reported under Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" contained in our Annual Report on Form 10-K filed with the SEC on March 16, 2015.

For information regarding derivative contracts that the Company uses to limit its exposure to fluctuations in commodity prices, thereby exposing itself to credit risk and market risk, see the notes to our unaudited consolidated financial statements, which are included elsewhere in this report.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the Company's "disclosure controls and procedures," which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the SEC (such as this Form 10-Q) is i) recorded, processed, summarized, and reported on a timely basis, and ii) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the disclosure controls and procedures as of September 30, 2015. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2015, the design and operation of our disclosure controls and procedures were effective to provide reasonable assurance that the desired control objectives were achieved.

(b) Changes in internal controls

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are currently and from time to time involved in a variety of claims, lawsuits and other disputes arising in the ordinary course of business, none of which management currently believes are, or will be, material to our business. For a discussion of risks related to various legal proceedings and claims, see the risk factors described in our Annual Report on Form 10-K filed with the SEC on March 16, 2015.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K under "Item 1A — Risk Factors" filed with the SEC on March 16, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Sales of Unregistered Securities

None.

Purchases of Equity Securities

	Issuer Purchases of Equity Securities			
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 of Shares That May Yet Be Purchased Under the Plans or Programs**
July 1, 2015 through July 31, 2015	—	$ —	*	*
August 1, 2015 through August 31, 2015	—	$ —	*	*
September 1, 2015 through September 30, 2015	835	20.84	*	*
Total	835	$ 20.84	*	*

* These amounts are not applicable as we do not have a share repurchase program in effect.

(1) Common stock purchased during three months ended September 30, 2015 represented shares which were surrendered to the Company by participants under share-based compensation plans to satisfy tax withholding obligations relating to the vesting of equity awards.

Limitations Upon the Payment of Dividends

Both the ABL Facility and the Indenture governing the 9.50% Senior Secured Notes due 2019 contain restrictions as to the payment of dividends. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" in our Annual Report on Form 10-K filed with the SEC on March 16, 2015 for further discussion of these restrictive covenants.

Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

* Filed herewith

** Furnished herewith

SIGNATURE

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

GLOBAL BRASS AND COPPER HOLDINGS, INC

By: */s/ Robert T. Micchelli*
Robert T. Micchelli
Chief Financial Officer

Date: November 2, 2015

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, John J. Wasz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Brass and Copper Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstance under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly represent in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 2, 2015

/s/ John J. Wasz
John J. Wasz
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Robert T. Micchelli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Global Brass and Copper Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstance under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly represent in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 2, 2015

/s/ Robert T. Micchelli

Robert T. Micchelli
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Global Brass and Copper Holdings, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2015, as filed with the Securities and Exchange Commission (the “Report”), and pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, each of the undersigned hereby certifies that to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 2, 2015

/s/ John J. Wasz
John J. Wasz
Chief Executive Officer

/s/ Robert T. Micchelli
Robert T. Micchelli
Chief Financial Officer

This written statement accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.
A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.