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 March 31, 2017

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.

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

On April 26, 2017, there were 21,884,846 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 March 31, 2017	As of December 31, 2016
Assets		
Current assets:		
Cash	$ 66.9	$ 88.2
Accounts receivable (net of allowance of $0.8 and $0.5 at March 31, 2017 and December 31, 2016, respectively)	196.0	134.0
Inventories	143.3	163.7
Prepaid expenses and other current assets	40.6	18.3
Income tax receivable	3.2	5.4
Total current assets	450.0	409.6
Property, plant and equipment	196.8	191.7
Less: Accumulated depreciation	(65.6)	(61.3)
Property, plant and equipment, net	131.2	130.4
Goodwill	4.4	4.4
Intangible assets, net	0.4	0.4
Deferred income taxes	33.7	34.1
Other noncurrent assets	3.4	3.7
Total assets	$ 623.1	$ 582.6
Liabilities and equity		
Current liabilities:		
Current portion of debt	$ 4.5	$ 4.5
Accounts payable	105.2	88.9
Accrued liabilities	56.6	45.0
Accrued interest	0.1	0.2
Income tax payable	0.3	1.3
Total current liabilities	166.7	139.9
Noncurrent portion of debt	310.5	311.5
Other noncurrent liabilities	35.3	36.0
Total liabilities	512.5	487.4
Commitments and Contingencies (Note 11)		
Global Brass and Copper Holdings, Inc. stockholders' equity:		
Common stock - $0.01 par value; 80,000,000 shares authorized; 22,108,381 and 21,712,216 shares issued at March 31, 2017 and December 31, 2016, respectively	0.2	0.2
Additional paid-in capital	48.7	45.0
Retained earnings	66.8	51.2
Treasury stock - 218,487 and 79,149 shares at March 31, 2017 and December 31, 2016, respectively	(6.3)	(1.5)
Accumulated other comprehensive loss	(3.4)	(4.1)
Total Global Brass and Copper Holdings, Inc. stockholders' equity	106.0	90.8
Noncontrolling interest	4.6	4.4
Total equity	110.6	95.2
Total liabilities and equity	$ 623.1	$ 582.6

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 March 31, 2017	Three Months Ended March 31, 2016
Net sales	$ 393.3	$ 328.9
Cost of sales	(343.4)	(279.4)
Gross profit	49.9	49.5
Selling, general and administrative expenses	(22.9)	(19.7)
Operating income	27.0	29.8
Interest expense	(4.7)	(8.4)
Loss on extinguishment of debt	—	(2.9)
Other income (expense), net	(0.3)	0.4
Income before provision for income taxes	22.0	18.9
Provision for income taxes	(4.8)	(6.7)
Net income	17.2	12.2
Net income attributable to noncontrolling interest	(0.2)	—
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 17.0	$ 12.2
Net income attributable to Global Brass and Copper Holdings, Inc. per common share:		
Basic	$ 0.79	$ 0.57
Diluted	$ 0.77	$ 0.57
Weighted average common shares outstanding:		
Basic	21.5	21.3
Diluted	22.1	21.5
Dividends declared per common share	$ 0.0375	$ 0.0375

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

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

	Three Months Ended March 31,	
(in millions)	**2017**	**2016**
Net income	$ 17.2	$ 12.2
Other comprehensive income (loss):		
Foreign currency translation adjustment	0.8	(0.2)
Income tax (expense) benefit on foreign currency translation adjustment	(0.1)	0.1
Comprehensive income	17.9	12.1
Comprehensive (income) loss attributable to noncontrolling interest	(0.2)	—
Comprehensive income attributable to Global Brass and Copper Holdings, Inc.	$ 17.7	$ 12.1

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

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

(in millions, except share data)	Shares outstanding	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive loss	Total Global Brass and Copper Holdings, Inc. stockholders' equity	Noncontrolling interest	Total equity
Balance at December 31, 2015	21,507,154	$ 0.2	$ 36.9	$ 22.3	$ (0.7)	$ (2.3)	$ 56.4	$ 4.3	$ 60.7
Share-based compensation	—	—	1.1	—	—	—	1.1	—	1.1
Share repurchases	(17,509)	—	—	—	(0.4)	—	(0.4)	—	(0.4)
Excess tax benefit on share-based compensation	—	—	0.1	—	—	—	0.1	—	0.1
Dividends declared	—	—	—	(0.8)	—	—	(0.8)	—	(0.8)
Net income	—	—	—	12.2	—	—	12.2	—	12.2
Other comprehensive income (loss), net of tax	—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
Balance at March 31, 2016	21,489,645	$ 0.2	$ 38.1	$ 33.7	$ (1.1)	$ (2.4)	$ 68.5	$ 4.3	$ 72.8
Balance at December 31, 2016	21,633,067	$ 0.2	$ 45.0	$ 51.2	$ (1.5)	$ (4.1)	$ 90.8	$ 4.4	$ 95.2
Share-based compensation	357,784	—	2.5	—	—	—	2.5	—	2.5
Exercise of stock options	38,381	—	0.7	—	—	—	0.7	—	0.7
Share repurchases	(139,338)	—	—	—	(4.8)	—	(4.8)	—	(4.8)
Adoption of ASU 2016-09	—	—	0.5	(0.5)	—	—	—	—	—
Dividends declared	—	—	—	(0.9)	—	—	(0.9)	—	(0.9)
Net income	—	—	—	17.0	—	—	17.0	0.2	17.2
Other comprehensive income (loss), net of tax	—	—	—	—	—	0.7	0.7	—	0.7
Balance at March 31, 2017	21,889,894	$ 0.2	$ 48.7	$ 66.8	$ (6.3)	$ (3.4)	$ 106.0	$ 4.6	$ 110.6

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

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

	Three Months Ended March 31,	
(in millions)	**2017**	**2016**
Cash flows from operating activities		
Net income	$ 17.2	$ 12.2
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Lower of cost or market adjustment to inventory	(0.8)	0.3
Unrealized (gain) loss on derivatives	0.8	(1.9)
Depreciation	4.5	3.6
Amortization of debt discount and issuance costs	0.3	0.7
Loss on extinguishment of debt	—	2.9
Share-based compensation expense	2.5	1.1
Provision for bad debts, net of reductions	0.3	(0.3)
Deferred income taxes	0.2	1.2
Change in assets and liabilities:		
Accounts receivable	(61.7)	(22.9)
Inventories	21.7	16.3
Prepaid expenses and other current assets	(23.5)	1.8
Accounts payable	18.6	0.4
Accrued liabilities	12.0	(12.5)
Accrued interest	(0.1)	7.1
Income taxes, net	1.3	2.1
Other, net	(0.4)	—
Net cash provided by (used in) operating activities	(7.1)	12.1
Cash flows from investing activities		
Capital expenditures	(7.8)	(7.6)
Net cash used in investing activities	(7.8)	(7.6)
Cash flows from financing activities		
Borrowings on ABL Facility	0.2	0.4
Payments on ABL Facility	(0.2)	(0.4)
Retirement of Senior Secured Notes	—	(35.5)
Premium payment on extinguishment of debt	—	(2.2)
Payments on term loan	(0.8)	—
Principal payments under capital lease obligation	(0.3)	(0.3)
Dividends paid	(0.9)	(0.8)
Proceeds from exercise of stock options	0.7	—
Share repurchases	(4.8)	(0.4)
Net cash used in financing activities	(6.1)	(39.2)
Effect of foreign currency exchange rates	(0.3)	(0.1)
Net increase (decrease) in cash	(21.3)	(34.8)
Cash at beginning of period	88.2	83.5
Cash at end of period	$ 66.9	$ 48.7
Noncash investing and financing activities		
Purchases of property, plant and equipment not yet paid	$ 1.6	$ 1.9

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 accompanying unaudited interim consolidated financial statements include all normal recurring adjustments that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. The December 31, 2016 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 ("US GAAP"). Certain information and disclosures normally included in annual financial statements prepared in accordance with US GAAP have been condensed or omitted.

The preparation of financial statements in conformity with US 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 three months ended March 31, 2017. 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, 2016.

Recently Issued and Recently Adopted Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, *Compensation-Stock Compensation (Topic 718)* ("ASU 2016-09"). ASU 2016-09 simplifies various aspects of the accounting for share-based payment transactions, including income tax consequences, presentation of awards as either equity or liabilities, presentation in the statement of cash flows and accounting for forfeitures. The provisions of ASU 2016-09 are effective for fiscal years, and interim reporting periods within those fiscal years, beginning after December 15, 2016. As allowed under the new guidance, we have elected to change our accounting policy to now recognize forfeitures as they occur. As of January 1, 2017, the date we adopted this ASU, the $0.5 million cumulative effect of that change in accounting policy resulted in a decrease to retained earnings and increase to additional paid-in capital. Additionally, ASU 2016-09 eliminates the requirement to report excess tax benefits and certain tax deficiencies related to share-based payment transactions in additional paid-in capital. In accordance with the new standard and prospectively since the date we adopted this ASU, we are recording excess tax benefits and tax deficiencies as an income tax benefit or provision in the consolidated statements of operations. The guidance also requires excess tax benefits to be reported as operating activities in the statement of cash flows rather than as a financing activity. We have elected to retrospectively adjust the cash flow classification, resulting in an increase of $0.1 million in cash from operating activities for the three months ended March 31, 2016, with a corresponding decrease to cash from financing activities.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). ASU 2016-02 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease effectively finances a purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method (finance lease) or on a straight line basis over the term of the lease (operating lease). A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. ASU 2016-02 supersedes the existing guidance on accounting for leases in "*Leases (Topic 840)."* The provisions of ASU 2016-02 are effective for fiscal years, and interim reporting periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted and the provisions are to be applied using a modified retrospective approach. We are in the process of evaluating the impact of adoption on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). 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. The FASB subsequently issued ASU No. 2015-14, *Revenue From Contracts With Customers (Topic 606): Deferral of the Effective Date*, ASU No. 2016-08, *Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net) (Topic 606)*, ASU No. 2016-10, *Identifying Performance Obligations and Licensing (Topic 606),* ASU No. 2016-12, *Narrow-Scope Improvements and Practical Expedients (Topic 606)* and ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which further clarify aspects of the initial ASU. The guidance is effective for fiscal years, and interim reporting periods within those fiscal years, beginning after December 15, 2017. The revenue recognition 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. Our assessment to date, which is still incomplete, has not resulted in any material changes.

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:

	Three Months Ended March 31,	
(in millions, except per share data)	**2017**	**2016**
Numerator		
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 17.0	$ 12.2
Denominator		
Weighted-average common shares outstanding	21.5	21.3
Effect of potentially dilutive securities:		
Stock options and nonvested share awards	0.6	0.2
Weighted-average common shares outstanding, assuming dilution	22.1	21.5
Anti-dilutive shares excluded from above	0.2	—
Net income attributable to Global Brass and Copper Holdings, Inc. per common share:		
Basic	$ 0.79	$ 0.57
Diluted	$ 0.77	$ 0.57

3. 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, fabricator and converter of non-ferrous products, including sheet, strip, foil, tube and fabricated products. Olin Brass also rerolls and forms other alloys such as stainless steel, carbon steel and aluminum. Sheet and strip is generally manufactured from copper and copper-alloy scrap. 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 solid brass rod in North America. Chase Brass primarily manufactures rod in 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 primarily processes and distributes copper, copper-alloy and aluminum sheet, strip and foil through 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 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 includes compensation for corporate executives and staff, and professional fees for accounting, tax and legal services. Corporate also includes interest expense, state and federal income taxes, overhead costs, all share-based compensation expense, 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 (as defined below), a non-GAAP measure.

Adjusted EBITDA is defined as net income attributable to Global Brass and Copper Holdings, Inc., plus 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 energy and utility costs;
- impact associated with lower of cost or market adjustments to inventory;
- gains and losses due to the depletion of a last-in, first out ("LIFO") layer of metal inventory;
- share-based compensation expense;
- loss on extinguishment of debt;
- restructuring and other business transformation charges;
- specified legal and professional expenses; and
- certain other items.

Each of these items 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:

	Three Months Ended March 31,	
(in millions)	2017	2016
Net Sales, External Customers		
Olin Brass	$ 164.6	$ 131.6
Chase Brass	154.0	128.1
A.J. Oster	74.7	69.2
Total net sales, external customers	$ 393.3	$ 328.9
Intersegment Net Sales		
Olin Brass	$ 24.0	$ 20.2
Chase Brass	0.1	0.1
A.J. Oster	—	—
Total intersegment net sales	$ 24.1	$ 20.3
Adjusted EBITDA		
Olin Brass	$ 11.8	$ 13.3
Chase Brass	20.4	19.2
A.J. Oster	2.5	5.1
Total adjusted EBITDA of operating segments	34.7	37.6
Corporate	(1.2)	(3.9)
Depreciation expense	(4.5)	(3.6)
Interest expense	(4.7)	(8.4)
Net income attributable to noncontrolling interest	0.2	—
Unrealized (loss) gain on derivative contracts (a)	(0.8)	1.9
Loss on extinguishment of debt (b)	—	(2.9)
Specified legal / professional expenses (c)	—	(0.4)
Lower of cost or market adjustment to inventory (d)	0.8	(0.3)
Share-based compensation expense (e)	(2.5)	(1.1)
Income before provision for income taxes	$ 22.0	$ 18.9

(a) Represents unrealized gains / losses on derivative contracts.
(b) Represents the loss on extinguishment of debt recognized in connection with the open market purchases of our former senior secured notes ("Senior Secured Notes"). See Note 7, "Financing."
(c) Represents selected professional fees for accounting, tax, legal and consulting services incurred as a public company that exceed our expected long-term requirements.
(d) For the three months ended March 31, 2017, represents net recoveries of previous charges as market prices for certain metals increased. For the three months ended March 31, 2016, represents lower of cost or market charges for the write down of domestic metal inventory.
(e) Represents compensation expense resulting from stock compensation awards to certain employees and our Board of Directors.

4. Inventories

Inventories were as follows:

	As of	
(in millions)	March 31, 2017	December 31, 2016
Raw materials and supplies	$ 19.9	$ 22.7
Work-in-process	47.3	65.6
Finished goods	76.1	75.4
Total inventories	$ 143.3	$ 163.7

Inventories include costs attributable to direct labor and manufacturing overhead, but are primarily comprised of metal costs. The metals component of inventories that is valued on a LIFO basis comprised approximately 60% and 70% of total inventory at March 31, 2017 and December 31, 2016, respectively. Other manufactured inventories, including the direct labor and manufacturing overhead components and certain non-U.S. inventories, are valued on a first-in, first out ("FIFO") basis.

During the three months ended March 31, 2017 and 2016, we recorded adjustments for certain domestic metal inventory from the fluctuations in market value of these metals. These adjustments decreased cost of sales by $0.8 million during the three months ended March 31, 2017 and increased cost of sales by $0.3 million for the three months ended March 31, 2016.

Below is a summary of inventories valued at period-end market values compared to the as reported values:

	As of	
(in millions)	March 31, 2017	December 31, 2016
Market value	$ 223.2	$ 232.9
As reported	143.3	163.7
Excess of market over reported value	$ 79.9	$ 69.2

5. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were as follows:

	As of	
(in millions)	March 31, 2017	December 31, 2016
Deferred cost of sales - toll customers	$ 29.5	$ 4.0
Workers' compensation plan deposits	4.8	6.3
Derivative contract assets	2.2	2.8
Prepaid insurance	0.9	1.7
Other	3.2	3.5
Total prepaid expenses and other current assets	$ 40.6	$ 18.3

6. Accrued Liabilities

Accrued liabilities consisted of the following:

(in millions)	As of March 31, 2017	As of December 31, 2016
Deferred sales revenue - toll customers	$ 30.2	$ 4.0
Compensation and benefits	11.4	25.1
Workers' compensation	3.1	3.0
Insurance	2.9	3.1
Utilities	2.8	2.0
Professional fees	1.5	1.8
Taxes	1.2	1.3
Other	3.5	4.7
Total accrued liabilities	$ 56.6	$ 45.0

7. Financing

Long-term debt consisted of the following:

(in millions)	As of March 31, 2017	As of December 31, 2016
Term Loan B Facility	318.4	319.2
Deferred financing fees and discount on debt	(6.8)	(6.9)
Obligations under capital lease	3.4	3.7
Total debt	315.0	316.0
Less: Current portion of debt	(4.5)	(4.5)
Noncurrent portion of debt	$ 310.5	$ 311.5

Term Loan B Facility

At March 31, 2017, we had $318.4 million outstanding under our long-term credit facility that matures on July 18, 2023 ("Term Loan B Facility"), which accrued interest at a rate of 5.25%. Amounts outstanding under the Term Loan B Facility bear interest at a rate per annum equal to, at our option, either (1) 3.00% to 3.25% subject to a total net leverage ratio pricing grid set forth in the agreement governing this facility ("Term Loan B Credit Agreement") plus an Alternate Base Rate (as defined in the Term Loan B Credit Agreement) or (2) 4.00% to 4.25% subject to a total net leverage ratio pricing grid set forth in the Term Loan B Credit Agreement plus the Adjusted LIBO Rate (as defined in the Term Loan B Credit Agreement).

The Term Loan B Credit Agreement also contains a financial covenant that requires us to maintain a total net leverage ratio that is tested quarterly. The "total net leverage ratio" requires us to maintain a ratio of the amount of total net debt to "Consolidated Adjusted EBITDA" (for all terms, as defined in the Term Loan B Credit Agreement) for the twelve consecutive months prior to the date on which the ratio is tested of no greater than 4.0 to 1.0.

In connection with the Term Loan B Facility, we must make quarterly payments of $0.8 million with the balance expected to be due on July 18, 2023.

ABL Facility

Our asset-based revolving loan facility that expires on July 19, 2021 (“ABL Facility”) provides for borrowings of up to the lesser of $200.0 million or the borrowing base. As of March 31, 2017, we had no borrowings outstanding under the ABL Facility and available borrowings under the facility were $197.9 million after giving effect to the $2.1 million of letters of credit outstanding, which are used to provide collateral for our insurance programs. Under certain circumstances, we may request an increase in the maximum commitments of up to $200.0 million (but the lenders are not obligated to grant such an increase).

Amounts outstanding, if any, under the ABL Facility bear interest at a rate per annum equal to, at our option, either (1) 0.25% to 0.75%, subject to an average quarterly availability pricing grid set forth in the agreement governing the facility (“ABL Credit Agreement”) plus an Alternate Base Rate (as defined in the ABL Credit Agreement) or (2) 1.25% to 1.75%, subject to an average quarterly availability pricing grid set forth in the ABL Credit Agreement plus the Adjusted LIBO Rate (as defined in the ABL Credit Agreement). Unused amounts under the ABL Facility incur an unused line fee of 0.375% or 0.25% per annum (depending on the percentage of aggregate revolving exposure), payable in arrears on a monthly basis.

The ABL Credit Agreement also contains a financial covenant requiring us to maintain a fixed charge coverage ratio that is tested whenever excess availability, as defined in the ABL Credit Agreement, falls below the greater of $20.0 million or 10% of our potential borrowings. This covenant requires us to maintain a ratio of “Consolidated Adjusted EBITDA” to the amount of our “fixed charges” (for all terms, as defined in the ABL Credit Agreement) for the twelve consecutive months prior to the date on which the ratio is tested equal to or greater than 1.0 to 1.0.

The Credit Agreements

The ABL Credit Agreement and the Term Loan B Credit Agreement (together, the “Credit Agreements”) contain various other covenants consistent with debt agreements of this kind, such as restrictions on the amounts of dividends we can pay. As of March 31, 2017, we were in compliance with all of the covenants relating to the Credit Agreements.

Discussion of Historical Debt Facilities

Historically, our debt included our Senior Secured Notes. During the three months ended March 31, 2016, we purchased in the open market an aggregate of $35.5 million principal amount of our Senior Secured Notes, for an aggregate purchase price of $37.7 million, plus accrued interest. We recognized a loss on the extinguishment of debt for the three months ended March 31, 2016 of $2.9 million, which includes a premium of $2.2 million and the write-off of $0.7 million of unamortized debt issuance costs.

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, was 21.8% and 35.4% for the three months ended March 31, 2017 and 2016, respectively. The effective income tax rates for the three months ended March 31, 2017 and 2016 differed from the U.S. Federal statutory rate of 35% primarily due to state income taxes, utilization of foreign tax credits and the domestic manufacturing deduction. In addition, due to the impact of share-based compensation, primarily the adoption of ASU 2016-09 in the first quarter of 2017, we recorded $3.0 million of tax benefit related to share award vestings and option exercises for the three months ended March 31, 2017, reducing the effective tax rate by 13.6%.

As of March 31, 2017 and December 31, 2016, we had $25.2 million and $25.2 million, respectively, of unrecognized tax benefits, none of which would impact the effective tax rate, if recognized, which are presented in other noncurrent liabilities in the accompanying unaudited consolidated balance sheets.

Our U.S. federal returns for the period ended December 31, 2013 and all subsequent periods remain open for audit. The majority of state returns for the period ended December 31, 2012 and all subsequent periods also remain open for audit.

9. Derivative Contracts

We maintain a metal, energy and utility 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 us pursuant to terms of the derivative contracts, if any. If the credit-worthiness of these counterparties deteriorates, we believe the exposure is mitigated by provisions in the derivative arrangements which allow for the legal right of offset of amounts due to us from the counterparties, if any, with any amounts payable to the counterparties.

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

	As of	
	March 31, 2017	December 31, 2016
(in millions)	Net Notional Amount	Net Notional Amount
Metal	$ 39.1	$ 6.7
Energy and utilities	0.7	1.2
Total	$ 39.8	$ 7.9

	As of	
(in millions)	March 31, 2017	December 31, 2016
Notional amount - long	$ 61.4	$ 24.4
Notional amount - (short)	(21.6)	(16.5)
Net long / (short)	$ 39.8	$ 7.9

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 unaudited consolidated balance sheets, and the collateral deposited with counterparties:

	As of March 31, 2017		
(in millions)	Gross Amounts of Recognized Assets	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Assets Presented in Consolidated Balance Sheet
Metal	$ 1.7	$ (0.7)	$ 1.0
Energy and utilities	0.1	—	0.1
Collateral on deposit	1.1	—	1.1
Total	$ 2.9	$ (0.7)	$ 2.2
Consolidated balance sheet location:			
Prepaid expenses and other current assets			$ 2.2

	As of March 31, 2017		
(in millions)	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Liabilities Presented in Consolidated Balance Sheet
Metal	$ 0.7	$ (0.7)	$ —
Energy and utilities	—	—	—
Total	$ 0.7	$ (0.7)	$ —

	As of December 31, 2016		
(in millions)	Gross Amounts of Recognized Assets	Gross Amounts Offset in Consolidated Balance Sheet	Net Amounts of Assets Presented in Consolidated Balance Sheet
Metal	$ 3.6	$ (1.4)	$ 2.2
Energy and utilities	0.2	—	0.2
Collateral on deposit	0.4	—	0.4
Total	$ 4.2	$ (1.4)	$ 2.8
Consolidated balance sheet location:			
Prepaid expenses and other current assets			$ 2.8

	As of December 31, 2016		
(in millions)	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)	$ —
Energy and utilities	—	—	—
Total	$ 1.4	$ (1.4)	$ —

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

	Three Months Ended March 31,	
(in millions)	2017	2016
Losses (gains) in cost of sales for:		
Metal	$ (0.5)	$ (1.3)
Energy and utilities	0.2	0.5
Total	$ (0.3)	$ (0.8)

10. 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 March 31, 2017 and December 31, 2016, the fair value of our commodity derivative contracts was $2.2 million and $2.8 million, respectively. In accordance with ASC 820, our metal, energy and utility 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 2017 or 2016.

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 March 31, 2017, the fair value of our Term Loan B Facility approximated $323.2 million compared to a carrying value of $318.4 million. As of December 31, 2016, the fair value of our Term Loan B Facility approximated $325.6 million compared to a carrying value of $319.2 million. The fair values of the Term Loan B Facility were based upon quotes from financial institutions (Level 2 in the fair value hierarchy as defined by ASC 820).

11. 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 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 us 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 legal proceedings are individually material or that the aggregate exposure of all of our legal proceedings, including those that are probable and those that are only reasonably possible, is material to our financial condition, results of operations or cash flows.

Insurance Recoveries

In May 2016, the East Alton facility of our Olin Brass segment temporarily reduced production due to an equipment failure impacting an intermediate segment of the production process. The disruption resulted in a temporary reduction in customer shipments and in Olin Brass securing support via toll processing from other strip industry participants.

We sustained losses from this event, and the equipment remained out of service for several weeks and resumed production in mid-June 2016. We are insured for property and business interruption losses related to these events subject to a deductible of up to $2.5 million per incident. We have filed a claim with our insurance carrier to recover these losses. In the first quarter of 2017, we recorded recoveries of $3.0 million related to the claim as a reduction to cost of goods sold, and we received this advance payment from the insurance company in April 2017. We believe we will receive further insurance recoveries in 2017 and that the total of all recoveries will approximate $7.4 million.

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, include general economic conditions, market demand, pricing and competitive factors, the ability to implement business and acquisition strategies, the ability to address unexpected operational issues and the ability to continue to implement our balanced book approach, among others, which 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 7, 2017, 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.

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, 2016. 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. The majority of our operations are managed through three reportable operating segments: Olin Brass, Chase Brass and A.J. Oster. We also have a Corporate entity which 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 non-ferrous 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, virgin metals 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. Key attributes of copper and copper alloys are conductivity, corrosion resistance, strength, malleability, cosmetic appearance and bactericidal properties.

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 lead-free brass rod product, which we sell under the Green Dot® and Eco Brass® brand names. The vertical integration of Olin Brass's manufacturing capabilities and A.J. Oster's distribution capabilities allows us to access customers with a wide variety of volume and service needs.

Unlike traditional metals companies, in particular those that engage in mining, smelting and refining activities, we are purely a metal converter, fabricator, processor and distributor, and we 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 7, 2017.

Management's View of Performance

In addition to the results reported in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), we also report "adjusted sales," "adjusted gross profit," "adjusted selling, general and administrative expenses," "adjusted EBITDA" and "adjusted diluted earnings per common share" which are non-GAAP financial measures as defined below.

Adjusted sales, adjusted gross profit, adjusted selling, general and administrative expenses, adjusted EBITDA and adjusted diluted earnings per common share may not be comparable to similarly titled measures presented by other companies and are not intended as alternatives to any other measure of performance in conformity with US GAAP.

You should therefore not place undue reliance on adjusted sales, adjusted gross profit, adjusted selling, general and administrative expenses, adjusted EBITDA, adjusted diluted earnings per common share, or any ratios calculated using them. The most comparable US GAAP-based measure for each respective non-GAAP financial measure can be found in our unaudited consolidated financial statements and the related notes thereto included elsewhere in this report.

The following discussions present an analysis of certain GAAP and non-GAAP measures for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016. These discussions should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

Net sales and adjusted sales

Net sales is the most directly comparable US GAAP measure to adjusted sales, which represents the value-added premium we earn over our conversion and fabrication costs. Adjusted sales is defined as net sales less the metal cost of products sold. 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 US 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.

Net sales is reconciled to adjusted sales as follows:

	Three Months Ended March 31,		Change: 2017 vs. 2016	
(in millions, except per pound values)	2017	2016	Amount	Percent
Pounds shipped (a)	133.9	131.3	2.6	2.0%
Net sales	$ 393.3	$ 328.9	$ 64.4	19.6%
Metal component of net sales	(254.9)	(193.5)	(61.4)	31.7%
Adjusted sales	$ 138.4	$ 135.4	$ 3.0	2.2%
Net sales per pound	$ 2.94	$ 2.50	$ 0.44	17.6%
Less: Metal component of net sales per pound	1.91	1.47	0.44	29.9%
Adjusted sales per pound	$ 1.03	$ 1.03	$ —	—%
Average copper price per pound (b)	$ 2.65	$ 2.11	$ 0.54	25.6%

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

Net sales increased by $64.4 million, or 19.6%, primarily as the result of a $61.4 million increase in the metal cost recovery component due mostly to increased metal prices and greater sales of unprocessed metals. Adjusted sales increased by $3.0 million mostly due to a $2.6 million benefit from increased volumes resulting from increased demand in the coinage markets, partially offset by lower demand in the munitions market.

Gross profit and adjusted gross profit

Gross profit is the most directly comparable US GAAP measure to adjusted gross profit. Adjusted gross profit is defined as gross profit less items excluded from the calculation of adjusted EBITDA. We believe that adjusted gross profit supplements our US GAAP results to provide a more complete understanding of the results of our business. We believe adjusted gross profit represents a meaningful presentation of the financial performance of our core operations as it provides period-to-period comparisons that are more consistent and more easily understood.

Gross profit is reconciled to adjusted gross profit as follows:

(in millions)	Three Months Ended March 31, 2017	2016	Amount change: 2017 vs. 2016
Total gross profit	$ 49.9	$ 49.5	$ 0.4
Unrealized loss (gain) on derivative contracts (a)	0.8	(1.9)	2.7
Lower of cost or market adjustment to inventory (b)	(0.8)	0.3	(1.1)
Depreciation expense	3.6	3.1	0.5
Adjusted gross profit	$ 53.5	$ 51.0	$ 2.5

(a) We use our balanced book approach, supported, where required, by derivative contracts, to substantially reduce the impact of metal price fluctuations on operating margins. We also use derivative contracts to reduce uncertainty and volatility related to energy and utility costs.

(b) For the three months ended March 31, 2016, the amount presented represents lower of cost or market charges for the write down of domestic, metal inventory. For the three months ended March 31, 2017, the amount presented represents net recoveries of previous charges as market prices for certain metals increased.

Gross profit increased by $0.4 million (0.8%) and was impacted by unfavorable fluctuations in unrealized gains / losses on derivative contracts and favorable fluctuations in lower of cost or market adjustments. Adjusted gross profit increased by $2.5 million (4.9%), primarily due to the $3.0 million recovery of insurance proceeds related to the prior year production outage and the benefit from increased volumes. In the first quarter of 2017, adjusted gross profit also includes aggregate costs of approximately $1.8 million associated with transitioning to a health savings account ("HSA"), increased cost of goods sold due to the reduction of inventories at Olin Brass and additional costs from the implementation of A.J. Oster's fully integrated Enterprise Resource Planning ("ERP") system.

Selling, general and administrative expenses and adjusted selling, general and administrative expenses

Selling, general and administrative expenses are the most directly comparable US GAAP measure to adjusted selling, general and administrative expenses. Adjusted selling, general and administrative expenses are defined as selling, general and administrative expenses less items excluded from the calculation of adjusted EBITDA. We believe that adjusted selling, general and administrative expenses supplement our US 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. We believe adjusted selling, general and administrative expenses represent a meaningful presentation of the financial performance of our core operations, in order to provide period-to-period comparisons that are more consistent and more easily understood.

Selling, general and administrative expenses are reconciled to adjusted selling, general and administrative expenses as follows:

(in millions)	Three Months Ended March 31, 2017	2016	Amount change: 2017 vs. 2016
Total selling, general and administrative expenses	$ 22.9	$ 19.7	$ 3.2
Specified legal / professional expenses	—	(0.4)	0.4
Share-based compensation expense	(2.5)	(1.1)	(1.4)
Depreciation and amortization expense	(0.9)	(0.5)	(0.4)
Adjusted selling, general and administrative expenses	$ 19.5	$ 17.7	$ 1.8

Selling, general and administrative expenses increased by $3.2 million (16.2%) and were unfavorably impacted by an increase in share-based compensation expense and the combination of other individually insignificant items. Adjusted selling, general and administrative expenses increased by $1.8 million (10.2%), primarily due to increased employee and employee related costs and unfavorable fluctuations in bad debt expense. Adjusted selling, general and administrative expenses in the first quarter of 2017 include an aggregate total of approximately $1.1 million associated with transitioning to the HSA medical plan and consulting fees associated with the implementation of A.J. Oster's ERP system.

Net income and adjusted EBITDA

Net income attributable to Global Brass and Copper Holdings, Inc. is the most directly comparable US GAAP measure to adjusted EBITDA. Adjusted EBITDA is defined as net income attributable to Global Brass and Copper Holdings, Inc., plus 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 energy and utility costs;
- impact associated with lower of cost or market adjustments to inventory;
- gains and losses due to the depletion of a last-in, first out ("LIFO") layer of metal inventory;
- share-based compensation expense;
- loss on extinguishment of debt;
- 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 because it provides 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 evaluating companies in our industry.

Adjusted EBITDA is the key metric used by our Chief Operating Decision Maker to evaluate segment performance in a way that we believe reflects our core operating performance, and in turn, incentivizes members of management and certain employees. 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.

Adjusted EBITDA 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 US GAAP. We compensate for these limitations by using adjusted EBITDA along with other comparative tools, together with US GAAP measurements, to assist in the evaluation of operating performance. Such US GAAP measurements include operating income and net income.

Net income attributable to Global Brass and Copper Holdings, Inc. is reconciled to adjusted EBITDA as follows:

	Three Months Ended March 31,		Amount change:
(in millions)	2017	2016	2017 vs. 2016
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 17.0	$ 12.2	$ 4.8
Interest expense	4.7	8.4	(3.7)
Provision for income taxes	4.8	6.7	(1.9)
Depreciation expense	4.5	3.6	0.9
Unrealized loss (gain) on derivative contracts (a)	0.8	(1.9)	2.7
Loss on extinguishment of debt (b)	—	2.9	(2.9)
Specified legal / professional expenses (c)	—	0.4	(0.4)
Lower of cost or market adjustment to inventory (d)	(0.8)	0.3	(1.1)
Share-based compensation expense (e)	2.5	1.1	1.4
Adjusted EBITDA	$ 33.5	$ 33.7	$ (0.2)

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

(b) Represents the loss on extinguishment of debt recognized in connection with the open market purchases of our former senior secured notes ("Senior Secured Notes").

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

(d) Represents the impact of lower of cost or market adjustments to domestic metal inventory.

(e) Represents compensation expense resulting from stock compensation awards to certain employees and our Board of Directors.

Net income attributable to Global Brass and Copper Holdings, Inc. increased by $4.8 million, or 39.3%, mainly due to decreased interest expense, the $3.0 million recovery of insurance proceeds recorded during the first quarter of 2017, the absence of a loss on extinguishment of debt as was incurred in the first quarter of 2016 and a decrease in the provision for income taxes due to the adoption of a new accounting standard update. These favorable fluctuations were partially offset by increased selling, general and administrative expenses and unfavorable fluctuations in unrealized gains / losses on derivative contracts.

Adjusted EBITDA decreased by $0.2 million, or 0.6%, due to the net of increased costs resulting from the HSA transition, increased cost of goods due to inventory reductions, additional costs incurred related to the A.J. Oster ERP implementation, increased selling, general and administrative expenses, the insurance recovery, and the benefit from increased volumes.

Diluted income per common share and adjusted diluted earnings per common share

Diluted income per common share increased by $0.20 for the three months ended March 31, 2017 as compared to the same period in 2016 for the same reasons driving the fluctuations in net income. Diluted net income attributable to Global Brass and Copper Holdings, Inc. per common share is the most directly comparable US GAAP measure to adjusted diluted earnings per common share.

Adjusted diluted earnings per common share is defined as diluted net income attributable to Global Brass and Copper Holdings, Inc. per common share adjusted to remove the per share impact of the add backs to EBITDA in calculating adjusted EBITDA. Adjusted diluted earnings per common share increased by $0.06 for the three months ended March 31, 2017 as compared to the same period in 2016 for the same reasons driving the fluctuations in adjusted EBITDA, as well as due to the decrease in interest expense and the corresponding tax impact of these items. Additionally, our weighted-average common shares outstanding, assuming dilution, increased 2.8% due to the issuance and vesting of stock compensation awards. The increase reduced our diluted earnings per share by $0.02 in 2017.

We believe adjusted diluted earnings per common share represents a meaningful presentation of the financial performance of our consolidated results because it provides 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 diluted earnings per share is a key metric used to evaluate the Company’s performance, and in turn, incentivize members of management and certain employees.

We believe that adjusted diluted earnings per common share supplements our US 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.

Diluted net income attributable to Global Brass and Copper Holdings, Inc. per common share is reconciled to adjusted diluted earnings per common share as follows:

	Three Months Ended March 31,		Amount change:
	2017	**2016**	**2017 vs. 2016**
Diluted net income attributable to Global Brass and Copper Holdings, Inc. per common share	$ 0.77	$ 0.57	$ 0.20
Unrealized loss (gain) on derivative contracts	0.04	(0.09)	0.13
Loss on extinguishment of debt	—	0.14	(0.14)
Specified legal / professional expenses	—	0.02	(0.02)
Lower of cost or market adjustment to inventory	(0.03)	0.01	(0.04)
Share-based compensation expense	0.11	0.05	0.06
Tax impact on above adjustments (a)	(0.18)	(0.05)	(0.13)
Adjusted diluted earnings per common share	$ 0.71	$ 0.65	$ 0.06

(a) Calculated based on our estimated tax rate, including tax benefits related to share award vestings and option exercises, as described more fully in Note 8, “Income Taxes.”

Results of Operations

Consolidated Results of Operations for the Three Months Ended March 31, 2017, Compared to the Three Months Ended March 31, 2016.

	Three Months Ended March 31,				Change: 2017 vs. 2016	
(in millions)	2017	% of Net Sales	2016	% of Net Sales	Amount	Percent
Net sales	$ 393.3	100.0%	$ 328.9	100.0%	$ 64.4	19.6 %
Cost of sales	(343.4)	87.3%	(279.4)	84.9%	(64.0)	22.9 %
Gross profit	49.9	12.7%	49.5	15.1%	0.4	0.8 %
Selling, general and administrative expenses	(22.9)	5.8%	(19.7)	6.0%	(3.2)	16.2 %
Operating income	27.0	6.9%	29.8	9.1%	(2.8)	(9.4)%
Interest expense	(4.7)	1.2%	(8.4)	2.6%	3.7	(44.0)%
Loss on extinguishment of debt	—	—%	(2.9)	0.9%	2.9	(100.0)%
Other income, net	(0.3)	0.1%	0.4	0.1%	(0.7)	N/M
Income before provision for income taxes	22.0	5.6%	18.9	5.7%	3.1	16.4 %
Provision for income taxes	(4.8)	1.2%	(6.7)	2.0%	1.9	(28.4)%
Net income	17.2	4.4%	12.2	3.7%	5.0	41.0 %
Net income attributable to noncontrolling interest	(0.2)	0.1%	—	—%	(0.2)	N/A
Net income attributable to Global Brass and Copper Holdings, Inc.	$ 17.0	4.3%	$ 12.2	3.7%	$ 4.8	39.3 %
Adjusted EBITDA (a)	$ 33.5	8.5%	$ 33.7	10.2%	$ (0.2)	(0.6)%

(a) See "Management's View of Performance—Net income and adjusted EBITDA."
N/M - not meaningful
N/A - not applicable

The following discussions present an analysis of our results of operations for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016. See "Management's View of Performance" for discussions of net sales, adjusted sales, gross profit, adjusted gross profit, selling, general and administrative expenses, adjusted selling, general and administrative expenses, net income attributable to Global Brass and Copper Holdings, Inc., adjusted EBITDA, diluted net income attributable to Global Brass and Copper Holdings, Inc. per common share and adjusted diluted earnings per common share. These discussions should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

Interest expense

Interest expense decreased by $3.7 million primarily due to lower average interest rates. We bought back an aggregate of $65.2 million of our Senior Secured Notes in the open market during the latter half of 2015 and the first half of 2016. Additionally, in July of 2016, we refinanced the remaining $305.3 million of our 9.5% Senior Secured Notes with a new $320.0 million long-term credit facility that matures on July 18, 2023 ("Term Loan B Facility"), which accrued interest at a rate of 5.25% during the first quarter of 2017.

The following table summarizes the components of interest expense:

(in millions)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Amount change: 2017 vs. 2016
Interest on principal	$ 4.3	$ 7.7	$ (3.4)
Amortization of debt discount and issuance costs	0.3	0.7	(0.4)
Capitalized interest	(0.1)	(0.3)	0.2
Other borrowing costs (a)	0.2	0.3	(0.1)
Total interest expense	$ 4.7	$ 8.4	$ (3.7)

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

Loss on extinguishment of debt

During the three months ended March 31, 2016, we purchased in the open market an aggregate of $35.5 million principal amount of our Senior Secured Notes, for an aggregate purchase price of $37.7 million, plus accrued interest. We recognized a loss on the extinguishment of debt for the three months ended March 31, 2016 of $2.9 million, which includes a premium of $2.2 million and the write-off of $0.7 million of unamortized debt issuance costs.

Provision for income taxes

The provision for income taxes decreased by $1.9 million. The provision decreased as the effective tax rate decreased to 21.8% from 35.4% primarily due to the adoption of ASU 2016-09 in the first quarter of 2017. Due to the impact of share-based compensation, primarily the adoption of the new standard, we recorded $3.0 million of tax benefit related to share award vestings and option exercises during the three months ended March 31, 2017, reducing the effective tax rate by 13.6%.

Segment Results of Operations

Segment Results of Operations for the Three Months Ended March 31, 2017, Compared to the Three Months Ended March 31, 2016.

The following discussions present an analysis of our results by segment for the three months ended March 31, 2017 as compared to the three months ended March 31, 2016. This discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

	Three Months Ended March 31,		Change: 2017 vs. 2016	
(in millions)	2017	2016	Amount	Percent
Pounds shipped (a)				
Olin Brass	66.9	63.5	3.4	5.4 %
Chase Brass	59.5	59.3	0.2	0.3 %
A.J. Oster	18.1	18.9	(0.8)	(4.2)%
Corporate and other (b)	(10.6)	(10.4)	(0.2)	(1.9)%
Total	133.9	131.3	2.6	2.0 %
Net sales				
Olin Brass	$ 188.6	$ 151.8	$ 36.8	24.2 %
Chase Brass	154.1	128.2	25.9	20.2 %
A.J. Oster	74.7	69.2	5.5	7.9 %
Corporate and other (b)	(24.1)	(20.3)	(3.8)	(18.7)%
Total	$ 393.3	$ 328.9	$ 64.4	19.6 %
Adjusted EBITDA				
Olin Brass	$ 11.8	$ 13.3	$ (1.5)	(11.3)%
Chase Brass	20.4	19.2	1.2	6.3 %
A.J. Oster	2.5	5.1	(2.6)	(51.0)%
Total adjusted EBITDA of operating segments	$ 34.7	$ 37.6	$ (2.9)	(7.7)%
Corporate and other (c)	(1.2)	(3.9)	2.7	(69.2)%
Total consolidated adjusted EBITDA	$ 33.5	$ 33.7	$ (0.2)	(0.6)%

(a) Amounts exclude quantity of unprocessed metal sold.
(b) Amounts represent intercompany eliminations.
(c) For the three months ended March 31, 2017, includes $3.0 million insurance recovery from the prior year production outage.

See Note 3, "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 increased by $36.8 million primarily as a result of an increase in the metal cost recovery component ($35.6 million), due to increased metal prices. Adjusted sales increased by $1.2 million due to increased volumes ($4.1 million), partially offset by unfavorable product mix changes ($2.9 million). Additionally, volumes increased in the coinage and automotive markets and decreased in the munitions market overall due to underlying demand.

Adjusted EBITDA decreased by $1.5 million, primarily due to the unfavorable product mix changes noted above, increased benefit costs associated with transitioning to a HSA medical plan and increased cost of goods sold due to a reduction in inventories during the quarter. These decreases were partially offset by increased volumes.

Chase Brass

Net sales increased by $25.9 million as the metal cost recovery component increased by $23.0 million primarily due to increased metal prices. Adjusted sales increased by $2.9 million, due to improved product mix and increased pricing.

Volumes increased in the building and housing market and decreased in the transportation and electronics / electrical components markets due to underlying demand.

Adjusted EBITDA increased by $1.2 million predominantly due to improved product mix and increased pricing, which was partially offset by increased costs as a result of both increased metal loss from metal price increases and increased benefit costs associated with transitioning to a HSA medical plan.

A.J. Oster

Net sales increased by $5.5 million, as the metal cost recovery component increased by $5.9 million due to the net of increased metal prices ($7.3 million) and decreased volumes ($1.4 million). Adjusted sales decreased by $0.4 million due to the impact of decreased volumes ($1.4 million), partially offset by favorable mix fluctuations ($1.0 million). A.J. Oster continues to pass on certain price increases from its sister company Olin Brass. Both entities are focusing on pricing their products in order to earn a return that better reflects the complexity of the products being produced and the assets used to produce them.

Volumes decreased in the automotive market, partially offset by increased volumes in the electronics / electrical components market, all due to underlying demand.

Adjusted EBITDA decreased by $2.6 million, mostly due to the transition costs incurred related to the implementation of the new ERP system in the first quarter, decreased volumes and additional benefit costs associated with transitioning to a HSA medical plan.

Changes in Financial Condition

The following discussion presents an analysis of fluctuations in certain asset, liability and equity components of our consolidated balance sheet as of March 31, 2017 as compared to the amounts as of December 31, 2016. This discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and the notes thereto.

March 31, 2017 compared to December 31, 2016

Cash decreased by $21.3 million due to the increased net investment in working capital discussed further below, and other factors as detailed in our consolidated statement of cash flows for the three months ended March 31, 2017.

Inventory decreased by $20.4 million primarily due to increased sales to toll customers resulting in less owned pounds.

Accounts receivable increased by $62.0 million mostly due to increased volumes, but was also impacted by increased metal prices and an increase in days sales outstanding due to customer mix and timing of payments.

Prepaid expenses and other current assets increased by $22.3 million due to an increase in deferred costs related to metal sales to toll customers. Correspondingly, accrued liabilities increased by $11.6 million related to an increase in the deferral of revenue related to these sales; however, this increase was offset by the payment of annual incentive compensation awards during the first quarter of 2017.

Accounts payable increased by $16.3 million mostly due to increased volumes and increased metal prices, partially offset by a reduction in days payable outstanding resulting from vendor mix and timing of payments.

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.

At March 31, 2017, cash and cash equivalents held by our foreign subsidiaries totaled $7.8 million. We believe cash held by our foreign subsidiaries provides these operations with the necessary liquidity to meet future obligations and allows them to reinvest in their operations. We do not expect restrictions on repatriation of cash held outside of the United States for domestic purposes to have a material effect on our overall liquidity, financial condition, or the results of operations for the foreseeable future.

On July 18, 2016, we entered into an agreement governing our new asset-based revolving facility that matures on July 19, 2021 ("ABL Credit Agreement" and the facility thereunder, the "ABL Facility") and a new agreement governing our loans under the long-term credit agreement that matures on July 18, 2023 ("Term Loan B Credit Agreement, together, the "Credit Agreements"), both of which contain various customary covenants that limit or prohibit our ability, among other things, to (i) incur or guarantee additional indebtedness; (ii) pay certain dividends on our capital stock or redeem, repurchase, retire or make distributions in respect of our capital stock or subordinated indebtedness or make certain other restricted payments; (iii) make certain loans, acquisitions, capital expenditures or investments; (iv) sell certain assets, including stock of our subsidiaries; (v) enter into certain sale and leaseback transactions; (vi) create or incur certain liens; (vii) consolidate, merge, sell, transfer or otherwise dispose of all or substantially all of our assets; (viii) enter into certain transactions with our affiliates; and (ix) engage in certain business activities.

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 three months ended March 31, 2017 as compared to the three months ended March 31, 2016 and should be read in conjunction with our consolidated statements of cash flows in our unaudited consolidated financial statements included elsewhere in this report.

Cash Flow Analysis	**Three Months Ended March 31,**		**Amount change:**
(in millions)	**2017**	**2016**	**2017 vs. 2016**
Cash flows provided by (used in) operating activities	$ (7.1)	$ 12.1	$ (19.2)
Cash flows used in investing activities	$ (7.8)	$ (7.6)	$ (0.2)
Cash flows used in financing activities	$ (6.1)	$ (39.2)	$ 33.1

Cash flows from operating activities

Net cash provided by operating activities decreased by $19.2 million, due primarily to the impact of increased metal prices on net accounts receivable and accounts payable. Additionally, cash from operations was unfavorably impacted by a decrease in days payable outstanding resulting from vendor mix and timing of payments. Further, cash from operations was unfavorably impacted by the timing of interest payments as we made a Term Loan B interest payment in the first quarter of 2017; however, no interest payment was made under the former senior secured notes in the first quarter of 2016. Cash generated from earnings partially offset these unfavorable fluctuations.

Cash flows from investing activities

Our cash flows from investing activities decreased by $0.2 million due to slightly more capital spending.

Cash flows from financing activities

Net cash used in financing activities decreased by $33.1 million as we expended only $0.8 million in principal payments on the Term Loan B in the current year, while in the prior year, we used $37.7 million to purchase Senior Secured Notes in the open market during the same period. However, our stock buy-backs increased by $4.4 million as compared to the prior year. Note, we do not have a program authorized by our Board of Directors to buy back our stock on the open market. Accordingly, our stock buy backs are done as an accommodation to employees to satisfy payroll tax withholding obligations on vestings and exercises of share-based compensation awards.

Outstanding Indebtedness

As described more fully in Note 7, “Financing,” on July 18, 2016, we refinanced all of our debt instruments.

We may voluntarily prepay outstanding loans under the Term Loan B Facility at any time subject to a prepayment premium of 1.00% if the voluntary prepayment occurs before July 18, 2017. In addition, starting on December 31, 2017, we are subject to a 50% excess cash flow sweep, subject to step-downs to 25% and 0% depending on the total net leverage ratio from time to time.

Our new ABL Facility and Term Loan B Facility contain various covenants to which we are subject to on an ongoing basis. At March 31, 2017, we were in compliance with all of these covenants.

For additional information regarding our ABL Facility, our Term Loan B Facility and our capital lease obligations, see Note 7, “Financing,” to our unaudited consolidated financial statements, which are included elsewhere in this report.

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 7, 2017.

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 March 31, 2017. 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 March 31, 2017, 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

In the first quarter of 2017, A.J. Oster implemented a fully integrated Enterprise Resource Planning ("ERP") system and Olin Brass completed an upgrade to its information technology systems, both of which required changes to certain of our business processes and internal controls over financial reporting. Although our internal control over financial reporting has been materially affected by the implementation of these systems, we do not believe that the implementation of the systems will have an adverse effect on our internal control over financial reporting. There were no other changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal controls 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 7, 2017.

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 7, 2017.

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

Sales of Unregistered Securities

None.

Purchases of Equity Securities

None.

	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**
January 1, 2017 through January 31, 2017	5,068	$ 32.65	*	*
February 1, 2017 through February 28, 2017	25,429	$ 33.85	*	*
March 1, 2017 through March 31, 2017	108,841	$ 34.55	*	*
Total	139,338	$ 34.35	*	*

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

(1) Common stock purchased during the three months ended March 31, 2017 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

Our agreements governing the ABL Facility and the Term Loan B Facility both contain restrictions as to the payment of dividends.

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
10.1	Severance Agreement, by and between Dale R. Taylor and Global Brass and Copper, Inc., dated April 3, 2017.
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/ Christopher J. Kodosky*
Christopher J. Kodosky
Chief Financial Officer

Date: May 5, 2017

SEVERANCE AGREEMENT

This SEVERANCE AGREEMENT (the "Agreement") is made this 3 day of April, 2017 by and between Global Brass and Copper, Inc. (the "Company") and Dale R. Taylor (the "Executive").

RECITALS:

WHEREAS, the Executive accepted a promotion to serve as President of GBC Metals, LLC (d/b/a Olin Brass), a wholly owned subsidiary of the Company ("Olin Brass") reporting to the Chief Executive Officer ("CEO") of the Company;

WHEREAS, the Company desires to assure the Executive that he will be paid a severance benefit in the event his employment with the Company terminates under certain circumstances, and the parties intend this Severance Agreement to evidence the severance arrangement between the Company and the Executive which shall supersede in its entirety any oral or written promise of severance made to the Executive.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and intending to be legally bound, the parties hereby agree as follows.

ARTICLE I
Employment and Termination

1.01 At Will Employment. The Executive shall be and continue as an at will employee of the Company. The Executive shall be entitled to receive such compensation and benefits as the Board of Directors (the "Board") of Global Brass and Copper Holdings, Inc. ("GBCH") and management of the Company shall determine appropriate from time to time, subject to the rights that may be created in the Executive under the definition of Good Reason below. This Agreement is not a contract of employment and shall not be interpreted to change the Executive's status as an employee at will of the Company. The purpose of this Agreement is to provide for payment of severance amounts in the event the Executive's employment with the Company terminates under the specific terms and conditions set forth herein.

1.02 Severance. In the event of the occurrence of any Triggering Event (as hereinafter defined), and subject to the Executive's execution, delivery and nonrevocation of the general waiver and release of claims substantially in the form attached as Exhibit A hereto within fifty-five (55) calendar days following a Triggering Event (the "Release Condition"), (A) the Company shall provide to the Executive a lump sum severance payment (the "Severance Payment") in immediately available funds in an amount equal to the sum of (i) one year of base pay at the highest rate of base salary payable to the Executive during the one year period immediately prior to the Triggering Event and (ii) the higher of (x) fifty percent (50%) of the highest rate of base salary payable to the Executive during the one year period immediately prior to the Triggering Event, (y) the target annual bonus amount established for the Executive under any annual bonus plan, such as the Executive Officers 2017

Annual Incentive Plan, the Business Unit Presidents 2017 Annual Incentive Plan, or any similar or successor plan providing annual or short-term incentive payments to the Executive (the "Bonus Plan"), for the year preceding the Triggering Event, and (z) the average of the annual bonuses earned and paid to the Executive for the three years immediately prior to the year in which the Triggering Event occurs (or such lesser number of full years for which the Executive has been paid an annual bonus), (B) the Company will cause to be provided to the Executive coverage under or equal in value to the Company's health plan, dental plan and life insurance plan and coverage to each dependent of the Executive covered under the health plan and dental plans covering or available to the Executive immediately prior to the Triggering Event on the same terms and conditions as the Company provides such coverages to active employees and dependents and at a cost to the Executive per period of coverage equal to the periodic contribution amount charged to active employees for a period of one year or, if earlier, until the Executive secures comparable coverages under comparable terms and conditions under a successor employer's health, dental and life plans. If the Executive has not secured comparable coverage under a successor employer's health plan at the end of one year, the Executive's rights under COBRA shall begin upon the loss of coverage after the one year continuation described in this Section. Payments and benefits of amounts that do not constitute nonqualified deferred compensation and are not subject to Section 409A (as defined below) shall commence five (5) calendar days after the Release Condition is satisfied and payments and benefits that are subject to Section 409A shall commence on the 60th day after termination of employment (subject to further delay, if required pursuant to Section 3.12(b) below) provided that the Release Condition is satisfied. The Severance Payment and benefits shall be in lieu of any other severance payments or benefits available under the previously executed letter agreement or any severance policy or procedure of the Company or GBCH. The Severance Payment shall be in lieu of and satisfaction of any amount otherwise payable under the Bonus Plan, except as provided in Section 1.03 below.

1.03 Accrued Payments. In addition to the Severance Payment and benefits provided under Section 1.02 above, the Executive shall be entitled to receive as soon as practicable, and in all events within thirty (30) calendar days following the date of the Triggering Event, (i) payment of any accrued but unpaid base salary and any accrued and unreimbursed business expenses in accordance with Company policy, in each case accrued or incurred through the date of the Triggering Event, (ii) any payments, benefits or entitlements that are vested, fully and unconditionally earned pursuant to any Company or GBCH plan, policy, program or arrangement, or other agreement, other than those providing for severance, separation pay or salary and benefits continuation, (iii) earned but unpaid vacation pay, and (iv) any bonus earned under the Bonus Plan for a completed year prior to the year in which the Triggering Event occurs but unpaid as of the Triggering Event (collectively, the "Accrued Payments")."

1.04 Triggering Event. A Triggering Event shall be deemed to occur if the Company terminates the Executive's employment with the Company without Cause or the Executive resigns for Good Reason.

1.05 Termination by the Company for Cause. For purposes of this Agreement, "Cause" shall mean (i) failure or refusal to perform the Executive's duties as President of Olin Brass after written notice from the CEO; (ii) willful misconduct or gross negligence in the performance of the Executive's duties to Company that has an adverse effect on the Company after receipt of at least one warning from the Company; (iii) intentional breach of a written covenant with or written policy of the Company relating to the use and preservation of intellectual property and/or confidentiality; (iv) being impaired by or under the influence of alcohol, illegal drugs or controlled substances while working or while on the property of the Company or Olin Brass or any of their affiliated entities; (v) conviction of or plea of nolo contendere to a felony; or (vi) dishonest, disloyal or illegal conduct or gross misconduct which materially and adversely affects the Executive's performance or the reputation or business of the Company or Olin Brass or any of their affiliated entities (it being agreed that a petty offense or a violation of the motor vehicle code shall not constitute Cause) provided, however, that prior to the determination that "Cause" under clause (i), (ii), (iii), (iv) or (vi) of this Section 1.05 has occurred, the Board shall (x) provide to the Executive in writing, in reasonable detail, the reasons for the determination that such "Cause" exists, (y) afford the Executive a thirty (30) day opportunity to remedy any such breach, if such breach is capable of being remedied during such 30 day period, and (z) provide the Executive an opportunity to be heard prior to the final decision to terminate the Executive's employment hereunder for such "Cause". Notwithstanding the preceding sentence, the Board may terminate the Executive without any advance notification if the "Cause" event is incapable of reasonably prompt cure or if the Board determines that its fiduciary duty requires such termination. The Board shall make any decision that "Cause" exists in good faith. For purposes of this Agreement, no act or failure to act on the Executive's part shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that her/his action or omission was in the best interests of the Company or any successor or affiliate. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company, or any successor or affiliate, shall be conclusively presumed to be done, or omitted to be done, in good faith and in the best interests of the Company, or any successor or affiliate thereof.

1.06 Resignation by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" shall mean any of the following without the Executive's prior written consent: (i) assignment of duties materially and adversely inconsistent with the Executive's position as President of Olin Brass and which results in a material diminution in such position, authority, duties or responsibilities as herein contemplated; or (ii) any material diminution in base salary, bonus opportunity or benefits; provided, however, that in each case the Company or Olin Brass, as applicable, has failed to cure the applicable circumstance within thirty (30) calendar days following written notice from the Executive; and provided, further, that the Executive must provide written notice of events claimed to constitute Good Reason within sixty (60) calendar days of the initial occurrence of such events. The Executive shall not be entitled to terminate his employment for Good Reason with respect to specified events unless the Executive tenders resignation for Good Reason within thirty (30) calendar days of the Company's failure to cure.

1.07 Resignation from Other Positions on Termination. The Executive acknowledges and agrees that effective as of the date of the Triggering Event, the Executive shall be deemed to have resigned from any and all titles, positions and appointments the Executive holds in the Company, Olin Brass or any of their parents, subsidiaries or affiliates, whether as an officer, director, or employee, consultant, independent contract or otherwise. The Executive agrees to execute such documents as the Company or Olin Brass, in its sole discretion, shall reasonably deem necessary to effect such resignations.

ARTICLE II
Executive's Covenants and Agreements

In addition to any obligations the Executive may have with respect to any covenant to or policy of the Company in effect on the date of the Employee's termination of employment, the Executive agrees to the promises set forth in Sections 2.01, 2.02 and 2.03 as follows.

2.01 Confidentiality. During the term of this Agreement and during the five year period subsequent to the expiration or termination of this Agreement, the Executive shall maintain in the strictest confidence any and all information regarding the Company, and its affiliated organizations, regarding their methods of operations; contracts and agreements; financial information and financial statements; vendor, customer and marketing information and lists; policies and procedures; personnel, employment practices and conditions; marketing and strategic plans and initiatives; customer and supplier relationships; prices and contracts; price structure; cost structure; and any and all other information obtained directly or indirectly by the Executive deemed by the Company or its affiliated organizations to be confidential (all of the foregoing shall be identified hereinafter as "Confidential Information"). The Executive shall not disclose any portion of Confidential Information without the prior written consent of the Company. The Executive shall limit his use of Confidential Information to the performance of his duties, responsibilities, and obligations pursuant to this Agreement and for no other purpose. Upon the termination of the Executive's employment with the Company, the Executive shall promptly deliver to the Company all Confidential Information and correspondence, drawings, blueprints, manuals, letters, notes, notebooks, reports, flow-charts, programs, proposals and any other written documents obtaining Confidential Information.

2.02 Loyalty. The Executive shall act with diligence and fidelity to the best of the Executive's ability in furtherance of the best interests of the Company and its affiliated organizations, including Olin Brass. During the term of the Executive's employment with the Company, or its affiliated organizations, including all extensions and renewals, and for a period of twenty-four (24) months thereafter, the Executive shall not directly or indirectly recruit, persuade, or encourage employees, vendors, customers, or any other parties maintaining relationships with the Company or its affiliated organizations to terminate or modify their relationship in any way that would be detrimental to the Company or its affiliated organizations.

2.03 Noncompetition. During the term of the Executive's employment with the Company, or its affiliated organizations, and for a period of twelve (12) months thereafter, the Executive shall not provide services, directly or indirectly, as an executive, employee, principal, partner, contractor, consultant, director, officer, or shareholder, except for services provided to the Company and its affiliates, related to executive management, financial management, strategic planning, sales and marketing, and other senior executive functions, for any company or enterprise engaged in the business of the manufacturing, converting, or distribution of copper and brass sheet, strip and fabricated products, and for any company or enterprise engaged in the rerolling or formation of stainless steel, carbon steel, aluminum and related alloys. The prohibitions set forth in this Section 2.03 shall apply in the following geographic areas: (i) the continental United States, (ii) each individual state within the continental United States, (iii) within 150 miles of each location where the Company or its affiliates conducts business in the continental United States, and (iv) within 150 miles of any office of the Company or any of its affiliates.

2.04 Consideration and Acknowledgements. The Executive agrees that this Article II has been negotiated on an arms-length basis between the parties and represents material consideration relative to this Agreement. The Executive acknowledges that the Executive has entered into this Agreement knowingly and voluntarily after being given the opportunity to consult with independent counsel and has given careful consideration to the restraints imposed upon the Executive by this Agreement, and is necessary for the protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company, Olin Brass and their respective subsidiaries and affiliates now existing or to be developed in the future. The Executive expressly acknowledges and agrees that each restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area and the Executive's experience and capabilities are such that the Executive has other opportunities to earn a livelihood and adequate means of support for the Executive and the Executive's dependents while complying with the restrictive covenants contained in Sections 2.01, 2.02 and 2.03.

2.05 Nondisparagement. The Executive shall not, whether in writing or orally, malign, denigrate or disparage the Company, Olin Brass or their respective parents, subsidiaries, affiliates, predecessors or successors, or any of the current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, with respect to any of their respective past or present activities, or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light. Nothing in this Section 2.05 shall or shall be deemed to prevent or impair the Executive from pleading or testifying, to the extent that he reasonably believes his pleadings or testimony to be true, in any legal or administrative proceeding if such testimony is compelled or requested, or from otherwise complying with legal requirements.

2.06 Reservation of Rights. Nothing in this Agreement or the release required under Section 3.04 is intended or should be construed to prevent the Executive from exercising his rights to file a charge with, provide accurate information to or to cooperate with or participate in an investigation or proceeding conducted by any governmental, regulatory or administrative agency or from complying with compulsory legal process or legally required disclosure obligation.

ARTICLE III
Miscellaneous

3.01 Severability. If any term or provision of this Agreement or the application hereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall, notwithstanding said invalidity, remain valid and enforceable to the fullest extent permitted by law.

3.02 Entire Agreement/Amendment. This Agreement represents the entire agreement of the parties and supersedes all prior agreements and understandings, whether verbal or written, concerning severance compensation to be paid on or after the Executive's termination of employment. This Agreement may be amended only by a written agreement signed by both parties.

3.03 Employer's Remedies upon Breach. The Executive acknowledges that the Company's remedy at law for a breach by the Executive of the provisions of the Agreement, including, but not limited to Article II hereof, will be inadequate. Accordingly, in the event of the breach or threatened breach by the Executive of the provisions of this Agreement, including, but not limited to Article II hereof, the Company shall be entitled to injunctive relief in addition to any other remedy it may have.

3.04 Release and Waiver. Notwithstanding any other provision of this Agreement to the contrary, the Executive acknowledges and agrees that any and all payments and benefits, other than the Accrued Payments, are conditioned upon and subject to the Executive's satisfaction of the Release Condition.

3.05 Compensation Recovery Policy. Notwithstanding any provision in this Agreement to the contrary, Severance Payment will be subject to any compensation recovery policy, including but not limited to the Global Brass and Copper Holdings, Inc. Incentive Compensation Recoupment Policy, established by the Company or GBCH as in effect on the date hereof and as may be amended from time to time.

3.06 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. The parties hereto submit to the in *personam* jurisdiction of the federal and state courts in the District or county, respectively, in which Schaumburg, Illinois is situate and agree that such courts shall be the sole and exclusive forum for the resolution of any disputes between them.

3.07 Assignability. This Agreement is personal to the parties and may not be assigned by either of the parties without the prior written consent of the other party hereto.

3.08 Agreement Binding; Joint and Several Payment Obligations . This Agreement shall be binding upon and inure to the benefit of the Executive's heirs, executors, legal representatives, and permitted assigns and the successors and assigns of Olin Brass and the Company, respectively. The obligations to make payments under the circumstances described in Article I shall be the joint and several obligations of the Company and Olin Brass and its and their affiliated organizations.

3.09 Headings. The headings of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of any of the provision hereof.

3.10 Waiver. No failure by either party to exercise any of such party's rights or remedies hereunder and no custom or practice at variance with the terms hereof shall constitute a waiver or right to demand strict compliance with the terms of this Agreement at any time.

3.11 Notices. Any notice provided for or concerning this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person or by United States Certified Mail – Return Receipt Requested and postage prepaid, addressed as follows:

To the Company:

Global Brass and Copper, Inc.
475 North Martingale Road, Suite 1050
Schaumburg, IL 60195
Attention: General Counsel

With a copy to:

Global Brass and Copper Holdings, Inc.
475 North Martingale Road, Suite 1050
Schaumburg, IL 60195
Attention: General Counsel

To the Executive:

Dale R. Taylor
(at the address on file with the Company)

Either party may change its address for receipt of notices pursuant to this Agreement by providing written notice of such change to the other party pursuant to the provisions hereof.

3.12 Section 409A.

(a) For purposes of this Agreement, " Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (and such other Treasury or Internal Revenue Service guidance) as in effect from time to time. The parties intend that any amounts payable hereunder that could constitute “deferred compensation” within the meaning of Section 409A will be compliant with Section 409A. Notwithstanding the foregoing, the Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of the Executive in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its subsidiaries or affiliates shall have any obligation to indemnify or otherwise hold the Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

(b) Notwithstanding anything in this Agreement to the contrary, in the event that the Executive is deemed to be a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) and the Executive is not “disabled” within the meaning of Section 409A(a)(2)(C), no payments hereunder that are “deferred compensation” subject to Section 409A shall be made to the Executive prior to the date that is six (6) months after the date of the Executive’s “separation from service” (as defined in Section 409A) or, if earlier, the Executive’s date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A that is also a business day. For purposes of Section 409A, each of the payments that may be made under Section 1.02 is designated as separate payments for purposes of Section 409A.

(c) For purposes of this Agreement, with respect to payments of any amounts that are considered to be “deferred compensation” subject to Section 409A, references to “termination of employment” (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A.

(d) To the extent that any reimbursements pursuant to this Agreement are taxable to the Executive, any such reimbursement payment due to the Executive shall be paid to the Executive as promptly as practicable consistent with Company practice following the Executive’s appropriate itemization and substantiation of expenses incurred, and in all events on or before the last day of the Executive’s taxable year following the taxable year in which the related expense was incurred. The reimbursements pursuant to this Agreement are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that the Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that the Executive receives in any other taxable year.

3.13 Withholding; Taxes. The Company may deduct and withhold from any amounts payable under this Agreement such federal, state, local, non-U.S. or other taxes as are required or permitted to be withheld pursuant to any applicable law or regulation.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed the day and date first above written.

GLOBAL BRASS AND COPPER, INC		EXECUTIVE
By:	*/s/ Scott B. Hamilton*	*/s/ Dale R. Taylor*
Its:	General Counsel	Dale R. Taylor

Exhibit A

WAIVER AND RELEASE OF CLAIMS

In connection with the termination of employment of Dale R. Taylor (the "the Executive") by Global Brass and Copper, Inc. (the "Company"), pursuant to the severance agreement between the Executive and the Company (the "Severance Agreement"), the Executive agrees as follows:

1. Waiver and Release

(a) As used in this Waiver and Release of Claims (this "Agreement"), the term "claims" shall include all claims, covenants, warranties, promises, undertakings, actions, suits, causes of action, obligations, debts, accounts, attorneys' fees, judgments, losses and liabilities, of whatsoever kind or nature, both known and unknown, in law, equity or otherwise.

(b) For and in consideration of the payments described in Section 1.02 of the Severance Agreement, the Executive, for and on behalf of the Executive and the Executive's heirs, administrators, executors, and assigns, effective the Effective Date (as defined below), does fully and forever waive and release, remise and discharge the Company, GBC Metals, LLC (d/b/a Olin Brass) a wholly owned subsidiary of the Company ("Olin Brass"), their direct and indirect parents, subsidiaries and affiliates, their predecessors and successors and assigns, together with the respective officers, directors, partners, shareholders, employees, members, and agents of the foregoing (collectively, the "Group") from any and all claims which the Executive had, may have had, or now has against the Company, Olin Brass, the Group, collectively or any member of the Group individually, for or by reason of any matter, cause or thing whatsoever, including but not limited to any claim arising out of or attributable to the Executive's employment or the termination of the Executive's employment with the Company, and also including but not limited to claims of breach of contract, wrongful termination, unjust dismissal, defamation, libel or slander, or under any federal, state or local law dealing with discrimination based on age, race, sex, national origin, handicap, religion, disability or sexual preference. This release of claims includes, but is not limited to, all claims arising under the Age Discrimination in Employment Act of 1967, Title VII of the Civil Rights Act, the Americans with Disabilities Act, the Civil Rights Act of 1991, the Family Medical Leave Act, the Equal Pay Act, the New York Human Rights Law, the New York City Administrative Code, the Illinois or Ohio human relations act and all other federal, state and local labor and anti-discrimination laws, the common law and any other purported restriction on an employer's right to terminate the employment of employees.

(c) The Executive specifically releases all claims against the Group and each member thereof under the Age Discrimination in Employment Act of 1967 (the "ADEA") relating to the Executive's employment and its termination.

(d) The Executive represents that the Executive has not filed or permitted to be filed against the Group, any member of the Group individually or the Group collectively, any lawsuit, complaint, charge, proceeding or the like, before any local, state or federal agency, court or other body (each, a "Proceeding"), and the Executive covenants and agrees that the Executive will not do so at any time hereafter with respect to the subject matter of this Agreement and claims released pursuant to this Agreement (including, without limitation, any claims relating to the termination of the Executive's employment), except (i) as may be necessary to enforce this Agreement, (ii) to obtain benefits described in or granted under this Agreement, (iii) to seek a determination of the validity of the waiver of the Executive's rights under the ADEA, or (iv) initiate or participate in an investigation or proceeding conducted by the Equal Employment Opportunity Commission ("EEOC"). Except as otherwise provided in the preceding sentence, (x) the Executive will not initiate or cause to be initiated on the Executive's behalf any Proceeding, and will not participate (except as required by law) in any Proceeding of any nature or description against any member of the Group individually or the Group collectively that in any way involves the allegations and facts that the Executive could have raised against any member of the Group individually or the Group collectively as of the date hereof and (y) the Executive waives any right the Executive may have to benefit in any manner from any relief (monetary or otherwise) arising out of any Proceeding.

2. Acknowledgment of Consideration. The Executive is specifically agreeing to the terms of this release because the Company has agreed to pay the Executive money and other benefits to which the Executive was not otherwise entitled under the Company's policies or under the Severance Agreement (in the absence of providing this release). The Company has agreed to provide this money and other benefits because of the Executive's agreement to accept it in full settlement of all possible claims the Executive might have or ever had, and because of the Executive's execution of this Agreement.

3. Acknowledgments Relating to Waiver and Release; Revocation Period . The Executive acknowledges that the Executive has read this Agreement in its entirety, fully understands its meaning and is executing this Agreement voluntarily and of the Executive's own free will with full knowledge of its significance. The Executive acknowledges and warrants that the Executive has been advised by the Company to consult with an attorney prior to executing this Agreement. The offer to accept the terms of the Agreement is open for forty five (45) calendar days from the date the Executive receives the Agreement. The Executive shall have the right to revoke this Agreement for a period of seven (7) calendar days following the Executive's execution of this

Agreement, by giving written notice of such revocation to the Company. This Agreement shall not become effective until the eighth day following the Executive's execution of it (the "Effective Date").

4. Remedies. The Executive understands and agrees that if the Executive breaches any provisions of this Agreement, in addition to any other legal or equitable remedy the Company may have, the Company shall be entitled to cease making any payments or providing any benefits to the Executive under Section 1.02 of the Severance Agreement, and the Executive shall reimburse the Company for all its reasonable attorneys' fees and costs incurred by it arising out of any such breach. The remedies set forth in this paragraph shall not apply to any challenge to the validity of the waiver and release of the Executive's rights under the ADEA. In the event the Executive challenges the validity of the waiver and release of the Executive's rights under the ADEA, then the Company's right to attorneys' fees and costs shall be governed by the provisions of the ADEA, so that the Company may recover such fees and costs if the lawsuit is brought by the Executive in bad faith. Any such action permitted to the Company by this paragraph, however, shall not affect or impair any of the Executive's obligations under this Agreement, including without limitation, the release of claims in paragraph 1 hereof. The Executive further agrees that nothing herein shall preclude the Company from recovering attorneys' fees, costs or any other remedies specifically authorized under applicable law.

5. No Admission. Nothing herein shall be deemed to constitute an admission of wrongdoing by the Company or any member of the Group. Neither this Agreement nor any of its terms shall be used as an admission or introduced as evidence as to any issue of law or fact in any proceeding, suit or action, other than an action to enforce this Agreement.

6. Governing Law. The terms of this Agreement and all rights and obligations of the parties hereto, including its enforcement, shall be interpreted and governed by the laws of the State of Illinois without regard to the principles of conflicts of laws of the State of Illinois or those of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Illinois.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand as of the day and year set forth opposite the Executive's signature below.

____________________________ DATE

____________________________ Dale R. Taylor

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: May 5, 2017

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

Exhibit 31.2

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

I, Christopher J. Kodosky, 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: May 5, 2017

/s/ Christopher J. Kodosky
Christopher J. Kodosky
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 March 31, 2017, 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: May 5, 2017

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

/s/ Christopher J. Kodosky
Christopher J. Kodosky
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.