

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
CONSOLIDATED FINANCIAL STATEMENTS (PUBLIC)
AS OF DECEMBER 31, 2014 AND 2013, AND FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

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International Wire Group Holdings, Inc.

Dated: March 20, 2015

By: /s/ Donald F. DeKay
Donald F. DeKay
Senior Vice-President, Chief Financial Officer and Secretary

CAUTIONARY STATEMENTS CONCERNING FORWARD-LOOKING STATEMENTS

International Wire Group Holdings, Inc. ("International Wire Group Holdings" or "Holdings") makes forward-looking statements in this report that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, the effects of competition, outlook, objectives, plans, intentions and goals. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "expects," "may," "will," "should," "seeks," "pro forma," "anticipates," "intends," "plans," "estimates," or the negative of any thereof or other variations thereof or comparable terminology, or by discussions of strategy or intentions. We refer to International Wire Group Holdings, Inc. and its subsidiaries, including International Wire Group, Inc., as "we," "us," "our," the "Company" or other variations thereof or comparable terminology throughout this report.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Undue reliance should not be placed on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we issue this report.

Business

Overview

We, together with our wholly-owned subsidiary International Wire Group, Inc. ("IWG") and other subsidiaries, manufacture and market wire products, including bare, silver-plated, nickel-plated and tin-plated copper wire, engineered wire products and high performance conductors, for other wire suppliers, distributors and original equipment manufacturers or "OEMs". Our products include a broad spectrum of copper wire configurations and gauges with a variety of electrical and conductive characteristics and are utilized by a wide variety of customers primarily in the aerospace, automotive/specialty vehicles, consumer and appliance, electronics and data communications, industrial and energy, medical device and medical electronics industries. We have eighteen manufacturing and two distribution facilities located in the United States, Belgium, France, Italy and Poland.

At December 31, 2014, we had three segments: Bare Wire, Engineered Wire Products — Europe and High Performance Conductors. These segments, described in more detail below, are strategic business units organized around three product categories that follow management's internal organization structure.

- *Bare Wire.* Our bare and tin-plated copper wire products (or conductors) are used to transmit digital, video and audio signals or conduct electricity. These products are sold to a diverse customer base of over 1,000 insulated wire manufacturers and various industrial OEMs for use in automotive/specialty vehicles, consumer and appliance, electronics and data communications, and industrial and energy markets.

- *Engineered Wire Products — Europe.* Our bare and tin-plated copper wire products are engineered and used to conduct electricity either for power or for grounding purposes and are sold to a diverse customer base of various OEMs for use in the aerospace, automotive/specialty vehicles and industrial and energy (including electrical appliances, power supply and railway) markets.

- *High Performance Conductors.* Our High Performance Conductors segment manufactures specialty high performance conductors which include tin, nickel and silver-plated copper and copper alloy conductors including standard and customized high and low temperature conductors as well as specialty film insulated conductors and micro diameter tubing products. These products are used by a variety of customers in the commercial and military aerospace and defense, electronics and data communications, industrial and energy, medical device and medical electronics markets.

International Wire Group Holdings is incorporated in the state of Delaware. Our principal executive offices are located at 12 Masonic Avenue, Camden, New York, and our telephone number at such address is (315) 245-3800. Our internet address is http://itwg.client.shareholder.com or http://www.internationalwiregroup.com.

Bare Wire Segment

Our external sales of bare wire products are primarily to wire insulators, who apply insulating materials to the bare wire through an extrusion process. These wire insulators are located primarily in the United States, Canada and Mexico and sell their insulated wire to a variety of customers in the following markets:

- automotive/specialty vehicles;

- consumer and appliance;

- electronics and data communications including broadcast/video, audio/microphone/sound for entertainment, medical, safety and security control, local area network ("LAN") and computer system applications; and

- industrial and energy including heating, ventilating and air conditioning ("HVAC"), circuit protection, digital and cellular phone tower, elevator, mining and oil exploration, mass transit, utility power distribution, wind turbine, oil and water well, transformer and fuse link, welding and irrigation applications.

We manufacture a broad array of bare and tin-plated copper conductors including the following:

- *Single End Wire.* Single end wire is an individual wire drawn to the customer's size requirements ranging from .16 to .00157 inches in diameter (6 American Wire Gauge ("awg") to 46 awg). Single end wire is capable of transmitting signals or electrical currents between two points and is used to transmit digital, video and audio signals or low voltage current in a variety of wire products used in motor controls, local area networks, security systems, television or telephone connections and water sprinkler systems. Single end wire is generally the least expensive form of wire to produce due to its simple configuration.

- *Stranded Wire.* Stranded wire is comprised of a number of single end wires twisted together in a specific geometric pattern that preserves each individual wire's relative position for the length of the wire. Stranded wire, like single end wire, transmits digital, video and audio signals or low voltage current. However, stranded wire is more flexible and capable of connecting multiple terminals allowing for a wider range of applications. Stranded wire is generally used in products that connect peripherals to the personal computer ("PC"), connect the internal components of the PC, and control HVAC, security and other functions inside buildings. In addition, stranded wire is used in antilock braking systems, airbag systems, utility power distribution and circuit breakers.

- *Bunched Wire.* Bunched wire is formed by twisting a number of single end wires in a random pattern. Bunched wire allows increased flexibility while maintaining conductivity. This type of wire is the primary wire used in appliance and automotive/specialty vehicles wire harnesses. In addition, bunched wire is commonly used for transmission of electrical current in lighting fixture cords, extension cords and power cords for portable power hand tools.

- *Cabled Wire and Braided Wire.* Cabled wire and braided wire are combinations of single, bunched or stranded wire twisted together in various patterns and thicknesses. These wires transmit electrical current and are typically used in mining, mass transportation, automotive/specialty vehicles, utility power distribution and other industrial applications.

- *Shielding Wire.* Shielding wire is comprised of varying numbers of single end wires that are wound together in parallel construction around a bobbin. Shielding wire does not transmit signals or voltage but rather shields the signal traveling through the core conductor from outside interference. This type of wire is primarily used in data communication applications, telecommunications equipment, cable television equipment and security systems.

Engineered Wire Products — Europe Segment

Our sales of engineered wire products in Europe are primarily specialty braids, ropes, connections, wire mesh and flexible bars. These products are sold to OEMs who use our products as component parts in items such as circuit breakers, panel boards, transformers, power generating systems and transportation equipment. Our sales are to a variety of customers in the following markets:

- aerospace;

- automotive/specialty vehicles; and

- industrial and energy, including electrical appliances, power supply and railway.

We manufacture specialty braids, ropes, connections, wire mesh and flexible bars using copper as the primary raw material with either insulating material, strips or terminals. In addition, we manufacture braided wire which is sold as a component part or we apply either insulating material and/or types of terminals to meet customers' specifications.

High Performance Conductors Segment

Our High Performance Conductors segment manufactures specialty high performance conductors which include tin, nickel and silver-plated copper and copper alloy conductors including standard and customized high and low temperature conductors as well as specialty film insulated conductors and micro diameter tubing products.

Our external sales of high performance conductors in the United States, Europe and Asia are primarily directly to distributors and to wire insulators that manufacture wire and cable products by applying insulation, through a variety of processes, for applications in high temperature environments. Our High Performance Conductors segment's film insulated and tubing products are sold to medical device manufacturers either directly or through our manufacturers' representatives specializing in the medical market which are sold under our "MinVasive" brand. Our High Performance Conductors segment products are sold to a variety of customers in the following markets:

- commercial and military aerospace and defense including avionics, commercial and defense satellite systems, commercial and military aircraft wiring, defense weapons and security systems;
- electronics and data communications including consumer electronics, test equipment, and data and voice communication systems;
- industrial and energy including automotive and geophysical applications, heat and freeze control systems, industrial power systems;
- medical devices, including medical diagnostic and test equipment including components for minimally invasive medical devices; and
- medical electronics.

Marketing

We sell our products through a combination of direct (company employed) sales people and manufacturers' representatives. Our sales organization is supported by an internal marketing staff and customer service groups. Collectively, these departments act as a bridge between our customers and our production and engineering staff. Our engineers work directly with customers to manufacture our products to the customers' exact specifications. In addition, engineers work closely with our production managers, quality supervisors and customer service representatives to ensure the timely delivery of quality products.

International Operations

We currently have international operations in Belgium, France, Italy and Poland. For each of the years ended December 31, 2014, 2013 and 2012, approximately 8%, 8% and 9% of our consolidated net sales originated from these non-U.S. operations, respectively. We have a manufacturing facility in Vinovo, Italy, a manufacturing facility in Dabrowa Gornicza, Poland and two manufacturing facilities in Saint-Chamond, France as well as a sales/distribution facility in Puurs, Belgium. We also maintain sales offices in Germany and Spain.

Raw Materials

A portion of our revenue is derived from processing customer-owned ("tolled") copper. The value of tolled copper is excluded from both our sales and costs of sales, as title to the tolled copper and the related risks of ownership do not pass to us at any time. The remainder of our sales include Company owned ("owned") copper. Accordingly, for these sales, copper is included in both sales and cost of sales. In order to compare tolled customers with non-tolled customers, we sometimes refer to "adder sales", which is the net sales from our products less, if applicable, the invoiced amounts of owned copper and certain other metals.

The principal raw material used in our products is 5/16 inch copper rod, which is sourced either directly from global copper producers or through rod mill operators in North America. A significant percentage of our total copper is purchased from four to five major suppliers. Copper rod prices are based on market prices, which are generally established by reference to the New York Mercantile Exchange, Inc. ("COMEX") prices, plus a premium charged to convert copper cathode to copper rod and deliver it to the required location. Copper prices are affected by a number of factors, including worldwide demand, mining and transportation capacity, political instability and financial markets. Copper supply is generally affected by the number and capacity of the mines that produce copper. For instance, production problems at a single major mine can impact worldwide supply and therefore prices.

In order to reduce the potential negative impact of fluctuations in the price of copper, we have copper price pass-through arrangements with our customers based on variations of monthly copper price formulas. These pass-through arrangements are less effective when copper prices are volatile. Additionally, these pass-through arrangements do not apply to the scrap which is created in the production process (and subsequently sold as scrap), as the selling price for the copper in the scrap sales may be more or less than the purchase price at the time we acquired the copper. Changing copper prices may adversely affect both profitability and liquidity depending on the magnitude of these changes, the timing of purchases, quantity levels and the applicable account receivable and payable payment terms.

Moreover, since we generally do not obtain long-term purchase commitments, our customers may cancel, reduce or delay their orders if they believe copper prices will increase or decrease significantly. Additionally, declining copper prices can result in inventory charges, increasing our costs of goods sold and negatively impacting profitability. Conversely, a severe increase in the price of copper can negatively impact our short-term liquidity because of the period of time between our purchase of copper at an increased price and the time at which we receive cash payments after selling end products to customers reflecting the increased price.

Tin is also a component in certain of our products in the Bare Wire and High Performance Conductors segments. The High Performance Conductors segment also uses silver and nickel. The cost of silver, nickel and tin is generally passed through to our customers through a variety of pricing mechanisms. Our price of silver includes a margin and market fluctuations in the price of silver can result in an increase or decrease in profitability at a given volume.

We order material based on purchase orders received and accepted and seek to minimize the inventory of material not identified for specific orders. We work with our suppliers to develop just-in-time supply systems which reduce inventory carrying costs. Generally, we do not have long-term purchase agreements with our suppliers.

Manufacturing and Distribution

We are committed to the highest quality standards for our products, a standard maintained in part by continuous improvements to our production processes and upgrades to and investments in our manufacturing equipment. Our equipment can be adapted to satisfy the changing needs of our customers. We maintain advanced quality assurance and testing equipment to ensure the products we manufacture will consistently meet customer quality requirements. The following is a description of our manufacturing and distribution facilities and processes for our major product lines.

Bare Wire

As of December 31, 2014, we had thirteen facilities dedicated to the production and distribution of bare wire products in the United States. Nine of these facilities are located in New York, one in Indiana, one in Texas, one in New Mexico and a distribution facility is located in California. The manufacturing of bare wire consists of one or more of the following five processes: wire drawing, plating, bunching and stranding, braiding and cabling.

- *Wire Drawing Process.* Wire drawing is a multi-step process in which raw copper material, primarily 5/16-inch copper rod, is drawn through a series of dies of decreasing diameter.

- *Plating Process.* After being drawn, our wire products may be plated through an electroplating process. We have the capability to plate copper wire with tin. Approximately 26% of our bare wire products are plated with tin. The plating process prevents the bare copper from oxidizing and also allows the wire to be soldered, which is an important quality in many electrical applications.

- *Bunching and Stranding Process.* Bunching and stranding is the process of twisting together single strand wires to form a construction ranging from 7 to over 200 strands. If the wire is bunched, the individual strands of wire are twisted together in a random pattern. Stranded wire is composed of a number of single end wires twisted together in a specific geometric pattern where each strand's relative position is maintained throughout the length of the wire.

- *Braiding Process.* Braiding combines any number of wires into a tubular but very flexible product that subsequently can be flattened to make ground strap. Braiding can also be performed over insulated conductors to create an electrical shield.

- *Cabling Process.* Cabling is the process of twisting bunched wire to form a construction ranging from 49 to 47,000 strands.

Engineered Wire Products — Europe

As of December 31, 2014, we had four facilities dedicated to the production and distribution of specialty wire products in Europe, two located in France, one located in Italy and one located in Poland. The production of specialty wire products in Europe consists of manufacturing specialty braids, ropes, connections, wire mesh and flexible bars using copper as the primary raw material with either insulating material, strips or terminals. It also consists of manufacturing braided wire which is sold as a component part or sold after we apply either insulating material and/or types of terminals to meet customers' specifications.

High Performance Conductors

Our High Performance Conductors segment has two facilities dedicated to the production and distribution of high performance conductor and medical device products in the United States, one located in South Carolina and one located in Georgia. In addition,

there is a sales/distribution facility in Belgium. The manufacturing of high performance conductors consists of one or more of the following four processes: wire drawing, plating, bunching and stranding and cabling.

- *Wire Drawing Process.* Wire drawing is a multi-step process in which raw materials, primarily copper, and to a lesser extent, aluminum, copper-clad steel, copper-clad aluminum and various copper alloys, are drawn through a series of dies of decreasing diameter.

- *Plating Process.* After being drawn, our wire products may be plated through a tin, silver or nickel electroplating process. Approximately 95% of our high performance conductors products are plated with one of these materials. The plating processes are used to prevent the copper wires from oxidizing. Additionally, silver and tin plating improves the solderability of wires, and nickel plating allows copper wires to be used in high-temperature applications.

- *Bunching and Stranding Process.* Bunching and stranding is the process of twisting together single strand wires to form a construction ranging from 7 to over 100 strands. If the wire is bunched, the individual strands of wire are twisted together in a random pattern. Stranded wire is composed of a number of single end wires twisted together in a specific geometric pattern where each strand's relative position is maintained throughout the length of the wire.

- *Cabling Process.* Cabling is the process of twisting bunched wire to form a geometric construction ranging from 49 to over 2,000 strands.

Additionally, our facility in Georgia manufactures medical grade products that utilize two additional processes: film insulating and tubing.

- *Film Insulating.* Film insulating is the process of coating bare or silver-plated wires with insulating materials such as polyethylene or polyimide. This process is performed over multiple passes in an oven that cures the film being applied.

- *Tubing.* Tubing is the process of removing the copper mandrel (wire) from a previously film insulated product in order to create a tube with very thin walls and a precise internal dimension. This tube is then flushed with acid to remove contaminant materials, rinsed, dried and cut to size.

Competition

As a result of the diversity of our product offerings, we believe that no single competitor competes with us across the entire spectrum of our product lines. However, in each market served, we experience competition from at least one major competitor. We compete primarily on the basis of quality, reliability, price, reputation, customer service and delivery time. A number of customers we serve have in-house or "captive" wire production facilities, and we sell to them to meet needs in excess of their internal production capacity.

Backlog

Due to the manner in which we process orders, we have no significant order backlog. We follow the industry practice of producing our products on an ongoing basis to meet customer demand without significant delay. We believe the ability to supply orders in a timely fashion is a competitive factor in our market, and therefore, attempts to minimize order backlog to the extent practicable.

Environmental Matters

We are subject to a number of federal, state, local and foreign environmental laws and regulations relating to the storage, handling, use, emission, discharge, release or disposal of materials into the environment and the investigation and remediation of contamination associated with such materials. These laws include, but are not limited to, the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"), the Water Pollution Control Act, the Clean Air Act and the Resource Conservation and Recovery Act, the regulations promulgated thereunder, and any state and foreign analogs. We have been, and may be in the future, identified as potentially responsible parties with respect to several sites designated for cleanup under CERCLA or similar state laws, which impose liability for cleanup of certain waste sites and for related natural resource damages without regard to fault or the legality of waste generation or disposal. Persons liable for such costs and damages generally include the site owner or operator and persons that disposed or arranged for the disposal of hazardous substances found at those sites. Although CERCLA imposes joint and several liability on all potentially responsible parties, in application, the potentially responsible parties typically allocate the investigation and cleanup costs based upon, among other things, the volume of waste contributed by each potentially responsible party. Also, our operations are governed by laws and regulations relating to employee health and safety. We believe that we are in material compliance with such applicable laws and regulations and that our existing environmental controls are adequate. Further, we have no current plans for substantial capital expenditures in this area.

As is the case with most manufacturers, we could incur costs relating to environmental compliance, including remediation costs related to historical hazardous materials handling and disposal practices at certain facilities, although we do not believe that such costs would materially and adversely affect us. In the past, we have undertaken remedial activities to address on-site soil contamination caused by historic operations. None of these activities have resulted in any material liability.

We currently do not anticipate that compliance with environmental laws or regulations or the costs to remediate the sites discussed above will have a material adverse effect on us. As mentioned above, however, the risk of environmental liability and remediation costs is inherent in the nature of our business and, therefore, there can be no assurance that material environmental costs, including remediation costs, will not arise in the future. In addition, it is possible that future developments (e.g., new regulations or stricter regulatory requirements) could cause us to incur material costs to comply with applicable environmental laws and regulations.

Directors and Executive Officers of the Company

Set forth below are the name, age and respective positions of the directors and executive officers of our Company as of February 28, 2015.

Name	Age	Position(s)
Hugh Steven Wilson	67	Chairman of the Board of Directors
Peter Blum	64	Director
Peter Reed	35	Director
Adam Kleinman	40	Director
Sanford D. Lyons	58	Director
Walter A. Jones	61	Director
Rodney D. Kent	67	Director
Edwin J. Flynn	54	Chief Executive Officer and President
Donald F. DeKay	60	Senior Vice President, Chief Financial Officer and Secretary
Andrew Adams	48	President of IWG Bare Wire Division
Martin G. Dew	52	President of IWG High Performance Conductors, Inc.

Hugh Steven Wilson has been a director and Chairman of the Board of Directors of our Company since October 20, 2009. Mr. Wilson is a member of the advisory board of Tennenbaum Capital Partners, LLC ("Tennenbaum"). On July 31, 2012, Mr. Wilson retired as Managing Partner of Tennenbaum, a position he had held since 2005. Prior to joining Tennenbaum in 2005, he retired from the international law firm of Latham & Watkins where he was a senior partner and was Global Co-Chair of the Mergers and Acquisitions Practice Group and former Chairman of both the National Litigation Department and the National Mergers and Acquisitions Litigation Practice Group. Mr. Wilson also serves as Vice Chairman and as a director of Burford Capital Limited. He holds a J.D. degree from the University of Chicago Law School and a Master of Laws degree from Harvard Law School.

Peter Blum has been a director of our Company since October 20, 2004. Mr. Blum has served as the President of Blum Consulting, LLC, a consulting firm, since 2002. Prior to 2002, Mr. Blum was a Managing Principal of Towers Perrin. He was also a consultant for the Wharton Center for Applied Research. In addition, he served as the Business Development Manager and Research and Development Manager for British Oxygen Company. Mr. Blum received B.S. and M.S. degrees in Metallurgy and Materials Science from Lehigh University and an MBA from The Wharton School of the University of Pennsylvania.

Peter Reed has been a director of our Company since February 17, 2010. Mr. Reed is a Managing Director and Partner of MAST Capital Management, LLC ("MAST") and is responsible for portfolio management and investment research in a variety of industries. Prior to joining MAST in 2004, Mr. Reed was with Brown, Gibbons, Lang & Co. where he worked on various mergers and acquisitions, restructurings, and debt and equity private placements. Mr. Reed is also the Chairman of the Board of the Nebraska Book Company and is a Trustee of the Nativity Preparatory School (Boston). He earned his B.S. in Finance from Miami University.

Adam Kleinman was appointed as a director of our Company on February 27, 2013. Mr. Kleinman is the Chief Operating Officer, General Counsel and a partner at MAST, which he joined in March 2009. From 2004 to 2009, he was an associate with the law firm Bingham McCutchen LLP where he represented financial institutions, hedge funds and corporate borrowers on a broad range of commercial transactions. Mr. Kleinman is a director of the Nebraska Book Company. He holds a B.A. degree from Haverford College and a J.D. degree from the University of Virginia School of Law.

Sanford ("Sandy") D. Lyons was appointed as a director of our Company on February 27, 2013. Since returning to the United States in 2010, Mr. Lyons has been involved in various consulting and business start-up activities. Currently, he serves as the CEO of The River Group, a global management consulting firm of which he is a founding member. Mr. Lyons held several positions with Draka Holding N.V. ("Draka"), a multi-billion dollar global cable manufacturing company headquartered in the Netherlands, from 2004 to 2010, including CEO and Chairman of the Board of Management of Draka. He served as the CEO of the U.S. based global cable manufacturer, Corning Cable Systems, and as the CEO of the leading fiber optic cable manufacturer, Siecor Corporation, prior to his time with Draka. Mr. Lyons holds an engineering degree from the United States Military Academy.

Walter A. Jones was appointed as a director of our Company on February 27, 2013. Mr. Jones, now retired, was a Managing Director of CoMetrics Partners LLC from 2010 through 2013 specializing in restructuring and financial advisory services. From 2006 to 2010 he was a partner with JH Cohn, LLP. Mr. Jones is a director of Neenah Enterprises, Inc., Catalyst Paper Corporation and Chairman of the Board of the PMI Group, Inc. He has a B.S. in industrial engineering from Pennsylvania State University.

Rodney D. Kent has been a director of our Company since June 1995. Mr. Kent was Chief Executive Officer of our Company from June 2005 through December 2014. Previously, Mr. Kent served as our President and Chief Operating Officer and he held those positions from May 2000 through May 2005. Prior to being named as President and Chief Operating Officer, Mr. Kent served as President of our Bare Wire segment from April 1995. Mr. Kent also serves as a director of Oneida Financial Corp. and as Chairman of the Board of Prime Materials Recovery, Inc.

Edwin J. Flynn has been our Chief Executive Officer since January 2015 and President since July 2014. He also served as our Chief Operating Officer from January 2013 through December 2014 and as President, Bare Wire Division from April 2011 through May 2014. Previously, Mr. Flynn served as President of Thermax, a division of Belden, Inc., since 2007.

Donald F. DeKay was named Senior Vice President, Chief Financial Officer and Secretary of our Company on January 1, 2014. Previously, Mr. DeKay served as Vice President — Finance of our Company and he held that position from July 2001 through December 2013. Mr. DeKay also serves as a director of Prime Materials Recovery, Inc.

Andrew Adams is President, Bare Wire Division and has held such position since May 9, 2014. Prior to joining our company, Mr. Adams was CEO of EF Johnson, a manufacturer of mission critical radio and communication systems, from November 2010 through April 2014. Prior to EF Johnson, Mr. Adams was President, Industrial Solutions Division of Belden Inc. from December 2008 through October 2010 and before that was President, Alpha Wire, also a Belden company from July 2007 through November 2008. Earlier in his career Mr. Adams worked for Harris Corporation, holding positions of increasing responsibility in Product Development and Engineering from August 1992 through June 2007.

Martin G. Dew is President of IWG High Performance Conductors, Inc. and has held this position since High Performance Conductors was acquired by IWG in March 2006.

Available Information

We maintain an Internet website at http://itwg.client.shareholder.com where our financial and other information is available.

Risk Factors

Risks Related to Our Business

We depend on industries that are highly volatile and cyclical in nature and produce technologically advanced products with short life cycles, and as a result, our business and results of operations may be adversely affected.

We ultimately derive our revenues from customers in the aerospace and defense, automotive/specialty vehicles, consumer and appliance, electronics and data communications, industrial and energy, medical device and medical electronics markets. Demand for our products depends, in large part, upon the general macroeconomic conditions of these end markets, which are highly volatile and cyclical in nature. Factors affecting any of these industries in general, or our customers in particular, could have a negative impact on the demand for our products and our results of operations. These factors include:

- rapid changes in technology, evolving industry standards and requirements for continuous improvement in products and services resulting in short product life cycles;
- the failure of our customers to successfully market their products;
- the failure of our customers' products to gain widespread commercial acceptance;
- loss of market share or dramatic shifts in demand causing our customers to exit the business; and
- recessionary periods in our customers' markets, such as the recent global economic downturn.

We cannot predict the future demand trends or product life cycles of the industries that we work with or the effect of fluctuations in costs on our future operating results. We may not be able to adjust our product prices rapidly enough and our future profitability may be adversely affected.

Advancing technologies, such as fiber optic and wireless technologies and alternative metals, may make some of our products less competitive and negatively impact our business.

Technological developments could adversely impact our business. Many of the markets we serve are characterized by advances in information processing and communications capabilities, including advances driven by the expansion of digital technology, which require increased transmission speeds and greater bandwidth. Our markets are also subject to increasing requirements for mobility, information security, and transmission reliability. The relative costs and merits of copper-based and fiber optic solutions could change in the future as various competing technologies address the market opportunities.

For example, a significant decrease in the cost and complexity of the installation of fiber optic systems or a significant increase in the cost of copper-based systems (compared to alternative metals such as aluminum, copper-clad or a new alloy) could make fiber optic systems or alternative metals superior on a price performance basis to copper systems and could have a material adverse effect on our business. Also, advancing wireless technologies, as they relate to network and communication systems, may reduce the demand for our products by reducing the need for premises wiring. Wireless communications depend heavily on a fiber optic backbone and do not depend to the same extent on copper-based systems. An increase in the acceptance and use of voice and wireless technology, or introduction of new wireless or fiber optic based technologies, may have a material adverse effect on the marketability of our products and our profitability. Our sales of certain of our copper wire products face increased competition from wireless and other similar technologies and the increased acceptance and use of these technologies has increased this competition and could have a negative impact on our business, financial condition and operating results.

The price of copper, the principal raw material used in our products, as well as the prices of silver, nickel and tin, which are also used in our products, and the price of fuel and energy, are subject to price fluctuations and may negatively impact our profitability and/or liquidity.

The principal raw material used in our products is 5/16 inch copper rod, which is sourced either directly from global copper producers or through rod mill operators in North America. Copper rod prices are based on market prices, which are generally established by reference to the New York Mercantile Exchange, Inc. ("COMEX") prices. As copper is a world-traded commodity, its price has historically been subject to fluctuations. In 2014, the high monthly average COMEX price was $3.36 per pound in January and the low monthly average COMEX price was $2.90 per pound in December. In 2013, the high monthly average COMEX price was $3.67 per pound in January and the low monthly average COMEX price was $3.14 per pound in July. For the full year, copper averaged $3.12 per pound in 2014, $3.34 per pound in 2013 and $3.61 per pound in 2012.

Volatile copper prices may adversely affect both our profitability and liquidity, depending on the magnitude of these changes, the timing of purchases, quantity levels and the applicable account receivable and account payable payment terms. In 2014, the decreased average cost and selling price of copper contributed to a decrease in net sales compared to 2013. Similarly, in 2013, the decreased average cost and selling price of copper contributed to a decrease in net sales compared to 2012 (despite overall net sales increasing due to a lower proportion of tolled copper shipped in the 2013 period compared to the 2012 period). In addition, since we generally do not obtain long-term purchase commitments, our customers may cancel, reduce or delay their orders if they believe copper prices will be falling (in order to purchase our products at lower prices in the future) or in response to increases in copper prices. Declining copper prices can also result in inventory charges, increasing our costs of goods sold and, therefore, negatively impacting our profitability.

Significant increases in the price of copper could also negatively impact our short-term liquidity because of the period of time between our purchase of copper at an increased price and the time at which we receive cash payments after selling end products to customers reflecting the increased price. We generally pass through the cost of copper, silver, nickel and tin to our customers through a variety of pricing mechanisms including pricing pass-through arrangements, fixed percentage margins for silver and product surcharges. While we expect to continue to use these mechanisms, there can be no assurance that we will be able to continue to pass through the costs of such raw materials or that our pass-through arrangements will be effective in minimizing the impact to our profitability, especially when raw material prices are volatile. Moreover, since the price of silver that is charged to our customers includes a fixed percentage margin, decreases in the price of silver can result in a decrease in profitability at a given volume. We also pay freight costs on certain customer orders, and if fuel surcharges cause an increase in freight costs, our profitability would decline.

Disruptions in the supply of copper and other raw materials used in our products could cause us to be unable to meet customer demand, which could result in the loss of customers and net sales.

The principal raw material used in our products is 5/16 inch copper rod. Other significant raw materials that we use are silver, nickel, tin and certain alloys. There are a limited number of domestic and foreign suppliers of copper rod and these other raw materials. A significant percentage of our total copper is purchased from four to five major suppliers. Generally, we do not have long-term purchase agreements with our suppliers. Our suppliers may also change the terms of our purchase agreements and trade credit if they believe we are too highly leveraged or for any other reason. We currently have copper trade terms of up to 30 days. The reduction or loss of copper trade terms would decrease our accounts payable and increase our operating cash requirements. If we are unable to maintain good relations with our suppliers or if there are any business interruptions at our suppliers for any reason, including, without limitation, natural catastrophes, their business failure, financial difficulties, strikes or an inability to obtain raw

materials, we may not have access to a sufficient supply of raw materials. If we lose one or more key suppliers and are unable to locate an alternative supply, we may not be able to meet customer demand, which could result in the loss of customers and net sales.

We generally do not obtain long-term volume purchase commitments from customers, and, therefore, cancellations, reductions in production quantities and delays in production by our customers could reduce our operating income and cash flows.

We generally do not obtain firm, long-term purchase commitments from our customers and we continue to experience reduced lead-times in customer orders. Customers may cancel, reduce or delay their orders for various reasons, including changes in production quantities or inventory levels. Order cancellations, reductions or delays by a significant customer or by a group of customers could harm our operating results. To be successful, we must excel in terms of service, product quality and price not only compared to our direct competitors but also compared to our customers' internal manufacturing capabilities.

In addition, we make significant decisions, including determinations regarding the level of business we will seek and accept, production schedules, component procurement commitments, personnel needs and other resource requirements, based on our estimates of customer requirements. The short-term nature of our customers' commitments and the likelihood of rapid changes in demand for their products may impair our ability to estimate our future customer requirements accurately. As a consequence of the above factors, many of which are beyond our control, our operating results may vary significantly.

We may not be able to accurately forecast demand for our products.

We order raw materials and supplies and plan production based on discussions with our customers and internal forecasts of demand. If we are unable to accurately forecast demand for our products, in terms of both volume and specific products, we may experience delayed product shipments and customer dissatisfaction. Additionally, failure to accurately forecast demand could have an adverse impact on our business, financial condition and operating results.

The loss of a significant customer could significantly reduce our sales and impact our long-lived assets as well.

One customer represented 18%, 17% and 14% of our consolidated net sales for the years ended December 31, 2014, 2013 and 2012, respectively. Another customer represented 11%, 12% and 10% of our consolidated net sales for the years ended December 31, 2014, 2013 and 2012, respectively. The loss of either of these customers or any other key customer, or any material reduction in our customers' orders or in their orders from their customers, would reduce our revenues and could result in the impairment of property, plant and equipment, goodwill or identifiable intangibles.

Some of our large customers have in-house wire production facilities and may decrease orders from us in response to economic downturns or as a result of increased in-house capacity.

Some of our large customers have in-house or "captive" wire production facilities. During economic downturns, customers with in-house wire production facilities generally decrease orders to outside suppliers before reducing in-house wire production. As a result, we may be disproportionately impacted by a downturn. Additionally, if these customers expand the production capacity of their in-house facilities, they may also decrease orders to outside suppliers as a result.

Changes in net sales may not correlate with actual changes in our business levels, because the changes in net sales may be substantially influenced by changes in the price of copper and other raw materials or in the proportion of tolled copper.

A portion of our revenue is derived from manufacturing products using tolled copper, which means that our customer supplies us with the copper (instead of us buying the copper). Unlike the remainder of our sales that are from Company owned ("owned") copper, the value of tolled copper is excluded from both our sales and costs of sales, as title to the tolled copper and the related risks of ownership do not pass to us at any time. This may result in changes to our net sales that are not due to changes in business levels, but rather due to changes in the proportion of tolled copper to owned copper. For example, our 2014 net sales decreased by $7.7 million compared to 2013, but if the proportion of tolled copper had remained the same as 2013, our net sales would have decreased by $31.0 million, assuming nothing else in 2014 had changed.

We include the cost of owned copper and other raw materials in both net sales and costs of goods sold. This may also result in changes to our net sales that are not due to changes in business levels, but rather due to volatility in copper prices. For example, our 2014 net sales decreased by $7.7 million compared to 2013, but if copper prices had been the same as 2013, our net sales would have increased by $21.8 million, assuming nothing else in 2014 had changed.

Excluding the effects of both lower copper prices and a lower proportion of tolled copper in 2014, net sales decreased by $1.5 million in 2014.

We have risks associated with inventory.

Our business requires us to maintain substantial levels of inventory. We must identify the right mix and quantity of products to keep in our inventory to meet customer orders. Failure to do so could adversely affect our sales and earnings. If our inventory levels are too high, we are at risk that an unexpected change in circumstances, such as a shift in market demand, drop in prices, or default or loss of a customer, could have an unfavorable impact on the net realizable value of our inventory.

The wire manufacturing industry is highly competitive and we face domestic and foreign competition in each of our business segments.

We face competition from other manufacturers for each of our products and in each of our geographic regions. These companies compete on price, reputation and quality, product technology and characteristics, and terms. Some multinational competitors have greater engineering, financial, manufacturing, and marketing resources than we have. Actions that may be taken by competitors, including pricing, business alliances, new product introductions, market penetration, and other actions, could have a negative effect on our revenues and profitability. Moreover, during economic downturns, some competitors that are highly leveraged both financially and operationally could become more aggressive in their pricing of products.

The results of vigorous competition could result in price compression, reduced sales, margin pressure or loss of market share, thereby affecting our future earnings. Moreover, wire manufacturers must provide increasingly rapid product turnaround for their customers. On occasion, customers may require rapid increases in production, which can stress our resources and reduce operating margins. We may not have sufficient capacity at any given time to meet all of our customers' demands concurrently. In addition, because some of our operating expenses are relatively fixed, a reduction in customer demand can dramatically harm our gross margins and operating results on a short term basis. Customers often expect decreased prices over time. Furthermore, an increase in imports of products competitive with our products could adversely affect our sales.

If we are unable to continue to achieve productivity improvements, our profitability may be adversely affected.

We have experienced pressures on the pricing of our products over the past few years and expect pricing pressure to continue for the foreseeable future. A component of our business strategy is to increase our profitability by lowering costs through improving our processes and productivity. In the event we are unable to continue to implement measures improving our manufacturing techniques and processes, we may not achieve desired efficiency or productivity levels, and our profitability may decline. In addition, productivity increases are related in part to factory utilization rates. Decreases in utilization rates would adversely impact productivity. Further pricing pressures, without offsetting cost reductions, could adversely affect our results of operations and financial performance.

Growth through acquisitions is an important part of our long-term strategy, and we may not be able to successfully identify, finance or integrate acquisitions in order to grow our business.

Growth through acquisitions has been, and we expect it to continue to be, a significant part of our long-term strategy. We have evaluated, and expect to continue to evaluate, a wide array of potential strategic transactions. From time to time, we may engage in discussions regarding potential acquisitions. Any of these transactions could be material to our financial condition and results of operations. We may not be successful in identifying, financing and closing acquisitions on favorable terms. Potential acquisitions may require us to obtain additional financing or issue additional equity securities or securities convertible into equity securities, and any such financing and issuance of equity may not be available on terms acceptable to us or at all. Uncertainty in U.S. and global financial markets could make it more expensive for us to pursue or complete acquisitions. If we finance an acquisition with debt, it could result in higher leverage and interest costs.

Our acquisition and expansion plans may fail to perform as expected.

The process of integrating our acquisitions or expanding our business may create unforeseen operating difficulties and expenditures and is risky. We may not be able to realize the benefits expected from such acquisitions. The areas where we face risks include:

- we may not be able to integrate the new acquisition or expansion into our existing operations successfully. Integration may pose risks with respect to production, customer service and market share of existing operations;
- the property or asset may fail to meet our estimate of profitability, either temporarily or for a longer time and we may fail to achieve potential revenue enhancements and potential cost savings;
- our management's time and focus may be diverted from operating our existing business;
- we may experience cultural challenges associated with integrating employees from the acquired company into our organization;
- we may be unable to retain key employees from the acquired business;
- we may acquire businesses that are subject to technological or competitive risks; and
- we may incur future goodwill impairment charges with respect to the acquired assets.

We may in the future incur goodwill, other intangible assets and long-lived asset impairment charges.

At December 31, 2014, we had goodwill and other intangible assets of $80.4 million and property, plant and equipment of $91.4 million. While we believe the estimates and judgments about future cash flows used in the goodwill, other intangible assets and long-lived asset impairment tests are reasonable, we cannot provide assurance that future impairment charges will not be required if the expected cash flow estimates as projected by management do not occur, especially if the recent economic recession returns for a lengthy period or were to become more severe. We test for goodwill impairment annually and between annual tests if an event occurs or if circumstances change that indicate the fair value of a reporting unit is below the unit's carrying amount.

We may be subject to income tax rate fluctuations as well as to additional tax liabilities, which could impact our financial position.

Because we have operations both in the United States and abroad, we are subject to taxes in various jurisdictions. Our effective tax rate is subject to fluctuation as the income tax rates for each year are a function of various factors, including:

- the mix of profits or losses earned by us and our subsidiaries in multiple tax jurisdictions with a broad range of income tax rates;
- changes in contingencies related to taxes, interest or penalties resulting from tax audits; and
- changes in tax laws or the interpretations of such laws.

Changes in the mix of these factors and other factors may cause our effective tax rate to fluctuate between periods, which could have a negative effect on our financial position.

We are also subject to non-income taxes, such as payroll, sales, use and property taxes, in various jurisdictions. Significant judgment is required in determining our provision for income taxes and other tax liabilities. Although we believe that our tax estimates are reasonable, we cannot provide assurance that the final determination of tax audits or tax disputes will not be different from what is reflected in our historical income tax provisions and accruals.

Our exposure to the credit risk of our customers may adversely affect our financial results.

If our customers experience financial difficulties, we could have difficulty recovering amounts owed to us from these customers. Although we have a process to administer credit and believe our allowance for bad debts is adequate, in the future we may experience losses as a result of our inability to collect our accounts receivable. If our customers fail to meet their payment obligations to us, we could experience reduced cash flows and losses in excess of amounts reserved. Some customers are thinly capitalized and/or marginally profitable. Actual bad debt write-offs may differ from our estimates, which may have a material adverse effect on our financial condition, operating results and cash flows.

We depend heavily on our key employees, and the loss of key employees could harm our business.

Our ability to provide high-quality products and levels of service depends in part on our ability to retain our skilled personnel in the areas of product engineering, manufacturing and sales. Our success is also dependent on the management and leadership skills of our senior management team. The loss of any of these individuals or an inability to attract and retain additional personnel could prevent us from implementing our business strategy. The loss of our key employees who have intimate knowledge of our manufacturing process could lead to increased competition to the extent that those employees are hired by a competitor and are able to recreate our manufacturing process. We do not have employment agreements with any of our key employees, except for Edwin J. Flynn, Andrew Adams and Martin G. Dew.

If our relationship with our employees deteriorates, our business could suffer.

Unions may attempt to organize our employees or we could be subject to work stoppages, strikes or other types of conflicts with our employees or organized labor in the future. Any such event could result in increased costs, delay or reduce our production, distract management from operating our business and harm our relationships with key customers and suppliers, which could damage our business, results of operations and financial condition.

Damage to our manufacturing and distribution facilities due to fire, natural disaster or other events could harm our business and financial results.

We have manufacturing and distribution facilities in the United States, Belgium, France, Italy and Poland.

The destruction or closure of any of our facilities for a significant period of time as a result of fire, explosion, act of war or terrorism, blizzard, flood, tornado, earthquake, lightning or other natural disaster could harm us financially, increasing our costs of

doing business and limiting our ability to manufacture and deliver our products on a timely basis. Such events could harm our business and have a negative impact on our financial condition, operating results and cash flows.

A portion of our business depends on sales outside the United States, exposing us to additional risks that may have an adverse effect on our international operations and their ability to repatriate earnings to us.

We have operations in Belgium, France, Italy and Poland, and approximately 8% of our net sales for the year ended December 31, 2014 were attributable to manufacturing and distribution facilities located outside of the United States. Because we have broad geographic coverage, we are exposed to additional risks, including:

- economic or political instability;
- foreign exchange rate fluctuations;
- restrictions on the transfer of funds into or out of a country;
- difficulties in staffing and managing foreign personnel;
- cultural differences;
- effects of the European debt crisis; and
- compliance with export controls and economic sanctions laws.

Sales and expenses are denominated in the euro for our Belgian, French and Italian operations and the zloty for our Polish operation. As a result, these operations are subject to market risk with respect to fluctuations in the relative value of currencies. When the U.S. dollar strengthens against other currencies, the results of our non-U.S. operations are translated at a lower exchange rate and thus into lower reported revenues. There can be no assurance that we can effectively mitigate our currency exchange risk. We currently do not have any currency hedging programs in place.

Furthermore, as a U.S. corporation, we and our subsidiaries are subject to the regulations imposed by the Foreign Corrupt Practices Act, or the FCPA, which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. Any determination that we or any of our subsidiaries have violated the FCPA could subject us to significant fines and other penalties and damage our reputation.

Any significant breakdown, intrusion, interruption or corruption of our information systems or data breaches could interfere with our business and operations.

We rely on our information systems and those of third parties for processing customer orders, shipping of products, billing our customers, tracking inventory, supporting accounting functions and financial statement preparation, paying our employees, and otherwise running our business. Despite our implementation of security measures, our information systems are vulnerable to disruptions from computer viruses, natural disasters, unauthorized access, cyber attack and other similar disruptions. A material breach in the security of our information systems could include the theft of our intellectual property or trade secrets. Such disruptions or security breaches could result in the theft, unauthorized use or publication of our intellectual property and/or confidential business information, harm our competitive position or our reputation with our customers or suppliers, reduce the value of our investment in research and development and other strategic initiatives, or otherwise adversely affect our business. Like other global companies, we may experience incidents related to our information systems, including malware and computer virus attacks, unauthorized access, systems failures and disruptions. We have measures and defenses in place against unauthorized access, but we may not be able to prevent, immediately detect, or remediate such events.

Additionally, utilities and other operators of critical energy infrastructure that serve our facilities face heightened security risks, including cyber attacks. In the event of such an attack, disruption in service from our utility providers could disrupt our manufacturing operations which rely on a continuous source of power (electrical, gas, etc.). Any disruption in our information systems or those of the third parties upon whom we rely could have a significant impact on our business.

In addition, we may need to enhance our information systems to provide additional capabilities and functionality as we grow and make acquisitions. The implementation of new information systems and enhancements is frequently disruptive to the underlying business of an enterprise. Any disruptions affecting our ability to accurately report our financial performance on a timely basis could adversely affect our business in a number of respects. If we are unable to successfully implement potential future information systems enhancements, our financial position, results of operations, and cash flows could be negatively impacted.

We might have difficulty protecting our intellectual property from use by competitors, or competitors might accuse us of violating their intellectual property rights.

Disagreements about patents and intellectual property rights occur in our industry. Sometimes these disagreements are settled through an agreement for one party to pay royalties to another. The unfavorable resolution of an intellectual property dispute could preclude us from manufacturing and selling certain products, could require us to pay a royalty on the sale of certain products, or could

impair our competitive advantage if a competitor wins the right to sell products for which we believe we own the intellectual property. Intellectual property disputes could result in legal fees and other costs and may divert management's attention or cause a delay in product shipment or launch.

We are subject to environmental laws and regulations that can impose significant costs and expose us to potential financial liabilities.

Our operations are regulated under a number of federal, state, local and foreign environmental laws and regulations, which govern, among other things, the discharge of hazardous materials into the air and water as well as the handling, storage and disposal of, or exposure to, hazardous materials and occupational health and safety. In some cases we must obtain permits or install pollution control or safety equipment to comply with these requirements. Violations of these laws can lead to material liability, fines or penalties. In addition, new or more stringent requirements and changes in enforcement policies could be imposed, including potential restrictions associated with the emission of greenhouse gases, such as cap-and-trade legislation, and could result in additional costs. Various federal, state, local and foreign laws and regulations impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at or emanating from the property. In addition, because we are a generator of regulated materials, we, along with any other person who arranges for the disposal of those materials, may be subject to potential financial exposure for costs associated with the investigation and remediation of sites at which such materials have been disposed, if those sites become contaminated. Liability may be imposed without regard to the legality of the original actions and without regard to whether we knew of, or were responsible for, the presence of such hazardous or toxic substances, and in some circumstances, we could be responsible for payment of the full amount of the liability, whether or not any other responsible party is also liable. If any such environmental liabilities are identified in the future, the cost of complying with environmental laws and regulations, and the potential liability associated with noncompliance, could adversely affect our operations.

Changes in industry standards and regulatory requirements, including implementation of the healthcare law, may adversely affect our business.

As a manufacturer of wire products, we are subject to a number of industry standard setting authorities. In the event that we are unable to meet any such standards when adopted, our business could be adversely affected. In addition, some of our products and our customers' products are subject to the requirements of federal, state, local or foreign regulatory authorities. Changes in the standards and requirements imposed by such authorities could have an adverse effect on us. For example, there have been a number of legislative and regulatory changes and proposed changes to the healthcare system. Doctors, clinics, hospitals and other end-users of our products may decline to purchase our customers' products to the extent there is uncertainty regarding reimbursement of medical procedures using such products and any other related matters. Furthermore, since January 2013, each medical device manufacturer must pay an excise tax (or sales tax) in an amount equal to 2.3% of the price for which such manufacturer sells its medical devices. As a result, our customers in the medical device and medical electronics markets may experience a negative impact on their business and results of operations, which in turn could have a negative impact on the demand of our products. We are unable to predict what legislation or regulation, if any, relating to the health care industry or third-party coverage and reimbursement, may be enacted in the future, or what effect such legislation or regulation may have on us.

General economic factors that are beyond our control may harm our business by causing demand for our products to decline or increasing our costs.

A number of factors beyond our control could decrease the demand of our existing customers and impair our ability to attract new customers. These include recessionary economic cycles and cyclical downturns in our customers' businesses. Furthermore, customers encountering adverse economic conditions may have difficulty paying for our products. Additionally, terrorist activities, anti-terrorist efforts, war or other armed conflicts involving the United States or its interests abroad may have a material adverse effect on the U.S. and global economies and on our business, results of operations or financial condition. Finally, economic conditions can also cause fluctuations in our expenses. The cost of raw materials, labor and utilities are determined in part by general economic conditions and demand.

We are controlled by a few principal stockholders, whose interests may be different from your interests or the interests of the Company.

Substantially all of the common stock of Holdings is owned by a few stockholders. The interests of those stockholders may conflict with your interests in material respects. In addition, conflicts between such stockholders and holders of our 8.50% Senior Secured Notes due 2017 (the "8.50% Senior Secured Notes") may arise with respect to, among other things, our strategic direction and significant corporate transactions, conflicts related to corporate opportunities that could be pursued by us on the one hand, or by the stockholders, on the other hand, or other contractual relationships between us and our investors or their affiliates. We cannot anticipate in what form such differing or conflicting interests may arise, and so long as these principal stockholders continue to own a significant amount of our outstanding capital stock, they will continue to have the ability to strongly influence or effectively control our decisions.

Any material litigation may harm our financial condition or results of operations.

We face risk of loss resulting from product liability, securities, fiduciary liability, intellectual property, antitrust, contractual, warranty, environmental, fraud and other lawsuits, whether or not such claims are valid. Our financial condition or results of operations may be adversely affected by unfavorable outcomes, expenses and costs exceeding amounts estimated or insured.

Risks Related to the 8.50% Senior Secured Notes

Our substantial debt could adversely affect our financial condition and prevent IWG from fulfilling its obligations under the 8.50% Senior Secured Notes. Despite our current level of debt, we may be able to incur additional debt that would exacerbate these risks.

We have a substantial amount of debt, which requires significant interest and principal payments. As of December 31, 2014, we and our subsidiaries have $264.6 million of indebtedness outstanding on a consolidated basis (of which $264.6 million has been secured by liens ranking prior to the liens securing the 8.50% Senior Secured Notes and the guarantees) and have an additional borrowing base capacity of $101.8 million (after giving effect to $5.3 million in outstanding letters of credit) under our credit agreement among us and our domestic subsidiaries, Wells Fargo Capital Finance, LLC, as administrative agent, and the other lenders party thereto (the "Revolving Credit Facility"). In addition, the Revolving Credit Facility has an accordion feature that allows IWG to increase the commitments thereunder from $175.0 million to $225.0 million, subject to its existing or new lenders agreeing to provide these additional commitments. Subject to the limits contained in the indenture governing the 8.50% Senior Secured Notes and the Revolving Credit Facility, IWG may be able to incur additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. Holdings may also issue debt of its own. If Holdings or IWG does so, the risks related to our high level of debt could intensify.

Specifically, our high level of outstanding debt could have important consequences to the holders of the 8.50% Senior Secured Notes, including:

- making it more difficult for IWG to satisfy its obligations under the 8.50% Senior Secured Notes and its other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

We may be unable to service IWG's indebtedness, including the 8.50% Senior Secured Notes.

Our ability to make scheduled payments on and to refinance IWG's indebtedness, including the 8.50% Senior Secured Notes and the Revolving Credit Facility, depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international banking and capital markets. We cannot assure our noteholders and lenders that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service IWG's debt, including the 8.50% Senior Secured Notes or the Revolving Credit Facility, to refinance IWG's debt or to fund our other liquidity needs. If we are unable to meet IWG's debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of IWG's debt, including the 8.50% Senior Secured Notes, which could cause IWG to default on its debt obligations and impair our liquidity. Any refinancing of IWG's indebtedness could be at higher interest rates and may require IWG or us to comply with more onerous covenants which could further restrict our business operations.

The indenture governing the 8.50% Senior Secured Notes and the Revolving Credit Facility imposes significant operating and financial restrictions on IWG and its subsidiaries, which may prevent us, directly or indirectly, from capitalizing on business opportunities.

The indenture governing the 8.50% Senior Secured Notes and the Revolving Credit Facility imposes significant operating and financial restrictions on IWG and its subsidiaries, which may prevent them, and indirectly prevent us, from capitalizing on business opportunities. These restrictions will limit IWG's ability, among other things, to:

- incur additional indebtedness or enter into sale and leaseback obligations;
- pay certain dividends or make certain distributions on its capital stock or repurchase its capital stock or repay any subordinated indebtedness;
- make certain investments or other restricted payments;
- place restrictions on the ability of IWG and its restricted subsidiaries to pay dividends or make other payments to us;

- engage in transactions with stockholders or affiliates;
- sell certain assets or merge with or into other companies;
- guarantee indebtedness; and
- create liens.

These covenants limit, directly or indirectly, our operational flexibility and could prevent us from taking advantage of business opportunities as they arise, growing our business or competing effectively. IWG's ability to meet the financial ratio contained in the Revolving Credit Facility can be affected by events beyond our control, and we cannot assure you that IWG will meet this financial test if it springs into effect.

A default under any of our debt agreements could cause IWG's other debt to become due and payable as a result of cross-acceleration provisions contained in our 8.50% Senior Secured Notes and the Revolving Credit Facility. In the event that some or all of IWG's debt is accelerated and becomes immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt. In addition, in the event that the 8.50% Senior Secured Notes become immediately due and payable, the holders of the 8.50% Senior Secured Notes would not be entitled to receive any payment in respect of the 8.50% Senior Secured Notes until all of IWG's senior debt, including the Revolving Credit Facility, has been paid in full.

IWG and its subsidiaries may not have the funds necessary to finance the repurchase of the 8.50% Senior Secured Notes in connection with a change of control offer required by the indenture.

Upon the occurrence of specific kinds of change of control events, the indenture governing the 8.50% Senior Secured Notes requires IWG to make an offer to repurchase all of its outstanding 8.50% Senior Secured Notes at 101% of the principal amount thereof, plus accrued and unpaid interest (and additional interest, if any) to, but not including, the date of repurchase.

However, it is possible that IWG and its subsidiaries will not have sufficient funds, or the ability to raise sufficient funds, at the time of the change of control to make the required repurchase of the 8.50% Senior Secured Notes. In addition, restrictions under the Revolving Credit Facility may not allow IWG to repurchase the 8.50% Senior Secured Notes upon a change of control. If IWG and its subsidiaries could not refinance such debt or otherwise obtain a waiver from the holders of such debt, IWG would be prohibited from repurchasing the 8.50% Senior Secured Notes, which would constitute an event of default under the indenture. In addition, certain important corporate events, such as leveraged recapitalizations that would increase IWG's level of indebtedness, would not constitute a "Change of Control" under the indenture.

The 8.50% Senior Secured Notes will be effectively subordinated to indebtedness secured by liens on the collateral ranking prior to the liens on the collateral securing the 8.50% Senior Secured Notes and will be structurally subordinated to all indebtedness and liabilities of IWG's subsidiaries that are not guarantors.

Obligations under the Revolving Credit Facility are secured by a first-priority lien on substantially all of IWG and the guarantors' assets. The 8.50% Senior Secured Notes and the related guarantees are secured by a second-priority lien in the collateral securing indebtedness under the Revolving Credit Facility. Any rights to payment and claims by the holders of the 8.50% Senior Secured Notes will, therefore, be subject to the rights to payment or claims by IWG's lenders under the Revolving Credit Facility with respect to distributions of such collateral. Only when IWG and its subsidiaries' obligations under the Revolving Credit Facility and certain other first-priority lien obligations are satisfied in full will the proceeds of the collateral be available to repay the 8.50% Senior Secured Notes. The 8.50% Senior Secured Notes and the guarantees will be effectively subordinated to any of IWG and the guarantors' indebtedness that is secured by assets that do not constitute collateral to the extent of the value of such assets.

Additionally, not all of IWG's subsidiaries are guarantors of the 8.50% Senior Secured Notes, and the 8.50% Senior Secured Notes and the guarantees are structurally subordinated to all indebtedness and liabilities of IWG's non-guarantor subsidiaries. As of and for the year ended December 31, 2014, IWG's subsidiaries that are not guarantors accounted for approximately 7% of IWG's consolidated revenues, 9% of IWG's total assets and 2% of IWG's total liabilities. As of December 31, 2014, IWG's subsidiaries that are not guarantors had $7.6 million of liabilities.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from the guarantors or subordinate the 8.50% Senior Secured Notes to other obligations of IWG's subsidiary guarantors.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee of the 8.50% Senior Secured Notes could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the debt, evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and
- was insolvent or rendered insolvent by reason of such incurrence; or

- was engaged in a business or transaction for which the subsidiary guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by that subsidiary guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of IWG's creditors or the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred.

Generally, however, a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Each guarantee contains a provision intended to limit the guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer law, or may eliminate the guarantor's obligations or reduce the guarantor's obligations to an amount that effectively makes the guarantee worthless.

The right of noteholders to exercise remedies with respect to the collateral is limited, even during an event of default under the indenture. In addition, collateral will be subject to any exceptions, defects, encumbrances, liens and other imperfections that are accepted by the lenders under the Revolving Credit Facility.

The rights of the holders of the 8.50% Senior Secured Notes with respect to the collateral securing the 8.50% Senior Secured Notes are limited, even during an event of default under the indenture. Any actions that may be taken in respect of any of the collateral securing the Revolving Credit Facility on a first-priority basis, including the ability to cause the commencement of enforcement proceedings against such collateral and to control the conduct of such proceedings are limited and, in most cases, controlled and directed by the lenders under the Revolving Credit Facility and other obligations secured by first-priority liens. In those circumstances, the trustee, on behalf of the holders of the 8.50% Senior Secured Notes, will not have the ability to control or direct such actions, even if an event of default under the indenture governing the 8.50% Senior Secured Notes has occurred or if the rights of the holders of the 8.50% Senior Secured Notes are or may be adversely affected. The agent and the lenders under the Revolving Credit Facility are under no obligation to take into account the interests of the holders of the 8.50% Senior Secured Notes and guarantees when determining whether and how to exercise their rights with respect to the collateral securing the Revolving Credit Facility on a first-priority basis, subject to the intercreditor agreement, and their interests and rights may be significantly different from or adverse to yours. To the extent that collateral is released from the first-priority liens in accordance with the Revolving Credit Facility, the second-priority liens securing the 8.50% Senior Secured Notes and the guarantees will also automatically be released.

Holders of the 8.50% Senior Secured Notes and guarantees will share all collateral equally and ratably with the lenders under certain additional secured indebtedness that IWG or any of its subsidiaries will be permitted by the indenture to incur in the future. If there is a default, the value of that collateral may not be sufficient to repay the holders of the 8.50% Senior Secured Notes and guarantees and the lenders under such indebtedness.

The 8.50% Senior Secured Notes and guarantees will be secured equally and ratably with the lenders under certain additional secured indebtedness that IWG or any of its subsidiaries will be permitted by the indenture to incur in the future, subject to compliance with covenants in IWG and its subsidiaries' outstanding debt agreements. The indenture will permit the incurrence of additional secured indebtedness, including additional notes, which would share the collateral equally and ratably with the 8.50% Senior Secured Notes. As a result, if there is a default, the value of the remaining collateral may not be sufficient to repay the holders of the 8.50% Senior Secured Notes and guarantees and the lenders under any such additional secured indebtedness.

We, through IWG and the guarantors, will in most cases have control over the collateral, and the sale of particular assets by IWG or a guarantor could reduce the pool of assets securing the 8.50% Senior Secured Notes and the guarantees.

The indenture and the collateral documents will, subject to certain limitations, allow IWG and the guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the 8.50% Senior Secured Notes and the guarantees. In addition, IWG and the guarantors will not be required to comply with all or any of Section 314(d) of the Trust Indenture Act of 1939. For example, so long as no default or event of default under the indenture would result therefrom, IWG or a guarantor may, among other things, without any release or consent by the indenture trustee and/or

the collateral agent, conduct ordinary course activities with respect to the collateral, such as selling, factoring, abandoning or otherwise disposing of collateral and making ordinary course payments (including repayments of indebtedness).

The collateral is subject to casualty risks.

We, through our subsidiaries, intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate IWG and the guarantors fully for their losses. If there is a complete or partial loss of any collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the 8.50% Senior Secured Notes and the guarantees. In the event of a total or partial loss to any of the facilities of IWG or the guarantors, certain items of equipment, fixtures and other improvements, and inventory may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to manufacture or construct replacement for such items could cause significant delays.

In the event of a bankruptcy with respect to IWG or any of the guarantors, holders of the 8.50% Senior Secured Notes may be deemed to have an unsecured claim to the extent that the obligations in respect of the 8.50% Senior Secured Notes exceed the fair market value of the collateral securing the 8.50% Senior Secured Notes.

In any bankruptcy proceeding with respect to IWG or any of the guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the 8.50% Senior Secured Notes on the date of the bankruptcy filing was less than the then-current principal amount of the 8.50% Senior Secured Notes. Upon a finding by the bankruptcy court that the 8.50% Senior Secured Notes were under-collateralized, the claims in the bankruptcy proceeding with respect to the 8.50% Senior Secured Notes would be bifurcated between a secured claim in an amount equal to the value of the collateral and an unsecured claim with respect to the remainder of its claim which would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the 8.50% Senior Secured Notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the 8.50% Senior Secured Notes to receive "adequate protection" under federal bankruptcy laws. In addition, if any payments of post-petition interest had been made at any time prior to such a finding of under-collateralization, those payments would be recharacterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the 8.50% Senior Secured Notes. No appraisal of the fair market value of the collateral was prepared in connection with the offering. Therefore, the value of the noteholders' interest in the collateral may not equal or exceed the principal amount of the 8.50% Senior Secured Notes.

There may not be sufficient collateral to pay all or any of the 8.50% Senior Secured Notes especially if IWG or a guarantor incurs additional senior secured indebtedness, which will dilute the value of the collateral securing the 8.50% Senior Secured Notes and guarantees.

The fair market value of the collateral is subject to fluctuations based on factors that include, among others, the condition of the markets and sectors in which we operate, the ability of IWG and its subsidiaries to sell the collateral in an orderly sale, the condition of the national and local economies, the availability of buyers and other similar factors. The value of the assets pledged as collateral for the 8.50% Senior Secured Notes also could be impaired in the future as a result of our failure to implement our business strategy, competition, or other future trends.

In the event of foreclosure on the collateral, the proceeds from the sale of the collateral may not be sufficient to satisfy in full the obligations of IWG and the guarantors under the 8.50% Senior Secured Notes, any additional indebtedness secured equally and ratably with the 8.50% Senior Secured Notes, the Revolving Credit Facility and any additional obligations secured by first-priority liens. The amount to be received upon such a sale would be dependent on numerous factors, including but not limited to the timing and the manner of the sale. In addition, the book value of the collateral should not be relied on as a measure of realizable value for such assets. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the collateral can be sold in a short period of time in an orderly manner. A significant portion of the collateral includes assets that may only be usable, and thus retain value, as part of our existing operating business. Accordingly, any such sale of the collateral separate from the sale of certain operating businesses of IWG or a guarantor may not be feasible or of significant value.

To the extent that pre-existing liens, liens permitted under the indenture and other rights, encumber any of the collateral securing the 8.50% Senior Secured Notes and the guarantees, those parties have or may exercise rights and remedies with respect to the collateral that could adversely affect the value of the collateral and the ability of the collateral agent, the trustee under the indenture or the holders of the 8.50% Senior Secured Notes to realize or foreclose on the collateral. Consequently, liquidating the collateral securing the 8.50% Senior Secured Notes may not result in proceeds in an amount sufficient to pay any amounts due under the 8.50% Senior Secured Notes after also satisfying the obligations to pay any creditors with prior liens. If the proceeds of any sale of collateral are not sufficient to repay all amounts due on the 8.50% Senior Secured Notes, the holders of the 8.50% Senior Secured Notes (to the

extent not repaid from the proceeds of the sale of the collateral) would have only an unsecured, unsubordinated claim against IWG and the guarantors' remaining assets.

IWG or any guarantor may incur additional secured indebtedness under the indenture governing the 8.50% Senior Secured Notes, including the issuance of additional 8.50% Senior Secured Notes or the incurrence of other forms of indebtedness secured equally and ratably with the 8.50% Senior Secured Notes and/or borrowings under the Revolving Credit Facility, subject to certain specified conditions. Any such incurrence could dilute the value of the collateral securing the 8.50% Senior Secured Notes and guarantees.

It may be difficult to realize the value of the collateral pledged to secure the 8.50% Senior Secured Notes.

IWG and the guarantors' obligations under the 8.50% Senior Secured Notes and the guarantees are secured only by the collateral. The collateral agent's ability to foreclose on the collateral on noteholders' behalf may be subject to perfection, the consent of third parties, priority issues, state law requirements and practical problems associated with the realization of the collateral agent's security interest in the collateral, including cure rights, foreclosing on the collateral within the time periods permitted by third parties or prescribed by laws, statutory rights of redemption, and the effect of the order of foreclosure. We cannot assure noteholders that the consents of any third parties and approvals by governmental entities will be given when required to facilitate a foreclosure on such assets. Accordingly, the collateral agent may not have the ability to foreclose upon the collateral or assume or transfer the right to operate the collateral. We cannot assure noteholders that foreclosure on the collateral will be sufficient to acquire all assets necessary for operations or to make all payments on the 8.50% Senior Secured Notes.

State law may limit the ability of the collateral agent, trustee and the holders of the 8.50% Senior Secured Notes to foreclose on the real property and improvements included in the collateral.

The 8.50% Senior Secured Notes are secured by, among other things, liens or other restrictions on real property located in the states of Georgia, Indiana, New York, South Carolina and Texas. The laws of those states may limit the ability of the trustee and the holders of the 8.50% Senior Secured Notes to foreclose on the real property collateral located in those states. Laws of those states govern the perfection, enforceability and foreclosure of mortgage liens against real property interests which secure debt obligations such as the 8.50% Senior Secured Notes. These laws may impose procedural requirements for foreclosure different from and necessitating a longer time period for completion than the requirements for foreclosure of security interests in personal property. Debtors may have the right to reinstate defaulted debt (even if it has been accelerated) before the foreclosure date by paying the past due amounts and a right of redemption after foreclosure. Governing laws may also impose security first and one form of action rules, which rules can affect the ability to foreclose or the timing of foreclosure on real and personal property collateral regardless of the location of the collateral and may limit the right to recover a deficiency following a foreclosure.

The holders of the 8.50% Senior Secured Notes and the trustee also may be limited in their ability to enforce a breach of the "no liens" and "no transfers or assignments" covenants contained in the mortgages. Some decisions of state courts have placed limits on a lender's ability to prohibit and to accelerate debt secured by real property upon breach of covenants prohibiting sales or assignments or the creation of certain junior liens or leasehold estates, and the lender may need to demonstrate that enforcement of such covenants is reasonably necessary to protect against impairment of the lender's security or to protect against an increased risk of default. Although such court decisions may have been preempted, at least in part, by certain federal laws, the scope of such preemption, if any, is uncertain. Accordingly, a court could prevent the trustee and the holders of the 8.50% Senior Secured Notes from declaring a default and accelerating the 8.50% Senior Secured Notes by reason of a breach of this covenant, which could have a material adverse effect on the ability of the holders of the 8.50% Senior Secured Notes to enforce the covenant.

In the event of a bankruptcy with respect to IWG or any of the guarantors, the ability of the holders of the 8.50% Senior Secured Notes to realize upon the collateral will be subject to certain bankruptcy law limitations.

The ability of holders of the 8.50% Senior Secured Notes to realize upon the collateral will be subject to certain bankruptcy law limitations in the event of a bankruptcy proceeding with respect to IWG or any of the guarantors. Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from disposing of security repossessed from such debtor without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection."

The meaning of the term "adequate protection" may vary according to the circumstances, but is intended generally to protect the value of the secured creditor's interest in the collateral in the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the court, in its discretion, determines that a diminution in the value of the collateral occurs as a result of the stay of repossession or the disposition of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term "adequate protection" and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether or when the trustee under the indenture for the 8.50% Senior Secured Notes could foreclose upon or

sell the collateral or whether or to what extent holders of 8.50% Senior Secured Notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Moreover, the collateral agent and the indenture trustee may need to evaluate the impact of the potential liabilities before determining to foreclose on collateral consisting of real property, if any, because secured creditors that hold a security interest in real property may be held liable under environmental laws for the costs of remediating or preventing the release or threatened releases of hazardous substances at such real property. Consequently, the collateral agent may decline to foreclose on such collateral or exercise remedies available in respect thereof if it does not receive indemnification to its satisfaction from the holders of the 8.50% Senior Secured Notes.

The value of the collateral securing the 8.50% Senior Secured Notes may not be sufficient to secure post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against IWG and its subsidiaries, holders of the 8.50 % Senior Secured Notes will only be entitled to post-petition interest under the U.S. bankruptcy law to the extent that the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Holders of the 8.50% Senior Secured Notes that have a security interest in collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under U.S. bankruptcy law.

There are circumstances other than repayment or discharge of the 8.50% Senior Secured Notes under which the collateral securing the 8.50% Senior Secured Notes and guarantees will be released automatically, without the consent of the noteholders, the consent of the lenders under the Revolving Credit Facility or the consent of the trustee or the collateral agent.

Under various circumstances, all or a portion of the collateral securing the 8.50% Senior Secured Notes and guarantees will be released automatically, including:

- a taking by eminent domain, condemnation or other similar circumstances;
- a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture (other than to the issuer or a guarantor);
- with respect to collateral held by a guarantor, upon the release of such guarantor from its guarantee; and
- with respect to any collateral securing the Revolving Credit Facility on a first-priority basis, upon any sale or other disposition of such collateral (a) by the lenders under the Revolving Credit Facility, subject to the intercreditor agreement, or (b) by IWG or its subsidiaries with the consent of those lenders.

The imposition of certain permitted liens will cause the assets on which such liens are imposed to be excluded from the collateral securing the 8.50% Senior Secured Notes and the guarantees. There are certain other categories of property that are also excluded from the collateral.

The indenture permits liens in favor of third parties to secure certain purchase money indebtedness and capital lease obligations, and any assets subject to such liens will be automatically excluded from the collateral securing the 8.50% Senior Secured Notes and the guarantees (so long as the documents applicable to such lien prohibit any other liens on such assets). The ability of IWG or of its subsidiaries to incur purchase money indebtedness and capital lease obligations is subject to limitations. Other categories of excluded assets include any interest in any after acquired real property if the fair market value thereof is less than $1,000,000, leasehold interests, rights or interests in any contract, license, lease, permit or similar agreements, the pledge of which would violate applicable law or such contract, license, permit, or similar agreement, equity in excess of 65% of the voting shares of the first-tier foreign subsidiaries of IWG or those of any of the guarantors and the proceeds of certain of the foregoing. If an event of default occurs and the 8.50% Senior Secured Notes are accelerated, the 8.50% Senior Secured Notes and the guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded assets.

The rights of noteholders in the collateral may be adversely affected by the failure to perfect security interests in certain collateral in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate of title and certain proceeds, can only be perfected at the time such property and rights are acquired and identified. The trustee or the collateral agent may not monitor, or IWG and its subsidiaries may not inform the trustee or the collateral agent of, the future acquisition of property and rights that constitute collateral, and necessary action may not be taken to properly perfect the security interest in such after-acquired collateral. The collateral agent for the 8.50% Senior Secured Notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest in favor of the 8.50% Senior Secured Notes against third parties. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the 8.50% Senior Secured Notes against third parties.

No public market exists for the 8.50% Senior Secured Notes. An active trading market may not develop for the 8.50% Senior Secured Notes, which may hinder noteholders' ability to liquidate their investment.

No public market exists for the 8.50% Senior Secured Notes. We, including IWG, do not intend to list the 8.50% Senior Secured Notes on any national securities exchange or seek the admission of the 8.50% Senior Secured Notes for quotation through any automated interdealer quotation system. In addition, the liquidity of the trading market in the 8.50% Senior Secured Notes, and the market price quoted for the 8.50% Senior Secured Notes, may be adversely affected by changes in the overall market for non-investment grade securities, prevailing interest rates and by changes in IWG and its subsidiaries' financial performance or prospects or in the financial performance or prospects of companies in our industry generally. As a result, we cannot assure noteholders that an active trading market will develop or be maintained for the 8.50% Senior Secured Notes. If an active market does not develop or is not maintained, the market price and liquidity of the 8.50% Senior Secured Notes may be adversely affected.

Even if a trading market for the 8.50% Senior Secured Notes does develop or remain active, noteholders may not be able to sell their 8.50% Senior Secured Notes at a particular time, if at all, or they may not be able to obtain the price they desire for their 8.50% Senior Secured Notes. If the 8.50% Senior Secured Notes are traded after their initial issuance, they may trade at a discount from their initial offering price depending on many factors, including prevailing interest rates, the market for similar securities, IWG's credit rating, the interest of securities dealers in making a market for the 8.50% Senior Secured Notes, the price of any other securities we, including IWG, issue, our performance, prospects, operating results and financial condition, as well as of other companies in the industry.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial fluctuations in the price of securities. Therefore, even if a trading market for the 8.50% Senior Secured Notes develops, it may be subject to disruptions and price volatility.

The 8.50% Senior Secured Notes are subject to transfer restrictions.

The 8.50% Senior Secured Notes have not been and will not be registered under the Securities Act or any state securities laws. Absent registration, the 8.50% Senior Secured Notes may be offered or sold only in transactions that are not subject to or that are exempt from the registration requirements of the Securities Act and applicable state securities laws. As a result, noteholders may be required to bear the risk of their investment for an indefinite period of time.

Discussion and Analysis of Financial Condition and Results of Operations and Liquidity

Overview

We, together with our wholly owned-subsidiary International Wire Group, Inc. ("IWG") and other subsidiaries, manufacture and market wire products, including bare, silver-plated, nickel-plated and tin-plated copper wire, engineered wire products and high performance conductors for other wire suppliers, distributors and original equipment manufacturers or "OEMs". Our products include a broad spectrum of copper wire configurations and gauges with a variety of electrical and conductive characteristics and are utilized by a wide variety of customers primarily in the aerospace, automotive/specialty vehicles, consumer and appliance, electronics and data communications, industrial and energy, medical device and medical electronics industries. We have eighteen manufacturing and two distribution facilities located in the United States, Belgium, France, Italy and Poland. For the year ended December 31, 2014, we operated our business in the following three segments:

- *Bare Wire.* Our bare and tin-plated copper wire products (or conductors) are used to transmit digital, video and audio signals or conduct electricity. These products are sold to a diverse customer base of over 1,000 insulated wire manufacturers and various industrial OEMs for use in automotive/specialty vehicles, consumer and appliance, electronics and data communications and industrial and energy markets.

- *Engineered Wire Products — Europe.* Our bare and tin-plated copper wire products are engineered and used to conduct electricity either for power or for grounding purposes and are sold to a diverse customer base of various OEMs for use in the aerospace, automotive/specialty vehicles and industrial and energy (including electrical appliances, power supply and railway) markets.

- *High Performance Conductors.* Our High Performance Conductors segment manufactures specialty high performance conductors which include tin, nickel and silver-plated copper and copper alloy conductors including standard and customized high and low temperature conductors as well as specialty film insulated conductors and micro diameter tubing products. These products are used by a variety of customers in the commercial and military aerospace and defense, electronics and data communications, industrial and energy, medical device and medical electronics markets.

Demand for our products is directly related to two primary factors:

- demand for the end products in which our products are incorporated; and
- our ability to compete with other suppliers in the industries we serve.

Important indicators of demand for all of our products include a number of general economic factors such as gross domestic product, interest rates and consumer confidence. In specific industries, management also monitors the following factors:

- *Automotive/specialty vehicles market* — North American industry production statistics are influenced by labor relations issues, regulatory requirements and trade agreements. For the year ended December 31, 2014, automotive industry production volumes increased by 6% compared to the same period for 2013 (based on data from Automotive News).
- *Electronics and data communications and industrial and energy markets* — while the end user applications are very diverse, some of the contributing factors to demand in those markets include technology spending and major industrial and/or infrastructure projects, including build-out of computer networks, mining development, oil exploration and production projects, mass transit and general commercial and industrial real estate development.
- Additional factors relevant to the High Performance Conductors segment include commercial aircraft deliveries, spending levels in the military and defense markets and demand in the medical device and medical electronics markets. Demand in the commercial aerospace industry remained strong in 2014 with deliveries of 1,352 large commercial airplanes, an increase of 13% from 2013. Boeing and Airbus delivered 723 and 629 planes, respectively, in 2014. Output for Boeing 787 aircraft continued to increase with 114 deliveries in 2014 compared to 65 deliveries in 2013. The backlog for large commercial jets continued to expand and is at a record high as Boeing and Airbus received significant orders for their single-aisle commercial jets, resulting in a total of 12,924 planes on order as of December 31, 2014. At current production rates, the backlog represents nine years of production at Boeing and Airbus. In the defense electronics market, continued defense program cuts have negatively impacted demand from the OEM defense market. Demand for our medical device components increased in 2014, due to higher demand from the OEM device manufacturers.

We compete with other suppliers of wire products on the basis of price, quality, delivery and the ability to provide a sufficient array of products to meet most of our customers' needs. We believe our highly flexible production equipment permits us to provide a high quality product while also permitting us to efficiently manufacture our products, which assists in our ability to provide competitively priced products. Also, we invest in engineering so that we can continue to provide our customers with the array of products and features they demand. Finally, our production facilities are located near many of our customers' manufacturing facilities, which allows us to meet our customers' delivery demands, including assisting with inventory management for just-in-time production techniques.

A portion of our revenue is derived from processing customer-owned ("tolled") copper. The value of tolled copper is excluded from both our sales and costs of sales, as title to the tolled copper and the related risks of ownership do not pass to us at any time. The remainder of our sales include Company owned ("owned") copper. Accordingly, for these sales, copper is included in both net sales and cost of sales. The main factor that causes fluctuations in the proportion of tolled copper from one period to the next is the decision by our customers whether to use their copper or purchase our owned copper. We have some customers who only use their own tolled copper, others who only purchase our owned copper and others who use some tolled copper and some owned copper purchased from us. This decision is based on each customer's internal factors which are unknown to us and outside of our control.

Our costs and expenses in producing these products fall into three main categories: raw materials (including copper, silver, nickel, tin and alloys), labor and, to a lesser extent, utilities. Copper is the primary raw material incorporated in all of our products. As copper is a world-traded commodity, its price has historically been subject to fluctuations. The average price of copper based upon The New York Mercantile Exchange, Inc. ("COMEX") decreased to $3.12 per pound for the year ended December 31, 2014 from $3.34 per pound for the year ended December 31, 2013, or 7%.

In order to reduce the potential negative impact of fluctuations in the price of copper, we have copper price pass-through arrangements with our customers based on variations of monthly copper price formulas. These pass-through arrangements are less effective when copper prices are volatile. Additionally, these pass-through arrangements do not apply to the scrap which is created in the production process (and subsequently sold as scrap) as the selling price for the copper in the scrap sales may be more or less than the purchase price at the time we acquired the copper. Changing copper prices may adversely affect both profitability and liquidity depending on the magnitude of these changes, the timing of purchases, quantity levels and the applicable account receivable and payable payment terms.

Moreover, since we generally do not obtain long-term purchase commitments, our customers may cancel, reduce or delay their orders if they believe copper prices will decrease significantly. Additionally, declining copper prices can result in inventory charges, increasing our costs of goods sold and negatively impacting profitability. Conversely, a severe increase in the price of copper can negatively impact our short-term liquidity because of the period of time between our purchase of copper at an increased price and the time at which we receive cash payments after selling end products to customers reflecting the increased price. Currently, a $0.10 per

pound fluctuation in the price of copper would have approximately a $3.4 million impact on our working capital. Increased working capital requirements cause us to increase our borrowings, which increases our interest expense.

Other raw materials we use include silver, nickel, tin and alloys. The cost of these raw materials are generally passed through to our customers through a variety of pricing mechanisms. Our price of silver includes a margin and consequently market fluctuations in the price of silver can result in an increase or decrease in profitability at a given volume. For the year ended December 31, 2014, the average price of silver decreased by 20%, the average price of nickel increased by 12% and the average price of tin decreased by 2%, compared to the year ended December 31, 2013.

Our labor and utility expenses are directly tied to our level of production. While the number of employees we use in our operations fluctuates with sales volume, our cost per employee continues to rise with increases in wages and the costs of providing medical coverage, workers' compensation and other benefits to employees. The cost of providing medical coverage is impacted by continued inflation in medical products and services. Utility rates vary by season and also fluctuate with changes in the prices for coal, natural gas and other similar commodities which are used in the generation of power.

Results of Operations

The following table sets forth certain statement of operations data in millions of dollars and percentage of net sales or operating income for the periods indicated:

	For the Year Ended December 31,					
	2014		2013		2012	
Net sales	$ 766.5	100.0%	$ 774.2	100.0%	$ 733.9	100.0%
Operating expenses:						
Cost of goods sold, exclusive of depreciation and amortization expense shown below	658.0	85.8%	665.7	86.0%	614.7	83.8%
Selling, general and administrative expenses	42.7	5.6%	41.3	5.3%	43.8	6.0%
Depreciation and amortization	17.1	2.2%	19.0	2.5%	18.0	2.5%
Gain on sale of property, plant and equipment and assets held for sale	(0.8)	(0.1%)	(0.2)	(0.1%)	(0.1)	(0.1%)
Operating income	49.5	6.5%	48.4	6.3%	57.5	7.8%
Other income/(expense):						
Interest expense	(22.9)	(3.0)%	(23.0)	(3.0)%	(24.0)	(3.3)%
Amortization of deferred financing costs	(1.8)	(0.3)%	(1.7)	(0.2)%	(2.0)	(0.3)%
Loss on early extinguishment of debt	—	—%	—	—%	(17.2)	(2.3)%
Other, net	—	—%	—	—%	0.1	0.1%
Income before income tax provision	24.8	3.2%	23.7	3.1%	14.4	2.0%
Income tax provision	8.9	1.1%	7.0	0.9%	3.6	0.5%
Net income	$ 15.9	2.1%	$ 16.7	2.2%	$ 10.8	1.5%

Year Ended December 31, 2014 versus Year Ended December 31, 2013

Net sales were $766.5 million and $774.2 million for the years ended December 31, 2014 and 2013, respectively. Sales for the year ended December 31, 2014 were $7.7 million, or 1.0%, below comparable 2013 levels, as a result of the decreased average cost and selling price of copper ($26.0 million) and lower volume from decreased customer demand in the industrial and energy, consumer and appliance, medical electronics and European markets that outpaced increases in the aerospace, automotive/specialty vehicles and medical devices markets, net ($10.6 million). These factors were partially offset by a lower proportion of tolled copper shipped in the 2014 period compared to the 2013 period ($19.8 million), higher customer pricing/mix ($8.7 million) and favorable changes in foreign currency exchange rates ($0.4 million). For sales of product comprised of tolled copper, the value of the copper material processed is excluded from sales. Accordingly, as the proportion of tolled sales decrease, sales increase. Total pounds of product sold for the year ended December 31, 2014, increased 1.6% compared to the year ended December 31, 2013. Of the total pounds processed for the years ended December 31, 2014 and 2013, respectively, 49.0% and 50.5% were from tolled copper. The average price of copper based upon COMEX decreased to $3.12 per pound for the year ended December 31, 2014 from $3.34 per pound for the year ended December 31, 2013.

Cost of goods sold, exclusive of depreciation and amortization expense, as a percentage of sales decreased to 85.8% for the year ended December 31, 2014 from 86.0% for the year ended December 31, 2013. The decrease of 0.2 percentage points was due to a decrease in the average cost and selling price of copper (0.5 percentage points) and a favorable customer pricing/mix impact and other, net (0.2 percentage points), partially offset by a change in the proportion and level of tolled and owned copper sales (0.3 percentage points) and the lack of a favorable LIFO impact in the 2014 period (0.2 percentage points).

Selling, general and administrative expenses were $42.7 million for the year ended December 31, 2014 and $41.3 million for the year ended December 31, 2013. This increase of $1.4 million was primarily the result of $0.8 million of higher bonus accruals and

$0.7 million of increased legal and professional costs, partially offset by $0.1 million lower transportation costs and other cost reductions, net. These expenses, as a percent of net sales, increased to 5.6% for the year ended December 31, 2014 from 5.3% for the year ended December 31, 2013, primarily due to the expense increases described above.

Depreciation and amortization was $17.1 million for the year ended December 31, 2014 compared to $19.0 million for the year ended December 31, 2013. This decrease of $1.9 million was due to the impact of fully depreciated assets.

Gain on sale of property, plant and equipment and assets held for sale was $0.8 million and $0.2 million for the years ended December 31, 2014 and 2013, respectively, due to the sale of certain property, plant and equipment during the period.

Operating income for the year ended December 31, 2014 was $49.5 million compared to $48.4 million for the year ended December 31, 2013, an increase of $1.1 million, or 2.3%, primarily from higher sales volume, lower medical costs and lower depreciation and amortization, partially offset by the lack of a favorable LIFO impact in the 2014 period and higher selling, general and administrative expenses.

Interest expense was $22.9 million for the year ended December 31, 2014 compared to $23.0 million for the year ended December 31, 2013. This decrease of $0.1 million was primarily the result of decreased borrowing levels in the 2014 period.

Amortization of deferred financing costs were $1.8 million for the year ended December 31, 2014 and $1.7 million for the year ended December 31, 2013.

Income tax provision was $8.9 million and $7.0 million for the years ended December 31, 2014 and 2013, respectively. The Company's effective tax rate for the years ended December 31, 2014 and 2013 was 35.8% and 29.4%, respectively. The higher effective tax rate in 2014 was primarily a result of recording a full valuation allowance on our New York investment tax credit deferred tax asset in the first quarter due to a change in New York law on March 31, 2014, which reduced our New York State income tax rate to zero and the impact of certain discrete items related to the reversal of a portion of our uncertain tax positions due to the statute of limitations expiration in the 2013 period.

Net income was $15.9 million, or $2.75 per basic share and $2.69 per diluted share, and $16.7 million, or $2.73 per basic share and $2.61 per diluted share, for the years ended December 31, 2014 and 2013, respectively.

Year Ended December 31, 2013 versus Year Ended December 31, 2012

Net sales were $774.2 million and $733.9 million for the years ended December 31, 2013 and 2012, respectively. Sales for the year ended December 31, 2013 were $40.3 million, or 5.5%, above comparable 2012 levels, as a result of a lower proportion of tolled copper shipped in the 2013 period compared to the 2012 period ($74.5 million) and favorable changes in foreign currency exchange rates ($1.9 million). These factors were partially offset by lower volume from decreased customer demand in the aerospace, medical electronics and European markets that outpaced increases in the automotive/specialty vehicles, consumer and appliance and medical devices markets, net ($2.5 million), the decreased average cost and selling price of copper ($31.2 million) and lower customer pricing/mix - primarily silver, nickel and tin-plated products ($2.4 million). For sales of product comprised of tolled copper, the value of the copper material processed is excluded from sales. Accordingly, as the proportion of tolled sales decrease, sales increase. Total pounds of product sold for the year ended December 31, 2013, increased 2.3% compared to the year ended December 31, 2012. Of the total pounds processed for the years ended December 31, 2013 and 2012, respectively, 50.5% and 58.7% were from tolled copper. The average price of copper based upon COMEX decreased to $3.34 per pound for the year ended December 31, 2013 from $3.61 per pound for the year ended December 31, 2012.

Cost of goods sold, exclusive of depreciation and amortization expense, as a percentage of sales increased to 86.0% for the year ended December 31, 2013 from 83.8% for the year ended December 31, 2012. The increase of 2.2 percentage points was due to the change in the proportion and level of tolled and owned copper sales (1.7 percentage points), lower plant utilization and higher medical costs (0.7 percentage points) and unfavorable customer pricing/mix impact (primarily silver) and other, net (0.5 percentage points), partially offset by a decrease in the average cost and selling price of copper (0.5 percentage points) and a favorable LIFO impact (0.2 percentage points).

Selling, general and administrative expenses were $41.3 million for the year ended December 31, 2013 and $43.8 million for the year ended December 31, 2012. This decrease of $2.5 million was primarily the result of $1.9 million of decreased transportation costs and $1.2 million of lower bonus accruals, partially offset by $0.6 million of higher salaries. These expenses, as a percent of net sales, decreased to 5.3% for the year ended December 31, 2013 from 6.0% for the year ended December 31, 2012, primarily due to the increase in net sales from a lower proportion of tolled copper shipped in the 2013 period compared to the 2012 period, partially offset by lower copper and silver prices.

Depreciation and amortization was $19.0 million for the year ended December 31, 2013 compared to $18.0 million for the year ended December 31, 2012. This increase of $1.0 million was due to depreciation on additional property, plant and equipment.

Gain on sale of property, plant and equipment and assets held for sale was $0.2 million for the year ended December 31, 2013 due to the sale of certain property, plant and equipment during the period. Gain on sale of property, plant and equipment and assets held for sale was $0.1 million for the year ended December 31, 2012 due to the sale of assets held for sale during the period.

Operating income for the year ended December 31, 2013 was $48.4 million compared to $57.5 million for the year ended December 31, 2012, a decrease of $9.1 million, or 15.8%, primarily from lower silver pricing, unfavorable sales mix and higher depreciation and amortization, partially offset by a favorable LIFO impact and lower selling, general and administrative expenses.

Interest expense was $23.0 million for the year ended December 31, 2013 compared to $24.0 million for the year ended December 31, 2012. This decrease of $1.0 million was primarily the result of lower interest rates from the October 2012 refinancing.

Amortization of deferred financing costs were $1.7 million for the year ended December 31, 2013 and $2.0 million for the year ended December 31, 2012. The decrease was due to the new extended debt maturities resulting from the October 2012 refinancing.

Loss on early extinguishment of debt was $0.0 million and $17.2 million for the years ended December 31, 2013 and 2012, respectively. The 2012 expense was the result of the prepayment fees incurred and the write-off of deferred financing costs in connection with the Company's repurchase and redemption of all outstanding 9.75% Senior Secured Notes due 2015 (the "9.75% Senior Secured Notes") and Senior PIK Toggle Notes due 2015 (the "PIK Notes") in the fourth quarter of 2012.

Income tax provision was $7.0 million and $3.6 million for the years ended December 31, 2013 and 2012, respectively. The Company's effective tax rate for the years ended December 31, 2013 and 2012 was 29.4% and 25.2%, respectively. The higher effective tax rate in 2013 was primarily a result of the decreased impact of certain discrete items related to the reversal of a portion of our uncertain tax positions due to the statute of limitations expiration.

Net income was $16.7 million, or $2.73 per basic share and $2.61 per diluted share, and $10.8 million, or $1.12 per basic share and $1.11 per diluted share, for the years ended December 31, 2013 and 2012, respectively. The increase in per share net income resulted from an increase in net income and a decrease in the number of outstanding shares following the repurchase of 3,672,300 shares of common stock in our Dutch auction tender offer in November 2012.

Liquidity and Capital Resources

Working Capital and Cash Flows

Net cash provided by operating activities was $45.2 million for the year ended December 31, 2014 compared to net cash provided by operating activities of $3.2 million for the year ended December 31, 2013. This increase of $42.0 million was the result of a favorable accounts receivable impact of $36.6 million, deferred income taxes impact of $3.1 million, accounts payable impact of $12.5 million,accrued payroll and payroll related items impact of $1.0 million, accrued/refundable income taxes impact of $1.4 million and other favorable impacts, net of $1.6 million. These were partially offset by an unfavorable inventory impact of $14.2 million.

Accounts receivable of $114.2 million decreased $7.2 million, or 5.9%, from year-end 2013. This decrease was primarily due to lower copper prices, partially offset by an increase of two days in day's sales outstanding to 64 days as of December 31, 2014 compared to year-end 2013 of 62 days. The allowance for doubtful accounts as a percentage of accounts receivable increased from 1.0% at December 31, 2013 to 1.1% as of December 31, 2014 reflecting a decrease in the accounts receivable balance from December 31, 2013 to December 31, 2014.

Inventories of $48.7 million as of December 31, 2014 increased by $5.8 million from December 31, 2013. This increase was primarily the result of higher inventory quantities in the Bare Wire segment ($2.1 million) and a decrease in the LIFO reserve ($5.1 million), partially offset by lower inventory quantities in the Europe segment ($0.7 million) and net lower inventory in the High Performance Conductors segment driven by metal price decreases partially offset by quantity increases ($0.7 million).

Accounts payable were $23.3 million as of December 31, 2014, or an increase of $9.8 million from December 31, 2013 levels, resulting from the timing of payments.

Net cash used in investing activities was $12.9 million for the year ended December 31, 2014, compared to $12.4 million for the year ended December 31, 2013. This increase in net cash used of $0.5 million resulted from $1.7 million of higher capital expenditures in the 2014 period, which were partially offset by $1.2 million of higher proceeds from the sale of property, plant and equipment and assets held for sale in the 2014 period.

Net cash used in financing activities was $44.6 million for the year ended December 31, 2014, compared to net cash provided by financing activities of $14.7 million for the year ended December 31, 2013. For the year ended December 31, 2014, there were net repayments under a credit agreement with Wells Fargo Capital Finance, LLC, as administrative agent, and the other lenders party thereto (the "Revolving Credit Facility") of $17.0 million, repurchases of common stock of $24.4 million, repurchases of stock options of $6.6 million, proceeds from the issuance of common stock of $2.9 million and a tax benefit on stock option exercise and repurchases of $0.5 million. For the year ended December 31, 2013, there were net borrowings under the Revolving Credit Facility of $15.3 million, payments for deferred financing costs of $0.1 million and repurchases of stock options of $0.5 million.

Liquidity

We require cash for working capital, capital expenditures, debt service and taxes. Our working capital requirements generally increase when demand for our products increases or when copper, copper premiums or silver, nickel and tin costs increase significantly or rapidly. Currently, a $0.10 per pound fluctuation in the price of copper would have approximately a $3.4 million impact on our working capital. The average price of copper based upon COMEX decreased to $3.12 per pound for the year ended December 31, 2014 from $3.34 per pound for the year ended December 31, 2013.

Our principal sources of cash are cash generated from operations and borrowings under the Revolving Credit Facility. We expect that ongoing requirements for working capital, capital expenditures, debt service and taxes will be funded from operating cash flow and borrowings under the Revolving Credit Facility.

As of December 31, 2014, we had $5.2 million of unrestricted cash and cash equivalents. Actual borrowing availability under the Revolving Credit Facility is subject to a borrowing base calculation, generally based upon a percentage of eligible accounts receivable, inventory and property, plant and equipment. As of December 31, 2014, the borrowing base was $121.7 million and our outstanding indebtedness under the Revolving Credit Facility (including outstanding letters of credit) was $19.9 million, resulting in a remaining availability as of such date of $101.8 million. The Company must also comply with a 1.0 to 1.0 fixed charge coverage ratio when either (1) the minimum availability under the Revolving Credit Facility falls below $21.9 million or (2) there is a default or event of default.

We expect our cash on hand, operating cash flow and available borrowings under the Revolving Credit Facility will be sufficient to meet our anticipated operating expenses, capital expenditures and debt service requirements for the next twelve months and the foreseeable future. Our ability to generate sufficient cash flow to meet our operating needs could be affected by general economic, financial, competitive, legislative, regulatory, business and other factors beyond our control. Any significant reduction in customer demand for our products, change in competitive conditions, increases in our major material components including copper and other metals, or adverse changes in economic conditions in the United States or worldwide could impact our ability to generate sufficient cash flow to fund operations.

Stock Repurchase Programs

IWG's Board of Directors previously approved a stock repurchase program pursuant to which the Company was authorized to repurchase up to $20.0 million of its common stock through open market and privately negotiated transactions from time to time. Prior to the Holdings Reorganization, IWG had repurchased 344,000 shares of common stock under the program for an aggregate purchase price of $5.3 million, resulting in an average purchase price of $15.47 per share, including broker commissions. There have been no stock repurchases in 2014 or 2013 under this program. In addition, the Company has established a stock repurchase plan pursuant to the requirements of and in conformity with the provisions of Rule 10b5-1 promulgated under the Securities and Exchange Act of 1934. Under this plan, the Company is allowed to repurchase up to $5.0 million of shares. As of December 31, 2014, the Company has repurchased 10,000 shares of common stock under this plan for an aggregate purchase price of $0.3 million, resulting in an average purchase price of $29.05 per share, including broker commissions.

Our ability to make restricted payments, including dividends or other distributions on our common stock or repurchases of our common stock, is limited under IWG's 8.50% Senior Secured Notes to the amount available from time to time under a restricted payments covenant as calculated under the indenture governing the 8.50% Senior Secured Notes and under the Revolving Credit Facility pursuant to a fixed charge coverage ratio test under the Revolving Credit Facility. The restricted payments covenant under IWG's 8.50% Senior Secured Notes indenture would permit the payment of $17.3 million as of December 31, 2014.

Off-Balance Sheet Arrangements

We have not historically utilized off-balance sheet financing arrangements. We did not have any such arrangements as of December 31, 2014. We do lease certain facilities and equipment under leases provided by various third parties. Since the terms of these leases meet the definition of operating leases, the future lease payments are not reflected on our consolidated balance sheet. As of December 31, 2014, the future minimum lease payments under these arrangements totaled $8.8 million. See Note 12 to our consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
International Wire Group Holdings, Inc.
Camden, New York

We have audited the accompanying consolidated financial statements of International Wire Group Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Wire Group Holdings, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 2 to the consolidated financial statements, the Company has omitted the disclosures required under Accounting Standards Codification Topic 280, "Segment Reporting", in the accompanying notes to the consolidated financial statements. In our opinion, disclosure of such information is required by accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
Rochester, New York
March 20, 2015

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,154	$ 18,443
Accounts receivable, less allowances of $1,223 and $1,236	114,151	121,334
Refundable income taxes	2,280	2,557
Inventories	48,738	42,945
Prepaid expenses and other	9,262	8,501
Deferred income taxes	2,844	2,955
Total current assets	182,429	196,735
Property, plant and equipment, net	91,419	91,860
Goodwill	66,335	66,335
Identifiable intangibles, net	14,115	16,057
Deferred financing costs, net	5,336	7,152
Restricted cash	1,133	1,179
Other assets	4,989	5,290
Total assets	$ 365,756	$ 384,608
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 23,336	$ 13,547
Accrued and other liabilities	7,656	6,164
Accrued workers' compensation costs	5,965	5,888
Accrued payroll and payroll related items	11,537	12,242
Customers' deposits	11,945	11,142
Accrued income taxes	66	187
Accrued interest	4,516	4,555
Total current liabilities	65,021	53,725
Long-term debt	264,568	281,644
Other long-term liabilities	9,725	10,204
Deferred income taxes	13,851	11,845
Total liabilities	353,165	357,418
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Common stock, $.01 par value, 10,000,000 shares authorized, 5,465,461 and 6,129,412 issued in 2014 and 2013, respectively	54	61
Contributed capital	101,832	128,420
Accumulated deficit	(85,952)	(101,883)
Accumulated other comprehensive (loss)/income	(3,343)	592
Total stockholders' equity	12,591	27,190
Total liabilities and stockholders' equity	$ 365,756	$ 384,608

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2014, 2013 and 2012

	2014	2013	2012
	(In thousands, except share and per share data)		
Net sales	$ 766,553	$ 774,202	$ 733,938
Operating expenses:			
Cost of goods sold, exclusive of depreciation and amortization expense shown below	658,022	665,723	614,766
Selling, general and administrative expenses	42,661	41,264	43,802
Depreciation	13,920	15,903	14,903
Amortization	3,192	3,161	3,101
Gain on sale of property, plant and equipment and assets held for sale	(809)	(221)	(93)
Operating income	49,567	48,372	57,459
Other income/(expense):			
Interest	(22,860)	(22,955)	(24,035)
Amortization of deferred financing costs	(1,815)	(1,694)	(1,979)
Loss on early extinguishment of debt	—	—	(17,206)
Other, net	(92)	(36)	181
Income before income tax provision	24,800	23,687	14,420
Income tax provision	8,869	6,959	3,629
Net income	$ 15,931	$ 16,728	$ 10,791
Net income per share:			
Basic	$ 2.75	$ 2.73	$ 1.12
Diluted	$ 2.69	$ 2.61	$ 1.11
Weighted-average basic shares outstanding	5,801,957	6,128,514	9,657,316
Weighted-average diluted shares outstanding	5,925,888	6,397,122	9,713,915

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2014, 2013 and 2012

	For the Year Ended		
	December 31, 2014	December 31, 2013	December 31, 2012
		(In thousands)	
Net income	$ 15,931	$ 16,728	$ 10,791
Foreign currency translation adjustment	(3,935)	571	600
Comprehensive income	$ 11,996	$ 17,299	$ 11,391

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2014, 2013 and 2012

	Common Stock	Contributed Capital	Accumulated Deficit	Treasury Stock	Accumulated Other Comprehensive Income/(Loss)	Total
			(In thousands)			
Balance January 1, 2012	$ 98	$ 188,640	$ (119,411)	$ —	$ (579)	$ 68,748
Net income	—	—	10,791	—	—	10,791
Foreign currency translation adjustment	—	—	—	—	600	600
Special distribution on common stock	—	—	(9,991)	—	—	(9,991)
Tax benefit for special distribution on stock options	—	25	—	—	—	25
Issuance of common stock	—	102	—	—	—	102
Repurchase and retirement of common stock	(37)	(60,567)	—	(18)	—	(60,622)
Stock-based compensation	—	438	—	—	—	438
Balance December 31, 2012	61	128,638	(118,611)	(18)	21	10,091
Net income	—	—	16,728	—	—	16,728
Foreign currency translation adjustment	—	—	—	—	571	571
Write-off of deferred income taxes	—	(368)	—	—	—	(368)
Repurchase of stock options	—	(516)	—	—	—	(516)
Retirement of treasury stock	—	(18)	—	18	—	—
Stock-based compensation	—	684	—	—	—	684
Balance December 31, 2013	61	128,420	(101,883)	—	592	27,190
Net income	—	—	15,931	—	—	15,931
Foreign currency translation adjustment	—	—	—	—	(3,935)	(3,935)
Proceeds from the issuance of common stock	2	2,923	—		—	2,925
Repurchase and retirement of common stock	(9)	(24,360)	—	—	—	(24,369)
Repurchase of stock options	—	(6,637)	—	—	—	(6,637)
Tax benefit on stock option exercise and repurchases	—	520	—	—	—	520
Stock-based compensation	—	966	—	—	—	966
Balance December 31, 2014	$ 54	$ 101,832	$ (85,952)	$ —	$ (3,343)	$ 12,591

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2014, 2013 and 2012

	2014	2013	2012
		(In thousands)	
Cash flows provided by operating activities:			
Net income	$ 15,931	$ 16,728	$ 10,791
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	13,920	15,903	14,903
Amortization	3,192	3,161	3,101
Loss on early extinguishment of debt	—	—	17,206
Amortization of deferred financing costs and original issue discount	1,815	1,694	2,127
Accounts receivable allowances provision	143	134	37
Stock-based compensation expense	966	684	438
Gain on sale of property, plant and equipment and assets held for sale	(809)	(221)	(93)
Deferred income taxes	2,016	(1,081)	92
Change in operating assets and liabilities, net of acquisitions:			
Accounts receivable	5,301	(31,256)	14,084
Inventories	(6,528)	7,675	16,001
Prepaid expenses and other assets	(1,805)	(2,239)	(3,459)
Accounts payable	9,162	(3,380)	(5,762)
Accrued and other liabilities and workers' compensation costs	1,703	(707)	(481)
Accrued payroll and payroll related items	(364)	(1,404)	960
Customers' deposits	803	(338)	668
Accrued interest	(39)	(690)	505
Accrued/refundable income taxes	157	(1,271)	2,217
Other long-term liabilities	(398)	(239)	(947)
Net cash provided by operating activities	45,166	3,153	72,388
Cash flows used in investing activities:			
Capital expenditures	(14,440)	(12,652)	(13,012)
Proceeds from sale of property, plant and equipment and assets held for sale	1,487	254	1,120
Restricted cash	46	22	27
Acquisition of Ffhoenix Cuivre	—	—	(324)
Net cash used in investing activities	(12,907)	(12,376)	(12,189)
Cash flows (used in)/provided by financing activities:			
Proceeds from the issuance of 8.50% Senior Secured Notes	—	—	250,000
Repurchase of 9.75% Senior Secured Notes	—	—	(106,025)
Repurchase of PIK Notes	—	—	(100,000)
Borrowings under Revolving Credit Facility	337,874	327,642	244,992
Repayments under Revolving Credit Facility	(354,950)	(312,375)	(260,867)
Payments for deferred financing costs	—	(83)	(8,157)
Prepayment fees on early extinguishment of debt	—	—	(11,955)
Proceeds from the issuance of common stock	2,925	—	102
Repurchase of common stock	(24,369)	—	(60,128)
Repurchase of stock options	(6,637)	(516)	—
Special distribution to shareholders and option holders	—	—	(9,991)
Tax benefit on stock option exercise and repurchases and special distribution	520	—	25
Net cash (used in)/provided by financing activities	(44,637)	14,668	(62,004)
Effects of exchange rate changes on cash and cash equivalents	(911)	257	(1)
Net change in cash and cash equivalents	(13,289)	5,702	(1,806)
Cash and cash equivalents at beginning of the year	18,443	12,741	14,547
Cash and cash equivalents at end of the year	$ 5,154	$ 18,443	$ 12,741
Supplemental disclosure of cash flow information:			
Interest paid	$ 22,846	$ 23,603	$ 23,382
Income taxes paid, net	$ 5,458	$ 9,113	$ 1,438
Supplemental disclosure of non-cash investing and financing activities:			
Amount included in accounts payable and other for capital expenditures and other	$ 1,440	$ 337	$ 1,308

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

1. Business Organization

International Wire Group Holdings, Inc., a Delaware corporation (the "Company," "International Wire Group Holdings" or "Holdings") was formed in connection with a holding company reorganization (the "Holdings Reorganization") that became effective May 27, 2011. As a result of the Holdings Reorganization, International Wire Group, Inc. ("IWG") became a wholly owned subsidiary of International Wire Group Holdings. The Company, through its wholly owned subsidiaries, manufactures and markets wire products, including bare, silver-plated, nickel-plated and tin-plated copper wire, engineered wire products and high performance conductors, for other wire suppliers, distributors and original equipment manufacturers or "OEMs". The Company's products include a broad spectrum of copper wire configurations and gauges with a variety of electrical and conductive characteristics and are utilized by a wide variety of customers primarily in the aerospace, automotive/specialty vehicles, consumer and appliance, electronics and data communications, industrial and energy, medical device and medical electronics industries. We have eighteen manufacturing facilities and two distribution facilities located in the United States, Belgium, France, Italy and Poland.

2. Summary of Significant Accounting Policies

Principles of Consolidation, Use of Estimates

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. International Wire Group Holdings is a holding company and conducts all of its operations through IWG and its wholly owned subsidiaries. Unless the context otherwise requires, Holdings and the direct and indirect subsidiaries of Holdings are collectively referred to as "we", "our" or "the Company." Intercompany balances and transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, except that management has omitted the footnote disclosures required under Accounting Standards Codification ("ASC") 280, "*Segment Reporting*".

Revenue Recognition

The Company recognizes revenue and related cost of goods sold when all of the following criteria are satisfied: persuasive evidence of an arrangement exists; risk of loss and title transfer to the customer; the price is fixed or determinable and collectability is reasonably assured. A provision for product returns is recorded based on historical experience and any notification received of pending returns.

The Company also recognizes revenues from services performed to process customer-owned ("tolled") copper. Such revenue is recognized at the time the product is received by the customer and the above criteria are met. The value of tolled copper is excluded from both sales and cost of goods sold, as title to the tolled copper and the related risks of ownership do not pass to the Company at any time.

Shipping and Handling Fees and Costs

Shipping and handling fees billed to customers are included in net sales. Shipping and handling costs associated with outbound freight are included in selling, general and administrative expenses and totaled $12,563, $15,095 and $16,815 for the years ended December 31, 2014, 2013 and 2012, respectively.

Cash and Cash Equivalents

For purposes of the consolidated balance sheet and the consolidated statement of cash flows, the Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Restricted Cash

At December 31, 2014 and 2013, the Company maintained restricted cash in the amount of $1,133 and $1,179, respectively, associated with deposits for self-insured workers' compensation programs.

Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents in bank deposit accounts in excess of the FDIC insurance limits and accounts receivable. The Company has not experienced significant losses related to cash and cash equivalents and does not believe it is exposed to any significant credit risks relating to its cash and cash equivalents. The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by review of their current credit information. An allowance for estimated credit losses is based upon historical experience and any customer-specific issues that have been identified. Account balances are charged off against the allowance when the Company believes it is probable the receivables will not be recovered. The Company does not have any off-balance sheet exposure related to its customers.

Inventories

Inventories in the Bare Wire and High Performance Conductors segments are valued at the lower of cost, using the last-in, first-out ("LIFO") method, or current estimated market. The LIFO method is utilized in determining inventory value as it results in better matching of current costs and revenues. Inventories in the Engineered Wire Products — Europe segment are valued at the lower of cost, using the first-in, first-out ("FIFO") method, or current estimated market.

Property, Plant and Equipment

Property, plant and equipment acquired in connection with acquisitions are recorded at fair market value; all other additions are recorded at cost. Depreciation is calculated using the straight-line method. The average estimated lives utilized in calculating depreciation are as follows: building — 25 to 45 years; building improvements — 10 to 25 years; machinery and equipment — 3 to 11 years; and furniture and fixtures — 3 to 7 years. The cost and related accumulated depreciation of assets sold, retired or otherwise disposed of are removed from the respective accounts, and any resulting gains or losses are included in the consolidated statement of operations.

Goodwill

Under the provisions of Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*, goodwill is not amortized but is assessed at least annually for impairment on December 31st and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The Company uses a qualitative approach, or step zero, to test goodwill for impairment, which permits an entity to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, it is necessary to perform the currently prescribed two-step goodwill impairment test. Otherwise, the two-step goodwill impairment test is not required. If a two-step goodwill impairment test is required, in the first step the Company estimates the fair values of its reporting units based on the weighting of the present value of future cash flows approach and the market approach. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of the impairment loss, if any. In the second step, the implied fair value of the goodwill is estimated as the fair value of the reporting unit used in the first step less the fair values of all other net tangible and intangible assets of the reporting unit. If the carrying amount of the goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess, not to exceed the carrying amount of the goodwill. The Company conducted its goodwill impairment analysis internally using the step zero approach in 2014 and 2013 and under the two step goodwill impairment test approach in 2012. The Company concluded that its goodwill was not impaired at December 31, 2014, 2013 and 2012.

Identifiable Intangibles

Identifiable intangible assets represent the fair market value of alloys, customer contracts, customer relationships, a non-compete agreement, trade names and trademarks. Under the provisions of ASC 350, identifiable intangible assets are amortized over their projected useful lives of 15 years for customer contracts and relationships, 3 years for the non-compete agreement and 3-20 years for trade names, trademarks and alloys (formulation of two or more metals).

Impairment of Long-lived Assets

In accordance with the provisions of ASC 360, *Property, Plant, and Equipment*, the Company periodically evaluates the recoverability of its property, plant and equipment and identifiable intangible assets, exclusive of goodwill, when circumstances indicate that an event of impairment may have occurred. This periodic review may result in an adjustment of estimated depreciable lives or asset impairment. When indicators of impairment are present, the carrying values of the asset are evaluated in relation to their operating performance and future undiscounted cash flows of the underlying assets. If the future undiscounted cash flows are less than their carrying value, potential impairment exists. The impairment is measured as the difference between the book value and the fair value of the underlying asset. Fair values are based on estimates of the market prices and assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk. There were no impairment charges recorded for the years ended December 31, 2014, 2013 and 2012.

Deferred Financing Costs

Deferred financing costs, consisting of fees and other expenses associated with debt financing, are amortized over the term of the related debt using the effective interest method.

Stock-based Compensation

Holdings measures compensation cost for all stock awards at fair value on the date of grant and recognizes compensation cost over the service periods for awards expected to vest, in accordance with ASC 718, *Compensation – Stock Compensation*. Holdings estimates a 5% forfeiture rate in recording stock-based compensation expense for stock option awards. As of December 31, 2014, there was $1,687 of total unrecognized compensation expense related to stock options which is expected to be recognized over a weighted-average period of 2.0 years. As of December 31, 2014, there was $126 of total unrecognized compensation expense related to nonvested restricted common stock which is expected to be recognized over a weighted-average period of 0.8 years. The Company recorded stock-based compensation expense of $966, $684 and $438, which is included in selling, general and administrative expenses in the accompanying consolidated statements of operations, in 2014, 2013 and 2012, respectively. The stock options are non-qualified which results in the creation of a deferred tax asset until the time the option is exercised. As of December 31, 2014, awards of 335,100 shares have been exercised since inception.

The fair values of the options under ASC 718 were estimated at the date of the grants using the Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Year Ended December 31,		
	2014	2013	2012
Stock Options and Awards:			
Expected life — employees	6 years	6 years	6 years
Expected life — non-employee directors	5.5 years	5.5 years	5.5 years
Expected volatility	42.0%	52.0%	54.0%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.8%	2.1%	1.0%

Holdings calculates expected volatility for stock options using historical volatility of a group of companies in the wire and cable industry. The risk-free interest rate is estimated based on the Federal Reserve's historical data for the maturity of nominal treasury investments that corresponds to the expected life of the option. The expected life was determined using the simplified method as these awards meet the definition of "plain-vanilla" options under the rules prescribed by ASC 718.

Income Taxes

The Company accounts for certain items of income and expense in different periods for financial reporting and income tax purposes. Deferred income taxes are provided to recognize the effect of temporary differences between financial reporting and income tax purposes. Such taxes are provided for using enacted tax rates expected to be in place when such temporary differences are realized. A valuation allowance is recorded to reduce deferred income tax assets if it is determined that it is more likely than not that the full deferred income tax asset would not be realized.

Foreign Currency Translation

The Company has operations in Belgium, France, Italy and Poland. The euro is the functional currency for the Company's foreign subsidiaries located in Belgium, France and Italy. The zloty is the functional currency of the Company's subsidiary located in Poland. Accordingly, assets and liabilities of these foreign subsidiaries are translated at the rate of exchange in effect at the balance sheet date. Income and expense items and cash flows of these subsidiaries are translated at the average monthly rate of exchange. Resulting translation gains and losses are reported in accumulated other comprehensive income/(loss).

Exchange gains and losses arising from transactions in currencies other than the functional currency of the subsidiary involved are included in net income. To date, the effect of such amounts on net income has not been material.

Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, requires disclosure of the fair value of certain financial instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In determining fair value, the accounting standards establish a three level hierarchy for inputs used in measuring fair value as follows: Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities; and Level 3 inputs are unobservable and reflect our own assumptions. Financial instruments include cash, accounts receivable, accounts payable, and long-term debt. The carrying amounts of cash, accounts receivable and accounts payable approximate fair value because of the short-term nature of these financial instruments. The fair value of the Company's 8.50% Senior Secured Notes due 2017 is based on current market data, which is considered Level 2, and was approximately $261,875 at both December 31, 2014 and 2013.

Forward Pricing Agreements for Purchases of Copper

In the normal course of business, the Company enters into forward pricing agreements for purchases of copper to match certain sales transactions. The Company accounts for these forward pricing arrangements under the "normal purchases and normal sales" scope exemption because these arrangements are for purchases of copper that will be delivered in quantities expected to be used by the Company over a reasonable period of time in the normal course of business. For these arrangements, it is probable at the inception and throughout the life of the arrangements that the arrangements will not settle net and will result in physical delivery of the inventory. The Company expects to recover the cost of copper under these agreements as a result of firm sales price commitments with customers.

Net Income Per Share

ASC 260, *Earnings per Share*, requires the computation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per share is determined by giving effect to the exercise of diluted stock options using the treasury stock method. The following table provides a reconciliation of the number of shares outstanding for basic and diluted earnings per share:

	For the Year Ended December 31,		
	2014	2013	2012
Weighted-average shares outstanding — basic	5,801,957	6,128,514	9,657,316
Dilutive effect of stock options	123,931	268,608	56,599
Weighted-average shares outstanding — diluted	5,925,888	6,397,122	9,713,915

Weighted-average shares outstanding for the years ended December 31, 2014, 2013 and 2012 exclude 66,016, 88,265 and 666,384 options respectively, because they are anti-dilutive since the exercise price of these options was greater than the average market price of the common shares in the periods.

Significant Customers

The Company had sales to two significant customers in the year 2014, 2013 and 2012. Sales to one customer represented 18%, 17% and 14% of the Company's net sales and sales to the other customer represented 11%, 12% and 10% of the Company's net sales for the years ended December 31, 2014, 2013 and 2012, respectively.

Concentration of Copper Suppliers

The Company's principal raw material used in its products is 5/16 inch copper rod, which is sourced either directly from global copper producers or through rod mill operators in North America. A significant percentage of total copper is purchased from four to five major suppliers.

Other Comprehensive Income

ASC 220, *Comprehensive Income*, establishes standards for reporting and displaying comprehensive income and its components in a full set of general-purpose financial statements. For the years ended December 31, 2014, 2013 and 2012, the Company had two components of comprehensive income: net income and foreign currency translation adjustments.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-09, “Revenue from Contracts with Customers: Topic 606”. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. The standard prescribes a five-step model for recognizing revenue, the application of which will require significant judgment. This standard is effective for fiscal years beginning after December 15, 2016, and for interim periods within those fiscal years. The Company is in the process of assessing the impact the adoption of this ASU will have on its consolidated financial statements.

3. Inventories

The composition of inventories at December 31 is as follows:

	2014	2013
Raw materials	$ 10,574	$ 10,994
Work-in-process	12,027	8,454
Finished goods	26,137	23,497
Total inventories	$ 48,738	$ 42,945

Inventories in the Bare Wire and High Performance Conductors segments are valued at the lower of cost, using the LIFO method, or current estimated market. The primary components of inventory costs include raw materials used in the production process (copper, tin, nickel, silver, alloys and other) and production related labor and overhead costs net of scrap sales. Had Bare Wire and High Performance Conductors inventories been valued using the FIFO method, inventories would have been $28,269 and $33,380 higher as of December 31, 2014 and 2013, respectively. Inventories in the Engineered Wire Products — Europe segment are valued at the lower of cost, determined using the FIFO method, or current estimated market. During 2013, inventory quantities were reduced at the Bare Wire and High Performance Conductors segments which resulted in a liquidation of LIFO inventory quantities carried at lower costs prevailing in the prior years as compared with the cost of 2013 purchases. The effect of this reduction in inventory decreased cost of goods sold by $1,772 and increased net income by $1,251, or $0.20 per share, for the year ended December 31, 2013.

4. Property, Plant and Equipment

The composition of property, plant and equipment at December 31 is as follows:

	2014	2013
Land	$ 4,830	$ 5,062
Building and improvements	41,253	42,291
Machinery and equipment	170,025	161,720
Construction in progress	7,359	3,405
	223,467	212,478
Less: accumulated depreciation	(132,048)	(120,618)
	$ 91,419	$ 91,860

Depreciation expense was $13,920, $15,903 and $14,903 for the years ended December 31, 2014, 2013 and 2012, respectively.

5. Goodwill and Identifiable Intangibles

The changes in the carrying amounts of goodwill are as follows:

	For the Year Ended December 31,	
	2014	2013
Balance, beginning of year	$ 66,335	$ 66,335
Balance, end of year	$ 66,335	$ 66,335

All goodwill is included in the Bare Wire segment. The Company completed its annual impairment test at December 31, 2014, 2013 and 2012 and concluded that goodwill was not impaired.

The components of identifiable intangible assets at December 31 are as follows:

	2014		2013	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer contracts and relationships	$ 19,897	$11,038	$ 19,897	$9,712
Trade names and trademarks	10,858	5,653	10,858	5,124
Non-compete agreement	300	300	300	217
Alloys	92	41	92	37
Total identifiable intangible assets	$ 31,147	$17,032	$ 31,147	$15,090

Amortization expense for identifiable intangible assets was $1,942, $1,960 and $1,964 for the years ended December 31, 2014, 2013 and 2012, respectively. The estimated amortization expense for identifiable intangible assets held as of December 31, 2014 is as follows:

2015	$ 1,859
2016	1,859
2017	1,859
2018	1,859
2019	1,859
Thereafter	4,820
Total	$ 14,115

6. Related Party Transactions

The Company sells a portion of its production scrap to Prime Materials Recovery, Inc. ("Prime"). In addition, Prime also performs certain scrap processing services for the Company and sells copper rod to the Company. Prime is a closely held company and its major shareholder, chairman and director is the former Chief Executive Officer of the Company. In addition, the Chief Financial Officer of the Company holds a minority ownership interest and is a director. Net sales to Prime for the years ended December 31, 2014, 2013 and 2012, were $29,378, $26,324 and $21,716, respectively. The Company had outstanding accounts receivable from Prime related to those sales of $2,293 and $2,825 at December 31, 2014 and 2013, respectively. The Company purchased $1,688, $5,262 and $6,389 of copper rod through Prime for the years ended December 31, 2014, 2013 and 2012, respectively. The Company has outstanding accounts payable to Prime of $769 and $460 at December 31, 2014 and 2013, respectively.

7. Long-Term Debt

The composition of long-term debt at December 31 is as follows:

	2014	2013
IWG Senior Revolving Credit Facility	$ 14,568	$ 31,644
IWG 8.50% Senior Secured Notes	250,000	250,000
Total long-term debt	264,568	281,644
Less current maturities	—	—
Long-term portion of long-term debt	$264,568	$281,644

IWG Senior Revolving Credit Facility

IWG and its domestic subsidiaries are parties to a credit agreement (the "Revolving Credit Facility") with Wells Fargo Capital Finance, LLC, as administrative agent, and the other lenders party thereto. On October 4, 2012, IWG amended and restated its Revolving Credit Facility. The Revolving Credit Facility permits borrowings of up to $175,000, subject to borrowing availability and includes a $25,000 letter of credit sub-facility. The collateral for the Revolving Credit Facility includes all or substantially all of the assets of the Company and its domestic subsidiaries, as well as 65 percent of the capital stock of, or other equity interests in, the Company's first-tier foreign subsidiaries.

Borrowings under the Revolving Credit Facility are tied to a borrowing base, which is calculated by reference to, among other things, eligible accounts receivable, eligible inventory and eligible real property and equipment and may limit the amount of loans and letters of credit otherwise available to IWG. As of December 31, 2014, letters of credit in the amount of $5,305 were outstanding and $14,568 was drawn under the Revolving Credit Facility. Availability under the Revolving Credit Facility was $101,829 as of December 31, 2014.

Interest on the loans outstanding under the Revolving Credit Facility accrues at a rate per annum equal to, at IWG's election, either (1) LIBOR plus a margin ranging from 1.75% to 2.25% depending on IWG's borrowing availability under the Revolving Credit

Facility or (2) a base rate plus 0.50%. IWG also pays an unused line fee ranging from 0.25% to 0.375% per annum depending on borrowing availability under the Revolving Credit Facility. If IWG obtains any letters of credit under the Revolving Credit Facility, it must pay an upfront issuance fee of 0.50% of the face amount of such letter of credit (plus other customary and reasonable fees charged by the issuing bank), and ongoing fees ranging from 1.75% to 2.25% per annum (depending on borrowing availability) on the aggregate undrawn face amount of all outstanding letters of credit. Each of these interest rates and fees increase by 2.00% per annum at any time a default exists under the Revolving Credit Facility.

IWG's Revolving Credit Facility requires the Company to observe conditions, affirmative covenants and negative covenants (including financial covenants). These covenants include limitations on the Company's ability to make acquisitions, dispose of assets, incur additional indebtedness, incur guarantee obligations, create liens, make investments, engage in mergers, pledge assets as collateral, repurchase, redeem or acquire its common stock or pay dividends, change the nature of its business or engage in certain transactions with affiliates. The Company must also comply with a 1.0 to 1.0 fixed charge coverage ratio when either (1) the minimum availability under the Revolving Credit Facility falls below $21,875 or (2) there is a default or event of default. The Company was in compliance with such conditions and covenants at December 31, 2014.

IWG's Revolving Credit Facility commitment expires on April 4, 2017.

Subject to certain exceptions (including the ability to prepay the 8.50% Senior Secured Notes in certain circumstances), IWG must prepay the loans outstanding from time to time under the Revolving Credit Facility using the net cash proceeds of certain debt and equity issuances, asset sales, tax refunds, settlements and judgments. IWG may also voluntarily prepay those loans, and reduce the commitments, under the Revolving Credit Facility at any time, provided that the commitments may not be reduced by more than $10,000 in any twelve month period unless they are terminated in their entirety and IWG makes payment of the applicable early termination fee.

IWG must prepay the loans under the Revolving Credit Facility by the following amounts (subject to certain exceptions):

- An amount equal to 100 percent of the net proceeds of the incurrence of certain subordinated indebtedness by the Company or any of its subsidiaries, if not otherwise used to repay the 8.50% Senior Secured Notes or to make acquisitions or other investments permitted by the Revolving Credit Facility; and
- An amount equal to 100 percent of the net proceeds of any non-ordinary course sale or other disposition by the Company or any of its subsidiaries of certain assets, except for certain exceptions, if not otherwise used to repay the 8.50% Senior Secured Notes or to make acquisitions or other investments permitted by the Revolving Credit Facility; and
- 100% of certain extraordinary cash receipts (including tax refunds and judgments), if not otherwise used to repay the 8.50% Senior Secured Notes or to make acquisitions or other investments permitted by the Revolving Credit Facility.

The carrying value of the borrowings under the Revolving Credit Facility approximates fair value due to its variable interest rate.

IWG 8.50% Senior Secured Notes

On October 4, 2012, IWG completed the offering of $250,000 of its 8.50% Senior Secured Notes. The 8.50% Senior Secured Notes will mature on October 15, 2017. The 8.50% Senior Secured Notes pay interest semi-annually on April 15 and October 15, beginning on April 15, 2013. The 8.50% Senior Secured Notes are guaranteed on a senior secured basis by each of IWG's existing and certain of its future domestic subsidiaries. The 8.50% Senior Secured Notes and the guarantees are secured, subject to certain exceptions and permitted liens, on a second-priority basis by a lien on the assets of IWG and the guarantors that secure borrowings under IWG's Revolving Credit Facility.

IWG used the net proceeds of the offering, together with advances under its Revolving Credit Facility, to (1) repurchase or redeem all of its outstanding 9.75% Senior Secured Notes, (2) fund a distribution to Holdings to permit Holdings to redeem all of the outstanding PIK Notes issued by Holdings (3) fund a special distribution of approximately $60,000 to Holdings, which was used by Holdings to repurchase shares of Holdings' common stock in its Dutch auction tender offer (see Note 10) and (4) pay related premiums, fees and expenses. In connection with IWG's redemption of its outstanding 9.75% Senior Secured Notes and our redemption of the PIK Notes, IWG and Holdings incurred prepayment fees of $11,955 and wrote-off deferred financing costs of $4,658 and the debt discount of $593. The total of these items is $17,206 which is included in loss on the early extinguishment of debt in the accompanying consolidated statement of operations for 2012.

Beginning October 15, 2015, IWG may redeem some or all of the 8.50% Senior Secured Notes at redemption price set forth below plus accrued interest. In addition, at any time prior to October 15, 2014, IWG may redeem up to 35% of the 8.50% Senior Secured Notes from the proceeds of certain sales of our equity securities at 108.500% of the principal amount, plus accrued interest. IWG's ability to redeem the 8.50% Senior Secured Notes is also subject to restrictions in its Revolving Credit Facility.

	Redemption Price
2015	104.250%
2016 and thereafter	100.000%

Upon the occurrence of a change of control, we must offer to repurchase the 8.50% Senior Secured Notes at 101% of the principal amount of the 8.50% Senior Secured Notes, plus accrued interest.

The indenture governing the 8.50% Senior Secured Notes contains restrictive covenants which, among other things, limits IWG's ability and some of its subsidiaries to (subject to exceptions): incur additional debt; pay dividends or distributions on, or redeem or repurchase, capital stock; restrict dividends or other payments; transfer or sell assets; engage in transactions with affiliates; create certain liens; engage in sale/leaseback transactions; impair the collateral for the 8.50% Senior Secured Notes; make investments; guarantee debt; consolidate, merge or transfer all or substantially all of its assets and the assets of IWG's subsidiaries; and engage in unrelated businesses.

The 8.50% Senior Secured Notes are senior secured obligations of IWG; senior in right of payment to any future senior obligations; guaranteed by IWG's domestic subsidiaries; and secured by a second-priority lien on all or substantially all of IWG's and its domestic subsidiaries' assets, including 65 percent of the capital stock of, or other equity interests in, IWG's first-tier foreign subsidiaries.

Scheduled Maturities of Long-Term Debt

Scheduled maturities of long-term debt at December 31, 2014 are as follows:

2015	$ —
2016	—
2017	264,568
Total	$264,568

8. Income Taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. Under ASC 740, deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. ASC 740 requires current recognition of net deferred tax assets to the extent that it is more likely than not that such net assets will be realized. To the extent that the Company believes that its net deferred tax assets will not be realized, a valuation allowance must be recorded against those assets.

The income tax provision consists of the following:

	For the Year Ended December 31,		
	2014	2013	2012
Current			
Federal	$ 4,960	$ 6,063	$ 1,702
State	592	604	736
Foreign	1,095	409	1,099
	6,647	7,076	3,537
Deferred			
Federal	1,565	(458)	198
State	828	(200)	1
Foreign	(171)	541	(107)
	2,222	(117)	92
Total income tax provision	$ 8,869	$ 6,959	$ 3,629

The U.S. and foreign components of income before income taxes were as follows:

	For the Year Ended December 31,		
	2014	2013	2012
Domestic	$ 21,633	$ 21,205	$ 11,207
Foreign	3,167	2,482	3,213
Income before income tax provision	$ 24,800	$ 23,687	$ 14,420

The reconciliation between the statutory income tax rate and effective tax rate in dollars is summarized below:

	For the Year Ended December 31,		
	2014	2013	2012
Federal income tax at statutory rate of 35%	$ 8,678	$ 8,291	$ 5,047
State income taxes, net of federal tax benefit	713	262	479
Foreign rate differential	(184)	81	(133)
Impact of foreign operations	(122)	(139)	(475)
State tax credits	(127)	(393)	(589)
Change in valuation allowance	270	393	507
Change in state effective rate on deferred income taxes	342	—	82
Change in reserve for uncertain tax positions	76	(558)	(704)
Deduction for domestic production activities	(472)	(808)	(447)
Other	(305)	(170)	(138)
	$ 8,869	$ 6,959	$ 3,629

The tax effects of significant temporary differences representing deferred tax assets and liabilities at December 31 are as follows:

	2014	2013
Deferred tax assets:		
Accounts receivable allowances	$ 403	$ 409
Accrued liabilities not yet deductible	4,403	4,183
Net operating loss ("NOL") carryforward	1,898	2,256
State tax credits	3,829	3,702
Stock-based compensation	341	2,717
Other	779	694
	11,653	13,961
Valuation allowance	(5,169)	(4,899)
	6,484	9,062
Deferred tax liabilities:		
Depreciation and amortization	17,013	17,725
Inventories	478	227
	17,491	17,952
Net deferred tax liability	$ (11,007)	$ (8,890)
Net current deferred tax assets	$ 2,844	$ 2,955
Net non-current deferred liabilities	(13,851)	(11,845)
Total net deferred tax liability	$ (11,007)	$ (8,890)

At December 31, 2014, the Company has state net operating loss carryforwards for Indiana totaling $18,595.

A valuation allowance is required against deferred tax assets if, based on the weight of available evidence, it is more-likely-than-not that some or all of the deferred tax assets will not be realized. Valuation allowances continue to be recorded against NOL's and other deferred tax assets since it is not more-likely-than-not the tax benefits will be realized.

The valuation allowance for deferred taxes was $5,169 and $4,899 at December 31, 2014 and 2013, respectively. The Company recorded net changes to the valuation allowance of $270, $393 and $507 for the years ended December 31, 2014, 2013 and 2012, respectively.

The Company's unrecognized tax benefits related to uncertain tax positions at December 31, 2014 relate to federal and various state jurisdictions. The following table summarizes the activity related to the Company's unrecognized tax benefits:

	For the Year Ended December 31,		
	2014	2013	2012
Balance at beginning of year	$ 4,797	$ 5,165	$ 4,887
Increases related to current year tax positions	193	366	382
Increases related to prior year tax positions	—	—	—
Decreases related to prior year tax positions	(29)	(67)	(21)
Expiration of statute of limitations for the assessment of taxes	(76)	(667)	(83)
Settlements	—	—	—
Balance at end of year	$ 4,885	$ 4,797	$ 5,165

The total unrecognized tax benefits balance at December 31, 2014 and 2013 is included in other long-term liabilities on the consolidated balance sheets, and is comprised of tax benefits that, if recognized, would affect the effective rate.

As of December 31, 2014, the liability for potential penalties and interest totals $434, of which $142 was recorded in 2014. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

Holdings or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2006. In 2012, the Internal Revenue Service (IRS) completed an examination of the Company's 2008 through 2010 U.S. income tax returns with an assessment for those years totaling $90.

Holdings, IWG and their subsidiaries that are included in the U.S. federal return have entered into a tax sharing agreement that reflects each party's rights and obligations relating to payments and refunds of income taxes.

In general, the federal and state income tax liabilities for which the parties to the tax sharing agreement are jointly and severally liable are allocated in proportion to each party's taxable income, with any party that has a taxable loss being compensated currently. Other provisions include tax audits, settlements and return filings in cases where more than one party has an interest in the results of these events.

9. Retirement Benefits and Stock Option Plans

The Company sponsors a defined contribution retirement plan, which provides retirement benefits for eligible employees. Company contribution expense related to the retirement plan for the years ended December 31, 2014, 2013 and 2012 amounted to $1,246, $1,239 and $1,267, respectively.

On May 11, 2006, the Company's stockholders approved the 2006 Management Stock Option Plan and the 2006 Stock Option Plan for Non-Employee Directors. Under the 2006 Management Stock Option Plan, options for up to 1,300,000 shares of common stock are available for grant to the eligible members of management. Under the 2006 Stock Option Plan for Non-Employee Directors, options for up to 300,000 shares of common stock are available for grant to non-employee directors. The options will be granted at no less than 100% of the fair market value of the Company's stock on the date of the grant and have a life of no longer than 10 years.

Information regarding the Company's stock options is summarized below:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Term in Years	Aggregate Intrinsic Value(1)
Outstanding at January 1, 2014	999,400	$ 15.49		
Granted	135,300	$ 25.51		
Exercised	(195,000)	$ 15.00		
Repurchased	(649,233)	$ 15.28		
Forfeited	—	$ —		
Outstanding at December 31, 2014	290,467	$ 20.96	7.5	$3,789
Vested or expected to vest at December 31, 2014	275,944	$ 20.96	7.5	$3,599
Exercisable at December 31, 2014	114,833	$ 17.77	6.6	$1,864

(1) The aggregate intrinsic value was calculated using the difference between the market price of the Company's common stock at December 31 and the grant price for only those awards that have a grant price less than the market price of the Company's common stock at December 31.

On May 13, 2014, Holdings offered to repurchase its vested stock options outstanding from option holders at a price of $25.50 per option minus the exercise price. The offer closed on May 27, 2014. As a result of the offer, Holdings repurchased 649,233 options with a weighted average exercise price of $15.28 for a total cost of approximately $6,637.

At December 31, 2014, there were options available for grants to purchase 861,133 shares of common stock under the 2006 Management Stock Option Plan and 270,300 shares under the 2006 Stock Option Plan for Non-Employee Directors.

Details regarding options to purchase common stock outstanding at December 31, 2014 are as follows:

Number of Options Outstanding	Weighted-Average Exercise Prices	Remaining Contractual Life in Years	Options Exercisable
42,000	$ 21.86	2.7	42,000
6,600	$ 11.54	5.8	6,600
16,000	$ 16.02	6.8	16,000
6,600	$ 18.00	7.8	6,600
80,667	$ 14.75	7.8	40,333
3,300	$ 23.00	8.8	3,300
84,000	$ 25.00	9.2	—
48,000	$ 26.00	9.4	—
3,300	$ 31.50	9.8	—
290,467			114,833

Under the 2006 Management Stock Option Plan (as amended and restated effective August 18, 2011) and the 2006 Stock Option Plan for Nonemployee Directors (as amended and restated effective August 18, 2011), the Company may grant nonemployee directors and management restricted common stock with vesting contingent upon completion of specified service periods ranging from one to three years.

On October 20, 2014, the Company granted 5,610 shares of restricted common stock to nonemployee directors. The weighted-average grant-date fair value of the restricted common stock granted during the year ended December 31, 2014 was $31.50 per share and the shares vest over a period of one year. On October 20, 2013, the Company granted 5,610 shares of restricted common stock to nonemployee directors. The weighted-average grant-date fair value of the restricted common stock granted during the year ended December 31, 2013 was $23.00 per share and the shares vest over a period of one year. The Company recorded $134 and $45 of compensation expense related to outstanding shares of restricted common stock held by nonemployee directors during the years ended December 31, 2014 and 2013, respectively. The fair value of nonvested restricted common stock awards was equal to the closing trading price of the Company's common stock on the grant date.

Information regarding the Company's nonvested restricted common stock is summarized below:

	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested at January 1, 2014	5,610	$ 23.00
Granted	5,610	$ 31.50
Vested	(5,610)	$ 23.00
Forfeited	—	
Nonvested at December 31, 2014	5,610	$ 31.50

10. Dutch Auction Tender Offer, Special Distributions to Stockholders and Option Holders and Stock Repurchase Programs

On November 19, 2012, the Company commenced a traditional "Dutch auction" tender offer (the "Offer") to repurchase shares of its common stock. As a result of the Offer, the Company accepted for purchase a total of 3,672,300 shares at per share prices ranging from $15.00 to $17.50 for an aggregate cost of $60,603, or an average price of $16.50 per share. Subsequent to the purchase, the 3,672,300 shares were retired.

During the year ended December 31, 2012, Holdings declared a special distribution to its stockholders and option holders totaling $9,991. The Company is entitled to a tax deduction related to a portion of the special distribution paid to option holders. The related tax benefit totaling $25 was recorded as an increase to contributed capital during the year ended December 31, 2012.

IWG's Board of Directors previously approved a stock repurchase program pursuant to which the Company was authorized to repurchase up to $20.0 million of its common stock through open market and privately negotiated transactions from time to time.

Prior to the Holdings Reorganization, IWG had repurchased 344,000 shares of common stock under the program for an aggregate purchase price of $5.3 million, resulting in an average purchase price of $15.47 per share, including broker commissions. There have been no stock repurchases in 2014 or 2013 under this program. In addition, the Company has established a stock repurchase plan pursuant to the requirements of and in conformity with the provisions of Rule 10b5-1 promulgated under the Securities and Exchange Act of 1934. Under this plan, the Company is authorized to repurchase up to $5.0 million of shares. As of December 31, 2014, the Company has repurchased 10,000 shares of common stock under this plan for an aggregate purchase price of $0.3 million, resulting in an average purchase price of $29.05 per share, including broker commissions.

Our ability to make restricted payments, including dividends or other distributions on our common stock or repurchases of our common stock, is limited under IWG's 8.50% Senior Secured Notes to the amount available from time to time under a restricted payments covenant as calculated under the indenture governing the 8.50% Senior Secured Notes and under the Revolving Credit Facility pursuant to a fixed charge coverage ratio test under the Revolving Credit Facility. The restricted payments covenant under IWG's 8.50% Senior Secured Notes indenture would permit the payment of $17.3 million as of December 31, 2014.

11. Stock Repurchases

On February 28, 2014, the Company repurchased 300,000 shares of its common stock for $7,500, or $25.00 per share, in a privately negotiated transaction. This transaction settled on March 4, 2014. On March 28, 2014, the Company repurchased 136,207 shares of its common stock for $3,472, or $25.50 per share, in a privately negotiated transaction. This transaction settled on April 1, 2014. On May 20, 2014, the Company repurchased 1,122 shares of its common stock for $28, or $25.50 per share, in a privately negotiated transaction. This transaction settled on May 21, 2014. On August 27, 2014, the Company repurchased 145,842 shares of its common stock for $4,010, or $27.50 per share, in a privately negotiated transaction. This transaction settled on August 29, 2014. On August 29, 2014, the Company repurchased 125,000 shares of its common stock for $3,750, or $30.00 per share, in a privately negotiated transaction. This transaction settled on September 2, 2014 and September 17, 2014. On September 12, 2014, the Company repurchased 10,000 shares of its common stock for $291, or $29.05 per share, under the Company's Rule 10b5-1 plan. This transaction settled on September 17, 2014. On December 15, 2014, the Company repurchased 2,000 shares of its common stock for $68, or $34.00 per share, in a privately negotiated transaction. This transaction settled on December 17, 2014. On December 17, 2014, the Company repurchased 150,000 shares of its common stock for $5,250, or $35.00 per share, in a privately negotiated transaction. This transaction settled on December 22, 2014. On January 6, 2015 Holdings repurchased 66,200 shares of its common stock for $2.3 million, or $35.00 per share, in a privately negotiated transaction. This transaction settled on January 6, 2015.

12. Commitments and Contingencies

The Company leases certain property, transportation vehicles and other equipment under operating leases. Total rental expense under operating leases was $5,148, $5,497 and $5,497 for the years ended December 31, 2014, 2013 and 2012, respectively. Future minimum lease payments under operating leases for the years ended December 31 are as follows:

2015	$ 2,264
2016	2,109
2017	1,751
2018	1,481
2019	1,038
Thereafter	121
Total	$ 8,764

The Company is subject to legal proceedings and claims that arise in the normal course of business. In the opinion of management, the ultimate liabilities with respect to these actions will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

13. Subsequent Events

In accordance with the provisions of ASC 855, *Subsequent Events*, the Company has evaluated all subsequent events to ensure that this financial information includes appropriate disclosure of events both recognized in the consolidated financial statements as of December 31, 2014, and events which occurred subsequent to December 31, 2014 but before March 20, 2015, the date the financial statements were issued, which were not recognized in the consolidated financial statements. As of March 20, 2015, there were no subsequent events which required recognition or disclosure.