

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
FINANCIAL INFORMATION (PUBLIC)
AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2015

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This information does not contain all of the disclosures required by generally accepted accounting principles, primarily segment reporting.

International Wire Group Holdings, Inc.

Dated: May 15, 2015

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

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2015	December 31, 2014
	(In thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,464	$ 5,154
Accounts receivable, less allowances of $1,237 and $1,223	121,346	114,151
Refundable income taxes	391	2,280
Inventories	47,506	48,738
Prepaid expenses and other	9,376	9,262
Deferred income taxes	2,844	2,844
Total current assets	193,927	182,429
Property, plant and equipment, net	89,233	91,419
Goodwill	66,335	66,335
Identifiable intangibles, net	13,650	14,115
Deferred financing costs, net	5,012	5,336
Restricted cash	1,136	1,133
Other assets	4,814	4,989
Total assets	$ 374,107	$ 365,756
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33,379	$ 23,336
Accrued and other liabilities	7,452	7,656
Accrued workers' compensation costs	5,631	5,965
Accrued payroll and payroll related items	7,657	11,537
Customers' deposits	11,587	11,945
Accrued income taxes	150	66
Accrued interest	9,826	4,516
Total current liabilities	75,682	65,021
Long-term debt	262,731	264,568
Other long-term liabilities	9,713	9,725
Deferred income taxes	13,761	13,851
Total liabilities	361,887	353,165
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, $.01 par value, 10,000,000 shares authorized, 5,399,261 and 5,465,461 issued in 2015 and 2014, respectively	54	54
Contributed capital	99,765	101,832
Accumulated deficit	(81,635)	(85,952)
Accumulated other comprehensive loss	(5,964)	(3,343)
Total stockholders' equity	12,220	12,591
Total liabilities and stockholders' equity	$ 374,107	$ 365,756

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended	
	March 31, 2015	**March 31, 2014**
	(In thousands, except share and per share data)	
Net sales	$ 177,600	$ 194,268
Operating expenses:		
Cost of goods sold, exclusive of depreciation and amortization expenses shown below	150,780	164,610
Selling, general and administrative expenses	9,877	10,928
Depreciation	3,547	3,445
Amortization	801	805
Gain/(loss) on sale of property, plant and equipment	8	(18)
Operating income	12,587	14,498
Other income/(expense):		
Interest	(5,739)	(5,698)
Amortization of deferred financing costs	(473)	(443)
Other, net	141	22
Income before income tax provision	6,516	8,379
Income tax provision	2,199	3,185
Net income	$ 4,317	$ 5,194
Basic net income per share	$ 0.80	$ 0.86
Diluted net income per share	$ 0.79	$ 0.81
Weighted-average basic shares outstanding	5,403,674	6,036,079
Weighted-average diluted shares outstanding	5,475,932	6,381,515

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	For the Three Months Ended	
	March 31, 2015	March 31, 2014
	(In thousands)	
Net income	$ 4,317	$ 5,194
Foreign currency translation adjustment	(2,621)	(247)
Comprehensive income	$ 1,696	$ 4,947

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

	For the Three Months Ended March 31, 2015					
	Number of Issued Shares	Common Stock	Contributed Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	(In thousands, except share data)					
Balance January 1, 2015	5,465,461	$ 54	$ 101,832	$ (85,952)	$ (3,343)	$ 12,591
Net income	—	—	—	4,317	—	4,317
Foreign currency translation adjustment	—	—	—	—	(2,621)	(2,621)
Repurchase and retirement of common stock	(66,200)	—	(2,317)	—	—	(2,317)
Stock-based compensation	—	—	250	—	—	250
Balance March 31, 2015	5,399,261	$ 54	$ 99,765	$ (81,635)	$ (5,964)	$ 12,220

See accompanying notes to the consolidated financial statements.

INTERNATIONAL WIRE GROUP HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three Months Ended	
	March 31, 2015	March 31, 2014
	(In thousands)	
Cash flows provided by operating activities:		
Net income	$ 4,317	$ 5,194
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,547	3,445
Amortization	801	805
Amortization of deferred financing costs	473	443
Accounts receivable allowances provision	55	57
Stock-based compensation expense	250	199
Gain/(loss) on sale of property, plant and equipment	8	(18)
Deferred income taxes	(90)	368
Change in operating assets and liabilities:		
Accounts receivable	(8,581)	(2,578)
Inventories	632	(11,961)
Prepaid expenses and other assets	(355)	(1,402)
Accounts payable	10,382	14,964
Accrued and other liabilities and workers' compensation costs	(564)	(384)
Accrued payroll and payroll related items	(3,610)	(3,662)
Customers' deposits	(358)	644
Accrued interest	5,310	5,283
Accrued/refundable income taxes	1,983	2,404
Other long-term liabilities	54	112
Net cash provided by operating activities	14,254	13,913
Cash flows used in investing activities:		
Capital expenditures	(2,215)	(2,597)
Proceeds from sale of property, plant and equipment	—	18
Restricted cash	(3)	2
Net cash used in investing activities	(2,218)	(2,577)
Cash flows used in financing activities:		
Borrowings under Revolving Credit Facility	79,187	80,533
Repayments under Revolving Credit Facility	(81,024)	(93,447)
Repurchase of common stock	(2,317)	(7,500)
Net cash used in financing activities	(4,154)	(20,414)
Effects of exchange rate changes on cash and cash equivalents	(572)	(219)
Net change in cash and cash equivalents	7,310	(9,297)
Cash and cash equivalents at beginning of the period	5,154	18,443
Cash and cash equivalents at end of the period	$ 12,464	$ 9,146
Supplemental disclosure of cash flow information:		
Interest paid	$ 298	$ 403
Income taxes paid, net	$ 199	$ 257
Amount included in accounts payable and other for capital expenditures and other	$ 1,648	$ 653

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)
(Unaudited)

1. Basis of Presentation

The unaudited interim consolidated financial statements presented herein include the accounts of International Wire Group Holdings, Inc. ("International Wire Group Holdings" or "Holdings") since its formation on May 27, 2011, and its wholly owned subsidiary International Wire Group, Inc. ("IWG") and its indirect subsidiaries, for all periods presented. International Wire Group Holdings is a holding company and conducts all of its operations through IWG and IWG's 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." All intercompany balances and transactions have been eliminated in consolidation.

The unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows of International Wire Group Holdings, Inc. and its subsidiaries, including IWG. The results of operations for the three months ended March 31, 2015 and 2014 are not necessarily indicative of the results that may be expected for the full fiscal year. These consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2014.

2. Recently Issued Accounting Standards

In January 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2015-01, *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items: Subtopic 225-20.* ASU 2015-01 eliminates the concept of extraordinary items. This standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. ASU 2015-01 may be applied prospectively or retrospectively to all prior periods presented in the financial statements. The Company does not expect the adoption of this pronouncement will have a material effect on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis: Topic 810.* This pronouncement makes amendments to the current consolidation guidance. ASU 2015-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. ASU 2015-02 may be applied using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or may be applied retrospectively. The Company does not expect the adoption of this pronouncement will have a material effect on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest: Subtopic 835-30: Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 makes amendments to the presentation of debt issuance costs. This pronouncement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted. ASU 2015-03 should by applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects. 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 is as follows:

	March 31, 2015	December 31, 2014
Raw materials	$ 12,153	$ 10,574
Work-in-process	12,159	12,027
Finished goods	23,193	26,137
Total inventories	$ 47,506	$ 48,738

Inventories are valued at the lower of cost or current estimated market value. Cost is determined using the last-in, first-out ("LIFO") method for our U.S. based business and the first-in, first-out ("FIFO") method for our European based business. 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. Had all inventories been valued using the FIFO cost method, inventories would have been $23,181 and $28,269 higher as of March 31, 2015 and December 31, 2014, respectively.

4. Goodwill and Intangible Assets

The carrying amounts of goodwill are as follows:

	March 31, 2015	December 31, 2014
Balance, beginning of period	$ 66,335	$ 66,335
Balance, end of period	$ 66,335	$ 66,335

The Company completed its annual impairment assessment at December 31, 2014 and concluded that goodwill was not impaired.

The components of identifiable intangibles are as follows:

	March 31, 2015		December 31, 2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer contracts and relationships	$ 19,897	$ 11,369	$ 19,897	$ 11,038
Trade names and trademarks	10,858	5,784	10,858	5,653
Non-compete agreement	—	—	300	300
Alloys	92	44	92	41
Total identifiable intangibles	$ 30,847	$ 17,197	$ 31,147	$ 17,032

Amortization expense for the three months ended March 31, 2015 and March 31, 2014 was $465 and $490, respectively. Amortization expense for identifiable intangibles for the next five fiscal years and thereafter is as follows:

	Amount
2015 (remaining nine months)	$ 1,394
2016	1,859
2017	1,859
2018	1,859
2019	1,859
Thereafter	4,820
Total	$ 13,650

5. Stock Option Plans and Compensation Expense

Holdings measures compensation cost for all stock awards at fair value on the date of grant and the recognition of compensation cost is spread over the service periods for awards expected to vest. Stock-based compensation expense is included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

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

	For the Three Months Ended	
	March 31, 2015	March 31, 2014
Stock Options:		
Expected life – employees	6 years	6 years
Expected life – non-employee directors	5.5 years	5.5 years
Expected volatility	40%	51%
Dividend yield	0%	0%
Risk-free interest rate	1.6 %	2.0%

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 proscribed by ASC 718.

Stock option activity for the three months ended March 31, 2015 is summarized as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Term in Years	Aggregate Intrinsic Value (1)
Outstanding at January 1, 2015	290,467	$ 20.96		
Granted	—			
Exercised	—			
Forfeited	(21,000)	$ 25.00		
Outstanding at March 31, 2015	269,467	$ 20.64	7.2	$ 4,416
Vested and expected to vest at March 31, 2015	255,994	$ 20.64	7.2	$ 4,195
Exercisable at March 31, 2015	135,833	$ 18.89	6.9	$ 2,465

(1) The aggregate intrinsic value was calculated using the difference between the market price of Holdings' common stock at March 31, 2015 and the grant price for only those awards that have a grant price less than the market price of Holdings' common stock at March 31, 2015.

Holdings recorded stock-based compensation expense of $208 and $168 for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, Holdings had total unrecognized compensation costs of $1,096 which will be recognized as compensation expense over a weighted average period of 1.8 years. Holdings estimates a 5% forfeiture rate in recording stock-based compensation expense. The stock options are non-qualified which results in the creation of a deferred income tax asset until the time the option is exercised.

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

No shares of restricted common stock were granted during the three months ended March 31, 2015. 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. The Company recorded $42 and $31 of compensation expense related to outstanding shares of restricted common stock held by nonemployee directors during the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, Holdings had total unrecognized compensation costs of $84 related to outstanding shares of restricted common stock held by nonemployee directors which will be recognized as compensation expense over a weighted average period of 0.5 years. 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, 2015	5,610	$ 31.50
Granted	—	$ —
Vested	—	$ —
Forfeited	—	$ —
Nonvested at March 31, 2015	5,610	$ 31.50

6. 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 Three Months Ended	
	March 31, 2015	March 31, 2014
Weighted-average shares outstanding-basic	5,403,674	6,036,079
Dilutive effect of stock options	72,258	345,436
Weighted-average shares outstanding-diluted	5,475,932	6,381,515

Weighted-average shares outstanding for the three month periods ended March 31, 2015 and 2014 exclude 3,300 and 34,100 options, respectively, because they are antidilutive since the exercise price of these options was greater than the average market price of the common shares in the periods.

7. Long-Term Debt

The composition of long-term debt is as follows:

	March 31, 2015	December 31, 2014
IWG Senior Revolving Credit Facility	$ 12,731	$ 14,568
IWG 8.50% Senior Secured Notes	250,000	250,000
Total long-term debt	262,731	264,568
Less current maturities	—	—
Long-term portion of long-term debt	$ 262,731	$ 264,568

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 March 31, 2015, letters of credit in the amount of $5,273 were outstanding and $12,731 was drawn under the Revolving Credit Facility. Availability under the Revolving Credit Facility was $103,508 as of March 31, 2015.

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 affirmative 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 March 31, 2015.

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

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 due 2017 (the "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 domestic subsidiaries that secure borrowings under IWG's Revolving Credit Facility, including 65 percent of the capital stock of, or other equity interests in, IWG's first-tier foreign subsidiaries.

The fair value of the 8.50% Senior Secured Notes was approximately $260,000 and $261,875 at March 31, 2015 and December 31, 2014, respectively.

Beginning October 15, 2015, IWG may redeem some or all of the 8.50% Senior Secured Notes at redemption prices ranging from 104.25% to 100.0% plus accrued interest. In addition, at any time prior to October 15, 2015, 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.

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.

8. Income Taxes

The provision for income taxes for the three months ended March 31, 2015 was derived using an estimated effective annual income tax rate for all of 2015 of 33.2%, which excluded any discrete tax adjustments. The provision for income taxes for the three months ended March 31, 2014 was derived using an effective annual income tax rate for 2014 of 32.8%, which excluded any discrete tax adjustments. Effective March 31, 2014, there was a change in New York law lowering our New York State income tax rate to zero. As a result, the Company recorded a full valuation allowance on the $439 New York investment tax credit deferred tax asset on March 31, 2014.

The Company's liability for unrecognized tax benefits totaled $4,921 and $4,885 at March 31, 2015 and December 31, 2014, respectively, which includes interest and penalties. The total balance of unrecognized tax benefits at March 31, 2015 and December 31, 2014 was comprised of tax benefits that, if recognized, would affect the effective rate. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

Holdings or one of its subsidiaries files income tax returns in the U.S., 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.

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. Related Party Transactions

IWG 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. IWG had net sales to Prime of $5,714 and $6,541 for the three months ended March 31, 2015 and 2014, respectively. The outstanding accounts receivable were $2,304 and $2,293 at March 31, 2015 and December 31, 2014, respectively. IWG purchased $0 and $919 of copper rod through Prime for the three months ended March 31, 2015 and 2014, respectively. IWG had outstanding accounts payable to Prime of $0 and $769 at March 31, 2015 and December 31, 2014, respectively.

10. Litigation

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 consolidated financial statements.

11. Stock Repurchases

On January 6, 2015, Holdings repurchased 66,200 shares of its common stock for $2,317, or $35.00 per share, in a privately negotiated transaction. This transaction settled on January 6, 2015. 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.

13. Subsequent Events

In accordance with the provisions of ASC 855, *Subsequent Events*, the Company has evaluated all subsequent events through May 15, 2015, the date these financial statements were issued, to ensure that this financial information includes appropriate disclosure of events both recognized in the financial statements as of March 31, 2015, and events which occurred subsequent to March 31, 2015 but were not recognized in the financial statements. As of May 15, 2015, there were no subsequent events which required recognition or disclosure, except as noted below.

On April 16, 2015, Holdings closed the private offering of $26,000 principal amount of its 10.00%/12.00% Senior PIK Toggle Notes due 2020 (the "Notes"). The Notes will pay interest semi-annually on April 15 and October 15, beginning on October 15, 2015. The Notes are the unsecured obligation of Holdings.

Holdings received $26,000 in gross proceeds from the Notes offering (the "Offering"), which were used for share repurchases and general corporate purposes. After giving effect to such repurchases, Holdings has 4,644,454 total outstanding shares.

The indenture governing the PIK Notes contains certain covenants limiting Holdings' ability and the ability of its restricted subsidiaries to, under certain circumstances: incur additional indebtedness; pay certain dividends or make certain distributions on its capital stock or repurchase its capital stock or repay subordinated indebtedness; make certain investments or other restricted payments; place restrictions on the ability of subsidiaries to pay dividends or make other payments to Holdings; engage in transactions with stockholders or affiliates; sell certain assets or merge with or into other companies; guarantee indebtedness; and create liens.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS, FINANCIAL CONDITION, WORKING CAPITAL AND CASH FLOWS AND OTHER INFORMATION AS OF AND FOR THE THREE MONTHS ENDED MARCH 31, 2015 VERSUS MARCH 31, 2014

The following discussion should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in this report and the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2014. The Company's annual report can be found under the Investor Relations tab of our website at http://itwg.client.shareholder.com or http://www.internationalwiregroup.com.

Certain statements in this report may constitute "forward-looking" statements. 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 thereof or any other variations thereof or comparable terminology, or by discussions of strategy or intentions. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements. As a result, these statements speak only as of the date they were made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Many important factors could cause our results to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, fluctuations in our operating results and customer orders, unexpected decreases in demand or increases in inventory levels, changes in the price of copper, tin, nickel or silver, the failure of our acquisitions and expansion plans to perform as expected, the competitive environment of our industry, our reliance on our significant customers, our lack of long-term contracts, our substantial dependence on business outside of the U.S. and risks associated with our international operations, limitations due to our indebtedness, the loss of key employees or the deterioration in our relationship with employees, litigation, claims, liability from environmental laws and regulations and other factors. For additional information on the risks facing our business, see the section entitled "Risk Factors" in our annual report, which can be found under the Investor Relations tab of our website at http://itwg.client.shareholder.com or http://www.internationalwiregroup.com.

Overview

We, together with our 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.

We operate 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 the 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 and connections 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, 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, regulatory requirements and trade agreements. For the three months ended March 31, 2015, automotive industry production volumes increased 0.3% compared to the same period for 2014 (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 factors contributing to demand in the 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 the first quarter of 2015 with deliveries of 318 large commercial airplanes, a new record for first quarter deliveries. Backlog for large commercial jets dropped 1% off its 2014 fourth quarter high of 12,924 units. The 2015 first quarter unit backlog of 12,818 units is almost 13% above first quarter 2014 backlog levels. At current production rates, the backlog represents over 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 the first quarter of 2015, 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 tolled copper or purchase our owned copper. We have some customers who only use their 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. 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.

Our costs and expenses in producing these products fall into three main categories: raw materials (including copper, silver, nickel and tin), 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 $2.66 per pound for the three months ended March 31, 2015 from $3.24 per pound for the three months ended March 31, 2014, or 18%, and decreased from $3.12 per pound for the three months ended December 31, 2014.

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. Customer order patterns may change if they believe copper prices will increase or decrease significantly. Additionally, declining copper prices can result in inventory charges that increase our costs of goods sold and negatively impact our profitability. Conversely, a significant 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 $3.2 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 and tin. The cost of silver, nickel and tin 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 three months ended March 31, 2015, the average price of silver decreased by 18%, the average price of nickel decreased by 2% and the average price of tin decreased by 18%, in each case compared to the three months ended March 31, 2014.

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 unaudited statements of operations data in millions of dollars and percentage of net sales for the periods indicated.

	For the Three Months Ended			
	March 31, 2015		March 31, 2014	
Net sales	$ 177.6	100.0%	$ 194.3	100.0%
Operating expenses:				
Cost of goods sold, exclusive of depreciation and amortization expenses shown below	150.8	84.9	164.6	84.7
Selling, general and administrative expenses	9.9	5.6	10.9	5.6
Depreciation and amortization	4.3	2.4	4.3	2.2
Gain/(loss) on sale of property, plant and equipment	—	—	—	—
Operating income	12.6	7.1	14.5	7.5
Other income/(expense):				
Interest	(5.7)	(3.2)	(5.7)	(2.9)
Amortization of deferred financing costs	(0.5)	(0.3)	(0.4)	(0.2)
Other, net	0.1	—	—	—
Income before income tax provision	6.5	3.6	8.4	4.4
Income tax provision	2.2	1.2	3.2	1.7
Net income	$ 4.3	2.4%	$ 5.2	2.7%

Three Months Ended March 31, 2015 versus Three Months Ended March 31, 2014

Net sales were $177.6 million and $194.3 million for the three months ended March 31, 2015 and 2014, respectively. Sales for the three months ended March 31, 2015 were $16.7 million, or 8.6%, below comparable 2014 levels. This decrease was the result of the decreased average cost and selling price of copper ($19.2 million), lower volume in the Bare Wire and HPC segments, from decreased customer demand in all major markets except the aerospace, electronics and data communications and medical device markets ($10.9 million) and unfavorable currency exchange rates ($2.7 million). These factors were partially offset by a lower proportion of tolled copper shipped in the 2015 period compared to the 2014 period ($13.9 million) and higher customer pricing/mix ($2.2 million). For sales of product comprised of customer-owned ("tolled") copper, the value of the copper material processed is excluded from sales. Accordingly, as the proportion of tolled sales decrease, sales increase. Of the total pounds processed for the three months ended March 31, 2015 and 2014, 45.6% and 53.2%, respectively, were from customers' tolled copper. The average price of copper based upon COMEX decreased to $2.66 per pound for the three months ended March 31, 2015 from $3.24 per pound for the three months ended March 31, 2014. Total pounds of product sold in the first quarter of 2015 decreased by 5.8% compared to the first quarter of 2014.

Cost of goods sold, exclusive of depreciation and amortization, as a percentage of sales increased to 84.9% for the three months ended March 31, 2015 from 84.7% for the same period in 2014. The increase of 0.2 percentage points was due to a change in the proportion and level of tolled and owned copper sales (0.9 percentage points), less favorable plant utilization (1.0 percentage points), lower silver and non-silver metal profits (0.3 percentage points), partially offset by the decrease in the average cost and selling price of copper (1.5 percentage points) and higher LIFO/copper profits (0.5 percentage points).

Selling, general and administrative expenses were $9.9 million for the three months ended March 31, 2015 compared to $10.9 million for the same period in 2014. This decrease of $1.0 million was primarily the result of $0.7 million of decreased transportation costs (primarily fuel cost related) and $0.3 million of lower bonus accruals. These expenses, as a percent of net sales were 5.6% for the both the three months ended March 31, 2015 and March 31, 2014.

Depreciation and amortization was $4.3 million for both the three months ended March 31, 2015 and 2014.

Operating income for the three months ended March 31, 2015 was $12.6 million compared to $14.5 million for the 2014 period, a decrease of $1.9 million, or 13.1%, primarily from lower sales volume, lower silver and non-silver metal profits and less favorable plant utilization, partially offset by higher LIFO/copper profits.

Interest expense was $5.7 million in each of the three month periods ended March 31, 2015 and 2014.

Amortization of deferred financing costs was $0.5 million and $0.4 million for the three month periods ended March 31, 2015 and 2014, respectively.

Income tax provision was $2.2 million and $3.2 million for the three months ended March 31, 2015 and 2014, respectively. The Company's effective tax rate was 33.7% for the three months ended March 31, 2015 and 38.0% for the three months ended March 31, 2014. 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 due to a change in New York law on March 31, 2014 which reduced our New York State income tax rate to zero.

Net income was $4.3 million and $5.2 million for the three months ended March 31, 2015 and 2014, respectively. Net income per basic share was $0.80 and $0.86 while net income per diluted share was $0.79 and $0.81 for the three months ended March 31, 2015 and 2014, respectively.

Financial Condition

At the end of the first quarter, total cash and cash equivalents were $12.5 million, an increase of $7.3 million from year-end 2014 primarily due to a $10.0 million dividend from IWG funded through cash flows provided by operating activities, partially offset by $2.3 million in common stock repurchases.

Accounts receivable of $121.3 million as of March 31, 2015 increased $7.2 million, or 6.3%, from year-end 2014. This increase was primarily due to higher sales levels in the Bare Wire, Engineered Wire Products–Europe and HPC segments in the current quarter compared to the fourth quarter of 2014, partially offset by a decrease in days sales outstanding to 60 days as of March 31, 2015 compared to 64 days at year-end 2014. Accounts receivable allowances as a percentage of accounts receivable decreased from 1.1% at December 31, 2014 to 1.0% as of March 31, 2015 reflecting an increase in the accounts receivable balance from December 31, 2014 to March 31, 2015.

Inventories of $47.5 million as of March 31, 2015 decreased by $1.2 million from December 31, 2014. This decrease was primarily the result of lower inventory quantities in the Bare Wire segment and HPC segments ($6.3 million), partially offset by a decrease in the LIFO reserve ($5.1 million).

Accounts payable were $33.4 million as of March 31, 2015, or an increase of $10.0 million from December 31, 2014 levels, resulting from more pounds purchased due to higher sales levels in the Bare Wire, Engineered Wire Products–Europe and HPC segments in the current quarter compared to the fourth quarter of 2014.

Liquidity and Capital Resources

Working Capital and Cash Flows

Net cash provided by operating activities was $14.3 million for the three months ended March 31, 2015, compared to net cash provided by operating activities of $13.9 million for the three months ended March 31, 2014. This increase of $0.4 million was primarily the result of a favorable inventory impact of $12.6 million, partially offset by an unfavorable accounts receivable impact of $6.0 million, an unfavorable accounts payable impact of $4.6 million, lower net income of $0.9 million and other, net of $0.7 million.

Net cash used in investing activities was $2.2 million for the three months ended March 31, 2015 and $2.6 million for the three months ended March 31, 2014. This decrease of $0.4 million resulted primarily from lower capital expenditures in the 2015 period.

Net cash used in financing activities was $4.2 million for the three months ended March 31, 2015, compared to net cash used in financing activities of $20.4 million for the three months ended March 31, 2014. There were net repayments of $1.8 million for the three months ended March 31, 2015, and net repayments of $12.9 million for the three months ended March 31, 2014. There were repurchases of common stock of $2.3 million and $7.5 million for the three months ended March 31, 2015 and 2014, respectively.

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 were no stock repurchases in 2015 or 2014 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 March 31, 2015, there have been no purchases under this program.

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 up to $10.6 million as of March 31, 2015.

Off-Balance Sheet Arrangements

We have not historically utilized off-balance sheet financing arrangements and have no such arrangements as of March 31, 2015. However, we do lease certain facilities and equipment under agreements 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 March 31, 2015, the future minimum lease payments under these arrangements totaled $8.5 million.