MCKOWN DAVID K
Form 4
December 13, 2018

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MCKOWN DAVID K

(Last) (First) (Middle)

C/O GLOBAL PARTNERS LP, 800 SOUTH STREET, SUITE 500

(Street)

WALTHAM, MA 02453

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GLOBAL PARTNERS LP [GLP]

3. Date of Earliest Transaction (Month/Day/Year)
12/11/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common units representing limited partner interests	12/11/2018		S		2,715	A	$ 16.71 (1)	7,857	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCKOWN DAVID K C/O GLOBAL PARTNERS LP 800 SOUTH STREET, SUITE 500 WALTHAM, MA 02453	X			

Signatures

Amy J. Gould, Attorney-in-Fact for David K. McKown	12/13/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The price reported is the weighted average price per common unit representing limited partner interests in Global Partners LP ("Common Unit"). Common Units were sold in multiple transactions at prices ranging from $16.70 to $16.77 per Common Unit. The Reporting Person will provide, upon request by the Commission staff, the Issuer or a security holder of the Issuer, full information regarding the number Common Units sold at each price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Subsidiaries

Subsidiaries

Adjustments

Consolidated

Cash provided by operating activities

$

108.6

$

334.1

$

70.3

$

$

513.0

Investing activities:

Purchases of property, plant and equipment

(10.4

)

(99.1

)

(9.2

)

(118.7

)

Acquisitions, net of cash acquired

(796.8

)

(796.8

)

Net advances to subsidiaries

(155.9

)

Explanation of Responses:

155.9

Other investing activities, net

0.1

9.8

7.2

17.1

Cash used in investing activities

(963.0
)

(89.3
)

(2.0
)

155.9

(898.4
)

)

Financing activities:

Net short-term debt (repayments) borrowings

(473.8

)

3.8

(470.0

)

Proceeds from long-term debt borrowings

2,297.9

2,297.9

Principal payments on long-term debt

(1,412.8

)

(0.5

)

(0.7

)

(1,414.0

)

Dividends paid

(71.4

)

(71.4

)

Net intercompany borrowings (repayments)

214.4

(58.5

)

(155.9

)

Other financing activities, net

52.1

(1.8

)

50.3

Cash provided by (used in) financing activities

865.8

(261.7

)

(55.4

)

(155.9

)

392.8

Effect of exchange rate changes on cash and cash equivalents

(0.1

)

(0.1

)

Increase (decrease) in cash and cash equivalents

11.4

(16.9

)

12.8

7.3

Cash and cash equivalents at beginning of year

28.1

13.1

56.4

97.6

Cash and cash equivalents at end of period

$

39.5

$

(3.8

)

Explanation of Responses:

$

69.2

$

$

104.9

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RELIANCE STEEL & ALUMINUM CO.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

This report contains certain statements that are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Our forward-looking statements include discussions of our business strategies and our expectations concerning future operations, margins, profitability, liquidity and capital resources. In some cases, you can identify forward-looking statements by terminology such as may, will, should, could, would, expect, plan, anticipate, believe, estimate, predict, potential and continue, the negative of these terms, and similar expressions. A contained in this report, other than statements of historical fact, are forward-looking statements. These forward-looking statements are based on management s estimates, projections and assumptions as of the date of such statements.

Forward-looking statements involve known and unknown risks and uncertainties and are not guarantees of future performance. Actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements as a result of various important factors, including, but not limited to, those disclosed in this report and in other reports we have filed with the Securities and Exchange Commission (the SEC). As a result, these statements speak only as of the date that 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, except as may be required by law. Important risks and uncertainties about our business can be found in our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC.

Overview

We had solid operational performance in the 2014 third quarter with both demand and pricing up compared to the 2013 third quarter, as well as the 2014 second quarter, reflecting the slow, steady improvement in the U.S. industrial markets that we have experienced throughout the first nine months of 2014. The typical seasonal trend is for third quarter tons sold to decline versus the second quarter, mainly due to maintenance closures at some of our customers; however, our same-store tons sold were 2.3% higher compared to the 2014 second quarter. The MSCI industry data showed 2014 third quarter shipments were down 2.2% compared to the 2014 second quarter, reflecting the typical industry trend. We believe our atypical results reflect both our continued growth in market share from our ongoing investments in our existing businesses as well as our diversification strategy.

Our average selling price has increased sequentially for three quarters in a row; however, for the first nine months of 2014, our average selling price is still lower than in the 2013 nine-month period. Our gross profit margin declined in the 2014 third quarter as compared to the 2013 third quarter and the 2014 second quarter, but was within our historical range of 25% to 27%. We are very proud of this given the historically high levels of import material coming into the U.S. market, putting downward pressure on prices and increasing the competitive environment in the service center industry.

Our earnings in the 2014 third quarter were negatively impacted by charges to settle our previously disclosed Texas antitrust litigation matter. This resulted in an increase in our S,G&A expenses, which reduced our operating income as well as our net income.

During the 2014 third quarter we completed two acquisitions, which helped expand our aerospace presence as well as augment our traditional metal distribution capabilities with higher value-added services.

Our 2014 cash flow from operations has declined from 2013 levels for the nine-month period, mainly because the improved business environment has required us to carry higher levels of working capital to service the higher demand levels of our customers. In 2014, we have increased our level of import buys somewhat, which has had a slight negative impact on our inventory turns because of longer lead times and larger quantity buys. However, we expect to improve our turn rate over the coming quarters.

We invested $134.4 million in capital expenditures in the nine-month period ended September 30, 2014, with the majority related to growth activities. We increased our return of cash to shareholders in the nine-month period ended September 30, 2014, with a 12.9% increase in our regular quarterly dividend rate compared to the same period in 2013. Our Board of Directors extended the existing share repurchase program to December 31, 2017 and we repurchased approximately $40.0 million of our common stock in the period from October 27, 2014 through October 30, 2014, further reflecting our commitment to returning value to our shareholders.

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We believe that, given continued improvement in demand, especially for non-residential construction, we have current capacity for meaningfully higher earnings. However, in the 2014 fourth quarter, we expect lower volume given the normal seasonality associated with fewer shipping days resulting from the holiday season as well as extended holiday-related closures at many of our customers facilities. Also, we have begun to see weakness in mill pricing for certain carbon steel products, especially given the historically high levels of imports, as well as downward movement in nickel prices that impacts pricing of many of our stainless steel products. Lower prices have a negative impact on our earnings.

We will continue to focus on working capital management, maximizing profitability of our existing businesses and achieving profitable growth through both acquisitions and internal investment. Our operating and growth strategies have helped us achieve industry-leading operating results on a consistent basis and we remain confident in our ability to continue our track record of success going forward.

2014 Acquisitions

On August 1, 2014, we acquired Aluminium Services UK Limited, the parent holding company of All Metal Services (AMS). AMS provides comprehensive materials management solutions to aerospace and defense OEMs and their subcontractors on a global basis, supporting customers in more than 40 countries worldwide. AMS offers a broad range of aerospace metals including aluminum, steel, titanium, nickel alloys and aluminum bronze, offering full or cut to size materials. AMS also offers in-house machining and water-jet cutting for more complex requirements. AMS has eight locations in four countries including China, France, Malaysia, and the United Kingdom. Net sales of AMS during the period from August 1, 2014 through September 30, 2014 were $45.1 million. Net sales of AMS during the twelve months ended December 31, 2013 were approximately $280.0 million and were not included in Reliance s consolidated financial results for 2013.

On August 1, 2014, we acquired Northern Illinois Steel Supply Co. (NIS), a value-added distributor and fabricator of a variety of steel and non-ferrous metal products, primarily structural steel components and parts, located in Channahon, Illinois. Net sales of NIS during the period from August 1, 2014 through September 30, 2014 were $3.5 million. Net sales of NIS during the twelve months ended December 31, 2013 were approximately $20.0 million and were not included in Reliance s consolidated financial results for 2013.

2013 Acquisitions

On November 1, 2013, we acquired Haskins Steel Co., Inc. (Haskins Steel), located in Spokane, Washington. Founded in 1955, Haskins Steel processes and distributes primarily carbon steel and aluminum products of various shapes and sizes to a diverse customer base in the Pacific Northwest. Their in-house processing capabilities include shearing, sawing, burning and forming. Net sales of Haskins Steel for the nine months ended September 30, 2014 were $23.0 million.

On April 30, 2013, we acquired Travel Main Holdings, LLC (Travel Main), a real estate holding company with a portfolio of 18 real estate properties, all of which are leased by certain of our subsidiaries. The transaction value of $78.9 million included the assumption of $43.8 million of indebtedness.

On April 12, 2013, we acquired Metals USA. Metals USA is one of the largest metals service center businesses in the United States and a leading provider of value-added processed aluminum, brass, copper, carbon steel, stainless steel, manufactured metal components and inventory management services. Metals USA sells its products and services to a diverse customer base and broad range of end markets, including the aerospace, auto, defense, heavy equipment, marine transportation, commercial construction, office furniture manufacturing, energy and oilfield service industries, among several others. This acquisition added a total of 44 service centers strategically located throughout the United States to our existing operations and complements our existing customer base, product mix and geographic footprint. Net sales of Metals USA for the nine months ended September 30, 2014 and during the period from April 13, 2013 through September 30, 2013 were $1.36 billion and $828.8 million, respectively.

On May 16, 2014, we sold Metals USA s non-core roofing business for net proceeds of approximately $26.2 million and recorded a pre-tax loss of approximately $1.1 million, which is included in other expense, net. Net sales of Metals USA s non-core roofing business during the nine months ended September 30, 2014 and during the period from April 13, 2013 through September 30, 2013 were $9.6 million and $17.1 million, respectively.

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Three Months and Nine Months Ended September 30, 2014 Compared to Three Months and Nine Months Ended September 30, 2013

The following table sets forth certain income statement data for the three-month and nine-month periods ended September 30, 2014 and 2013 (dollars are shown in millions and certain amounts may not calculate due to rounding):

	Three Months Ended September 30, 2014		2013		Nine Months Ended September 30, 2014		2013	
	$	**% of Net Sales**	**$**	**% of Net Sales**	**$**	**% of Net Sales**	**$**	**% of Net Sales**
Net sales	$ 2,705.1	100.0%	$ 2,443.5	100.0%	$ 7,874.9	100.0%	$ 6,917.1	100.0%
Cost of sales (exclusive of depreciation and amortization expense shown below)	2,026.9	74.9	1,800.5	73.7	5,876.2	74.6	5,123.7	74.1
Gross profit (1)	678.2	25.1	643.0	26.3	1,998.7	25.4	1,793.4	25.9
Warehouse, delivery, selling, general and administrative expense (S,G&A (2))	472.9	17.5	430.0	17.6	1,358.8	17.3	1,213.7	17.5
Depreciation expense	39.9	1.5	35.8	1.5	116.3	1.5	100.6	1.5
Amortization expense	14.1	0.5	14.1	0.6	42.3	0.5	40.5	0.6
Operating income	$ 151.3	5.6%	$ 163.1	6.7%	$ 481.3	6.1%	$ 438.6	6.3%

(1) Gross profit, calculated as net sales less cost of sales, and gross profit margin, calculated as gross profit divided by net sales, are non-GAAP financial measures as they exclude depreciation and amortization expense associated with the corresponding sales. The majority of our orders are basic distribution with no processing services performed. For the remainder of our sales orders, we perform first-stage processing, which is generally not labor intensive as we are simply cutting the metal to size. Because of this, the amount of related labor and overhead, including depreciation and amortization, are not significant and are excluded from our cost of sales. Therefore, our cost of sales is primarily comprised of the cost of the material we sell. We use gross profit and gross profit margin as shown above as measures of operating performance. Gross profit and gross profit margin are important operating and financial measures, as fluctuations in our gross profit margin can have a significant impact on our earnings. Gross profit and gross profit margin, as presented, are not necessarily comparable with similarly titled measures for other companies.

(2) Includes non-recurring charges related to our Texas anti-trust settlement of $13.5 million and $25.0 million for the three- and nine-month periods ended September 30, 2014, respectively; $2.6 million and $3.7 million for the three- and nine-month periods ended September 30, 2013, respectively. Additionally, S,G&A includes non-recurring acquisition and other charges related to our 2014 and 2013 acquisitions of $0.8 million for the three- and nine-month periods ended September 30, 2014 and $12.4 million for the nine-month period ended September 30, 2013.

Net Sales

September 30, 2014	2013	Dollar Change	Percentage Change

	(in millions)			
Net sales (three months ended)	$ 2,705.1	$ 2,443.5	$ 261.6	10.7%
Net sales (nine months ended)	$ 7,874.9	$ 6,917.1	$ 957.8	13.8%
Net sales, same-store (three months ended)	$ 2,204.4	$ 2,011.2	$ 193.2	9.6%
Net sales, same-store (nine months ended)	$ 6,439.8	$ 6,088.3	$ 351.5	5.8%

	September 30, 2014	2013	Tons Change	Percentage Change
	(in thousands)			
Tons sold (three months ended)	1,545.4	1,452.5	92.9	6.4%
Tons sold (nine months ended)	4,617.6	3,981.9	635.7	16.0%
Tons sold, same-store (three months ended)	1,227.3	1,151.0	76.3	6.6%
Tons sold, same-store (nine months ended)	3,626.4	3,404.6	221.8	6.5%

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	September 30, 2014	September 30, 2013	Price Change	Percentage Change
Average selling price per ton sold (three months ended)	$ 1,752	$ 1,679	$ 73	4.3%
Average selling price per ton sold (nine months ended)	$ 1,709	$ 1,736	$ (27)	(1.6)%
Average selling price per ton sold, same-store (three months ended)	$ 1,798	$ 1,743	$ 55	3.2%
Average selling price per ton sold, same-store (nine months ended)	$ 1,781	$ 1,786	$ (5)	(0.3)%

Tons sold and average selling price per ton sold amounts exclude our toll processing sales. Same-store amounts exclude the results of our acquisitions in 2014 and 2013.

Our 2014 third quarter sales of $2.71 billion were a record for us. Our consolidated sales and tons sold are higher in the nine-month period ended September 30, 2014 as compared to the same period in 2013, mainly due to our acquisition of Metals USA in April of 2013. In the nine-month period ended September 30, 2014, Metals USA contributed $1.36 billion of sales compared to $828.8 million of sales in the same period in 2013. In general, business activity in almost all of our end markets has improved somewhat in 2014 compared to 2013. For the three- and nine-month periods ended September 30, 2014, same-store tons sold were up 6.6% and 6.5%, respectively, from the comparable 2013 periods, well above the industry data reported by the Metals Service Center Institute (MSCI), which was up 5.0% and 4.4% during the same periods, respectively. End markets that continued to perform well for us in the three-month and nine-month periods ended September 30, 2014 when compared to the same 2013 periods were auto, primarily through our toll processing businesses in the U.S. and Mexico, aerospace and energy. Manufacturing also performed reasonably well. Non-residential construction, our largest end market, continues to improve modestly, albeit at significantly reduced demand levels from its peak in 2006.

Since we primarily purchase and sell our inventories in the spot market, the changes in our average selling prices generally fluctuate in accordance with changes in the costs of the various metals we purchase. The mix of products sold can also have an impact on our average selling prices.

Our same-store average selling price in the 2014 third quarter was up 3.2% compared to the 2013 third quarter given increased mill pricing for most products, most notably carbon and stainless steel. Our average selling prices for the nine-month period ended September 30, 2014 continue to be below the levels in the same period in 2013 due to pressure on mill prices mainly from historically high import levels in the U.S., lower raw material prices and a strong U.S. dollar.

Our major commodity same-store selling prices changed as follows:

	Same-store Average Selling Price per Ton Sold Year-Over-Year (Percentage Change)	
	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Carbon steel	4.8%	2.1%
Aluminum	(1.2)%	(2.7)%
Stainless steel	5.1%	(0.8)%
Alloy	(1.1)%	(2.3)%

As carbon steel sales represent approximately 54% of our sales dollars, changes in carbon steel prices have the most significant impact on changes in our overall average price per ton sold.

Cost of Sales

	September 30, 2014			2013			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Cost of sales (three months ended)	$ 2,026.9	74.9%	$ 1,800.5	73.7%	$ 226.4	12.6%
Cost of sales (nine months ended)	$ 5,876.2	74.6%	$ 5,123.7	74.1%	$ 752.5	14.7%

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The increase in cost of sales in the three-month period ended September 30, 2014 is mainly due to increases in our tons sold and higher mill pricing for most of our products. The increase in cost of sales in the nine-month period ended September 30, 2014 is mainly due to increases in our tons sold resulting from our 2014 and 2013 acquisitions offset by lower mill pricing for most of our products. See *Net Sales* above for trends in both demand and costs of our products.

Our LIFO inventory valuation reserve adjustment, which is included in our cost of sales and, in effect, reflects cost of sales at current replacement costs, resulted in a charge, or expense, of $20.0 million in the three-month period ended September 30, 2014 compared to a credit, or income, of $27.5 million in the same period in 2013. Our LIFO reserve adjustment resulted in a charge, or expense, of $30.0 million in the nine-month period ended September 30, 2014 compared to a credit, or income, of $37.5 million in the same period in 2013. Higher metal costs in 2014 as compared to December 31, 2013 levels resulted in LIFO expense in 2014.

Gross Profit

	September 30, 2014 $	2014 % of Net Sales	2013 $	2013 % of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Gross profit (three months ended)	$ 678.2	25.1%	$ 643.0	26.3%	$ 35.2	5.5%
Gross profit (nine months ended)	$ 1,998.7	25.4%	$ 1,793.4	25.9%	$ 205.3	11.4%

The increase in our gross profit in the three-month period ended September 30, 2014 is primarily due to the increase in our tons sold. The increase in our gross profit in the nine-month period ended September 30, 2014 is mainly due to the contributions from our 2014 and 2013 acquisitions, which were somewhat offset by the decrease in our gross margin percentage. See *Net Sales* and *Cost of Sales* for further discussion on product pricing trends and our inventory LIFO valuation reserve adjustments, respectively.

Our gross profit margin was within our historical range of 25% to 27%. The high levels of import material in the U.S. along with uncertainty due to metal price volatility have resulted in a competitive pricing environment in the 2014 periods.

Expenses

	September 30, 2014 $	2014 % of Net Sales	2013 $	2013 % of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
S,G&A expense (three months ended)	$ 472.9	17.5%	$ 430.0	17.6%	$ 42.9	10.0%
S,G&A expense (nine months ended)	$ 1,358.8	17.3%	$ 1,213.7	17.5%	$ 145.1	12.0%
S,G&A expense, same-store (three months ended)	$ 393.3	17.8%	$ 359.8	17.9%	$ 33.5	9.3%

S,G&A expense, same-store (nine months ended)	$	1,130.3	17.6%	$	1,069.4	17.6%	$	60.9	5.7%
Depreciation & amortization expense (three months ended)	$	54.0	2.0%	$	49.9	2.0%	$	4.1	8.2%
Depreciation & amortization expense (nine months ended)	$	158.6	2.0%	$	141.1	2.0%	$	17.5	12.4%

Same-store amounts exclude the results of our 2014 and 2013 acquisitions.

Our expenses in the nine-month period ended September 30, 2014 are higher than the same period in 2013 mainly due to the additional expenses of our acquisitions in 2014 and 2013. Our 2014 same-store three- and nine-month period S,G&A expenses increased somewhat in line with our increases in tons sold, but were also impacted by $13.5 million and $25.0 million of charges, respectively, related to our antitrust litigation settlement. Excluding the impact of the antitrust litigation matter, our three- and nine-month periods ended September 30, 2014 S,G&A expense as a percentage of net sales declined from the comparable 2013 periods due to better leverage of expenses as our tons sold and net sales increased. For further discussion regarding the antitrust litigation settlement, see Note 9 of the Notes to Unaudited Consolidated Financial Statements.

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The increase in depreciation and amortization expense was mainly due to our 2013 acquisition of Metals USA and depreciation expense from our recent capital expenditures.

Operating Income

	September 30,					
	2014		2013			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Operating income (three months ended)	$ 151.3	5.6%	$ 163.1	6.7%	$ (11.8)	(7.2)%
Operating income (nine months ended)	$ 481.3	6.1%	$ 438.6	6.3%	$ 42.7	9.7%

The lower operating income and operating income margin in the three-month period ended September 30, 2014 compared to the same period in 2013 were mainly due to our antitrust litigation settlement charge of $13.5 million and a decrease in our gross profit margin percentage, which offset the operating income contributions from our 2014 acquisitions.

Our operating income was higher in the nine-month period ended September 30, 2014 compared to the same period in 2013 due primarily to the contributions of our 2014 and 2013 acquisitions. The lower operating income margin in the nine-month period ended September 30, 2014 compared to the corresponding 2013 period was mainly due to our lower gross profit margin, but was also impacted by the antitrust litigation settlement charge of $25.0 million somewhat offset by acquisition and other charges related to our acquisition of Metals USA in April 2013.

Other Income (Expense)

	September 30,					
	2014		2013			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Interest (three months ended)	$ (20.8)	(0.8)%	$ (21.6)	(0.9)%	$ 0.8	(3.7)%
Interest (nine months ended)	$ (61.2)	(0.8)%	$ (56.8)	(0.8)%	$ (4.4)	7.7%
Other (expense) income, net (three months ended)	$ (0.1)	%	$ 1.2	%	$ (1.3)	(108.3)%
Other (expense) income, net (nine months ended)	$ (1.4)	%	$ 3.5	0.1%	$ (4.9)	(140.0)%

Interest expense was lower in the three-month period ended September 30, 2014 compared to the same period in 2013 due to our paying down debt with excess cash along with a lower weighted average interest rate on borrowings outstanding on our revolving credit facility. Interest expense for the nine-month period ended September 30, 2014 increased from the same period in 2013 primarily due to our $500.0 million senior notes offering to fund our $1.25 billion acquisition of Metals USA in April 2013. See discussion in the *Liquidity and Capital Resources* section of our *Management s Discussion and Analysis of Financial Condition and Results of Operations.*

The change in other (expense) income, net in the nine-month period ended September 30, 2014 compared to the same period in 2013 was primarily due to fewer redemptions of life insurance policies in 2014.

Income Tax Rate

Our effective income tax rates for the three-month periods ended September 30, 2014 and 2013 were 25.7% and 32.7%, respectively. Our effective income tax rates for the nine-month periods ended September 30, 2014 and 2013 were 32.5% and 31.9%, respectively. Our 2014 three-month period effective income tax rate was favorably impacted by the resolution of certain tax matters as well as higher deductions for domestic production activities. Permanent items that lowered our effective income tax rates from the federal statutory rate were not materially different in amounts during both years and relate mainly to company-owned life insurance policies, domestic production activities deductions and foreign income levels that are taxed at rates lower than the U.S. statutory rate of 35%.

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Net Income

	September 30, 2014 $	% of Net Sales	2013 $	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Net income attributable to Reliance (three months ended)	$ 95.5	3.5%	$ 95.1	3.9%	$ 0.4	0.4%
Net income attributable to Reliance (nine months ended)	$ 279.2	3.5%	$ 259.8	3.8%	$ 19.4	7.5%

The increase in our net income in the three-month period ended September 30, 2014 compared to the same period in 2013 was primarily due to a lower effective income tax rate offsetting our lower operating income. The increase in our net income in the nine-month period ended September 30, 2014 compared to the same period in 2013 was primarily the result of higher operating income.

The decrease in our net income as a percentage of net sales in the three-month period ended September 30, 2014 compared to the same period in 2013 is primarily due to lower gross profit margin and the antitrust litigation settlement charge. The decrease in our net income as a percentage of net sales in the nine-month period ended September 30, 2014 compared to the same period in 2013 is primarily due to our lower gross profit margin.

Liquidity and Capital Resources

Operating Activities

Net cash provided by operating activities was $162.8 million in the nine-month period ended September 30, 2014 compared to $513.0 million in the same period in 2013. The decrease of $350.2 million was mainly due to a larger working capital (primarily accounts receivable and inventories) investment in the 2014 period due to an improved demand environment compared to the 2013 period as well as increases in metal pricing during the 2014 period. To manage our working capital, we focus on our days sales outstanding and on our inventory turnover rate, as receivables and inventory are the two most significant elements of our working capital. At September 30, 2014, our days sales outstanding rate was approximately 41.0 days compared to 41.3 days at September 30, 2013. Our inventory turn rate (based on dollars) during the nine-month periods ended September 30, 2014 and 2013 was approximately 4.2 times (or 2.9 months on hand).

Investing Activities

Net cash used in investing activities of $261.2 million in the nine-month period ended September 30, 2014 was mainly comprised of our acquisitions and capital expenditures offset by net proceeds of $26.2 million from the sale of Metals USA s non-core roofing business. We spent $145.0 million, net of cash acquired for acquisitions in the nine-months ended September 30, 2014 compared to $796.8 million during the same period in 2013. Capital expenditures were $134.4 million for the nine-month period ended September 30, 2014 compared to $118.7 million during the same period in 2013. The majority of our capital expenditures relate to growth initiatives to expand or relocate existing facilities, adding or upgrading equipment, and ongoing maintenance requirements.

Financing Activities

Our net cash provided by financing activities of $115.5 million in the nine-month period ended September 30, 2014 was mainly comprised of net debt borrowings and proceeds received from the exercise of employee stock options offset by dividend payments to our shareholders. Net debt borrowings in the nine-month period ended September 30, 2014 were $171.4 million compared to $413.9 million in the same period in 2013. We paid dividends to our shareholders of $81.7 million during the nine-month period ended September 30, 2014, an increase of $10.3 million from the same period in 2013, due to increases in our regular quarterly dividend rate. Proceeds from exercises of stock options were $27.9 million, a decrease from $61.5 million in the same period in 2013.

On October 21, 2014, the Board of Directors declared the 2014 fourth quarter cash dividend of $0.35 per share. We have increased our dividend 21 times since our IPO in 1994 and have paid regular quarterly dividends to our shareholders for 55 consecutive years.

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On October 21, 2014, the Board of Directors also extended our Share Repurchase Plan to December 31, 2017. From October 27, 2014 through October 30, 2014, we repurchased 610,300 shares of our common stock at an average cost of $65.54 per share for approximately $40.0 million through open market purchases. As of October 30, 2014, approximately 7.3 million, or 9% of our outstanding shares remain available for repurchase. We did not repurchase any shares in the nine months ended September 30, 2014 or in 2013.

Liquidity

Our primary sources of liquidity are our internally generated funds from operations and our $1.5 billion revolving credit facility. Our total outstanding debt at September 30, 2014 was $2.32 billion, up from $2.11 billion at December 31, 2013. At September 30, 2014, we had $667.0 million in outstanding borrowings and $774.3 million available on our $1.5 billion revolving credit facility. As of September 30, 2014, our net debt-to-capital ratio was 35.1%, up from 34.3% as of December 31, 2013.

On April 4, 2013, we entered into a syndicated Third Amended and Restated Credit Agreement (the Credit Agreement) with 26 banks as lenders. The Credit Agreement amended and restated our existing $1.5 billion unsecured revolving credit facility and provided for a $500.0 million term loan and an option to increase the revolving credit facility for up to $500.0 million at our request, subject to approval of the lenders and certain other conditions. We intend to use the credit facility for working capital and general corporate purposes, including, but not limited to, capital expenditures, dividend payments, repayment of debt, stock repurchases, internal growth initiatives and acquisitions.

Other revolving credit facilities with a combined credit limit of approximately $86.4 million are in place for operations in Asia and Europe with combined outstanding balances of $52.0 million and $9.5 million as of September 30, 2014 and December 31, 2013, respectively.

Capital Resources

On November 20, 2006, we entered into an indenture (the 2006 Indenture), for the issuance of $600.0 million of unsecured debt securities. The notes were issued in two tranches: (a) $350.0 million aggregate principal amount of senior unsecured notes bearing interest at the rate of 6.20% per annum, maturing on November 15, 2016; and (b) $250.0 million aggregate principal amount of senior unsecured notes bearing interest at the rate of 6.85% per annum, maturing on November 15, 2036.

On April 12, 2013, we entered into an indenture (the 2013 Indenture and, together with the 2006 Indenture, the Indentures), for the issuance of $500.0 million aggregate principal amount of senior unsecured notes at the rate of 4.50% per annum, maturing on April 15, 2023. The net proceeds from the issuance were used to partially fund the acquisition of Metals USA.

Under the Indentures, the notes are senior unsecured obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations. The notes are guaranteed by certain of our 100%-owned domestic subsidiaries that guarantee our Credit Agreement. The senior unsecured notes include provisions that require us to make an offer to repurchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest in the event of a change in control and a downgrade of our credit rating.

The $500.0 million term loan due April 4, 2018 amortizes in quarterly installments, with an annual amortization of 5% through March 2015 and 10% thereafter until March 2018, with the balance to be paid at maturity. The term loan may be prepaid without penalty.

In connection with our acquisition of Metals USA, we assumed industrial revenue bonds with combined outstanding balances of $11.6 million as of September 30, 2014 that have maturities through 2027. Additionally, we assumed mortgage obligations pursuant to our acquisition of Travel Main, which have outstanding balances of $42.1 million as of September 30, 2014. The mortgages, which are secured by the underlying properties, have a fixed interest rate of 6.40% and scheduled amortization payments with a lump sum payment of $39.2 million due October 2016.

As of September 30, 2014, we had $599.2 million in principal amount of debt obligations due before our $1.5 billion revolving credit facility matures on April 4, 2018. We are confident that we will be able to fund our debt obligations as well as our working capital, capital expenditures, dividend, share repurchase, growth and other needs with a combination of cash flow from operations, borrowings on our revolving credit facility, and raising additional funds in the bank or capital markets, as appropriate. We expect to continue our acquisition and other growth activities in the future and anticipate that we will be able to fund such activities as they arise.

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Covenants

Our Credit Agreement, including our term loan, requires us to maintain a minimum interest coverage ratio and a maximum leverage ratio, among other things. Our interest coverage ratio for the twelve-month period ended September 30, 2014 was approximately 7.4 times compared to the debt covenant minimum requirement of 3.0 times (interest coverage ratio is calculated as net income attributable to Reliance plus interest expense and provision for income taxes and plus or minus any non-operating non-recurring loss or gain, respectively, divided by interest expense). Our leverage ratio at September 30, 2014, calculated in accordance with the terms of the Credit Agreement, was 36.6% compared to the debt covenant maximum amount of 60% (leverage ratio is calculated as total debt, inclusive of capital lease obligations and outstanding letters of credit, divided by Reliance shareholders equity plus total debt).

Our obligations under the Credit Agreement and Indentures are required to be guaranteed by certain of our 100%-owned domestic subsidiaries. The subsidiary guarantors, together with Reliance, are required to collectively account for at least 80% of our consolidated EBITDA and 80% of consolidated tangible assets. Reliance and the subsidiary guarantors accounted for approximately 90% of our total consolidated EBITDA for the last twelve months and approximately 86% of total consolidated tangible assets as of September 30, 2014.

We were in compliance with all debt covenants at September 30, 2014.

Off-Balance-Sheet Arrangements

We do not have any off-balance-sheet arrangements or relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities, which are typically established for the purpose of facilitating off-balance-sheet arrangements or other contractually narrow or limited purposes.

As of September 30, 2014 and December 31, 2013, we were contingently liable under standby letters of credit in the aggregate amount of $58.7 million. The letters of credit relate to insurance policies, construction projects and outstanding bonds.

Contractual Obligations and Other Commitments

We had no material changes in commitments for capital expenditures, operating lease obligations or purchase obligations as of September 30, 2014, as compared to those disclosed in our table of contractual obligations included in our Annual Report on Form 10-K for the year ended December 31, 2013.

Inflation

Our operations have not been, and we do not expect them to be, materially affected by general inflation. Historically, we have been successful in adjusting prices to our customers to reflect changes in metal prices.

Seasonality

Some of our customers are in seasonal businesses, especially customers in the construction and energy industries and related businesses. Our geographic, product and customer diversity reduces the impact of seasonal trends on our operating results. However, revenues in the months of July, November and December traditionally have been lower than in other months because of a reduced number of working days for shipments of our products resulting from vacation and holiday closures at some of our customers. We cannot assure you that period-to-period fluctuations will be consistent with historical patterns. Results of any one or more quarters are therefore not necessarily indicative of annual results.

Goodwill and Other Intangible Assets

Goodwill, which represents the excess of cost over the fair value of net assets acquired, amounted to $1.71 billion at September 30, 2014, or approximately 21.3% of total assets, or 41.6% of Reliance shareholders equity. Additionally, other intangible assets, net amounted to $1.22 billion at September 30, 2014, or approximately 15.2% of total assets, or 29.7% of Reliance shareholders equity. Goodwill and other intangible assets deemed to have indefinite lives are not amortized but are subject to annual impairment tests. Other intangible assets with finite useful lives continue to be amortized over their useful lives. We review the recoverability of our long-lived assets whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable.

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Critical Accounting Policies and Estimates

Management s Discussion and Analysis of Financial Condition and Results of Operations discuss our Consolidated Financial Statements, which have been prepared in accordance with U.S. generally accepted accounting principles. When we prepare these consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Some of our accounting policies require that we make subjective judgments, including estimates that involve matters that are inherently uncertain. Our most critical accounting estimates include those related to accounts receivable, inventories, income taxes, goodwill and intangible assets, long-lived assets, and litigation liabilities. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for our judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

See *Critical Accounting Policies and Estimates* in our Annual Report on Form 10-K for the year ended December 31, 2013 for further information regarding the accounting policies that we believe to be critical accounting policies and that affect our more significant judgments and estimates used in preparing our consolidated financial statements. We do not believe that any of the new accounting guidance implemented during 2014 changed our critical accounting policies.

New Accounting Guidance

See *Note 2 Impact of Recently Issued Accounting Guidance* to our Unaudited Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for disclosure on new accounting guidance issued or implemented.

Item 3. Quantitative And Qualitative Disclosures About Market Risk

In the ordinary course of business, we are exposed to various market risk factors, including fluctuations in interest rates, changes in general economic conditions, domestic and foreign competition, foreign currency exchange rates, metals pricing, demand and availability. There have been no significant changes in our market risk exposures since December 31, 2013. See *Item 7A - Quantitative and Qualitative Disclosures About Market Risk* in our Annual Report on Form 10-K for the year ended December 31, 2013 for further discussion on quantitative and qualitative disclosures about market risk.

Item 4. Controls And Procedures

Under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures pursuant to and as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as of the end of the period covered in this report, the

Company s disclosure controls and procedures are effective.

There have been no changes in the Company s internal control over financial reporting during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this item is hereby incorporated by reference to the material appearing in Note 9 of the Notes to Unaudited Consolidated Financial Statements included in this Quarterly Report on Form 10-Q under the caption *Legal Matters*.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013.

Item 6. Exhibits

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q.

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SIGNATURES

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

RELIANCE STEEL & ALUMINUM CO.

Dated: October 31, 2014	By:	/s/	David H. Hannah David H. Hannah Chairman and Chief Executive Officer
	By:	/s/	Karla R. Lewis Karla R. Lewis Executive Vice President and Chief Financial Officer

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Exhibit Index

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.PRE	XBRL Taxonomy Presentation Linkbase Document.