STEEL DYNAMICS INC
Form 10-K
February 26, 2016

Use these links to rapidly review the document

Table of Contents

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

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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

Commission File Number 0-21719

(Exact name of registrant as specified in its charter)

Indiana	**35-1929476**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
7575 West Jefferson Blvd, Fort Wayne, IN	**46804**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(260) 969-3500**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, $.0025 par value	Nasdaq Global Select Stock Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated file o	Non-accelerated filer o (Do not check if a smaller reporting company.)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ý

The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the common equity was last sold as of June 30, 2015, was approximately $4,117,734,350. Registrant has no non-voting shares. For purposes of this calculation, shares of common stock held by directors, officers and 5% stockholders known to the registrant have been deemed to be owned by affiliates, but this should not be construed as an admission that any such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant or that such person is controlled by or under common control with the registrant.

As of February 17, 2016, Registrant had outstanding 243,186,659 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of registrant's definitive proxy statement referenced in Part III, Items 10 through 14 of this report, to be filed prior to April 29, 2016, are incorporated herein by reference.

Table of Contents

STEEL DYNAMICS, INC.

Table of Contents

Table of Contents

PART I

Special Note Regarding Forward-Looking Statements

Throughout this report, or in other reports or registration statements filed from time to time with the Securities and Exchange Commission under the Securities Exchange Act of 1934, or under the Securities Act of 1933, as well as in documents we incorporate by reference herein or herefrom, or in press releases or oral statements made by our officers or Regulation FD authorized representatives, we may make statements that express our opinions, expectations, or projections regarding future events or future results, in contrast with statements that reflect present or historical facts. These predictive statements, which we generally precede or accompany by such typical conditional words as "anticipate," "intend," "believe," "estimate," "plan," "seek," "project" or "expect," or by the words "may," "will," or "should," are intended to operate as "forward looking statements" of the kind permitted by the Private Securities Litigation Reform Act of 1995, incorporated in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve both known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. That legislation protects such predictive and cautionary statements by creating a "safe harbor" from liability in the event that a particular prediction does not turn out as anticipated.

While we always intend to express our best judgment when we make statements about what we believe will occur in the future, and although we base these statements on assumptions that we believe to be reasonable when made, these forward looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. Forward-looking statements are subject to many uncertainties and other variable circumstances, many of which are outside of our control, that could cause our actual results and experience to differ materially from those we thought would occur.

The following listing represents some, but not necessarily all, of the factors that may cause actual results to differ from those we may have anticipated or predicted:

- the adverse impact of the economic recession, or a slower than anticipated or uneven recovery therefrom, resulting in a general decrease of or stagnating demand for our products:
- the weakening of demand for steel products within the construction or other metal consuming industries;
- conditions affecting steel or recycled metals consumption;
- U.S. or foreign trade policy affecting the amount of foreign steel imported in the United States, or adverse or less than satisfactory outcomes of pending and future trade cases alleging unlawful practices in connection with steel imports;
- cyclical changes in market supply and demand for steel and recycled metals;
- increased price competition brought about by excess domestic and global steelmaking capacity;
- changes in the availability or cost of raw materials, such as recycled metals, iron substitute materials, including pig iron, iron concentrate, or other raw materials or supplies, which we use in our production processes;
- periodic fluctuations in the availability and cost of electricity, natural gas, or other utilities;

the occurrence of unanticipated equipment failures and plant outages;

margin compression resulting from falling selling prices with no offsetting reduction in raw material costs, or our inability to pass increases in costs of raw materials and supplies, if any, onto our customers;

Table of Contents

labor unrest, work stoppages and/or strikes involving our own workforce, those of our important suppliers or customers, or those affecting the steel industry in general;

the impact of, or changes in, environmental law or in the application of other legal or regulatory requirements upon our production processes or costs of production or upon those of our suppliers or customers, including actions by government agencies, such as the U.S. Environmental Protection Agency or related state agencies, upon our receipt of pending or future environmentally related construction or operating permits;

the impact of U.S. government or various other governmental agencies introducing laws or regulatory changes in response to the subject of climate change and greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms;

private or governmental liability claims or litigation, or the impact of any adverse litigation costs or outcome of any litigation on the adequacy of our reserves or the availability or adequacy of our insurance coverage;

changes in our business strategies or development plans which we have adopted, or which may be brought about in response to actions by our suppliers or customers, and any difficulty or inability to successfully consummate, implement, or integrate any planned or potential projects, acquisitions, joint ventures or strategic alliances;

increased price and other forms of competition from other steel producers, scrap processors and alternative materials;

the impact of construction delays, cost overruns, technology risk or operational complications upon our ability to complete, start-up or continue to profitably operate a project or a new business, or to complete, integrate and operate any potential acquisitions as anticipated;

the impact of impairment charges;

costs to idle facilities, idled facility carrying costs, or increased costs to resume production at idled facilities;

increased global information technology security requirements, vulnerabilities and threats, and a rise in sophisticated cyber crime that pose a risk to the security of our operating systems and data networks and to the confidentiality, availability and integrity of our data; and

uncertainties involving new products or new technologies.

We also refer you to and urge you to carefully read the section entitled *Risk Factors* at Item 1A of this report to better understand some of the principal risks and uncertainties inherent in our businesses or in owning our securities, as well as the section entitled *Management Discussion and Analysis of Financial Condition and Results of Operations* at Item 7. You should also review the notes to consolidated financial statements under headings in Note 1 *Use of Estimates* and in Note 9 *Commitments and Contingencies*.

Any forward-looking statements which we make in this report or in any of the documents that are incorporated by reference herein or herefrom speak only as of the date of such statement, and we undertake no ongoing obligation to update such statements. Comparisons of results between current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Table of Contents

ITEM 1. BUSINESS

Our Company

Steel Dynamics, Inc. (the company) is one of the largest steel producers and one of the largest metals recyclers in the United States based on a current estimated annual steelmaking and coating capability of approximately 11 million tons, and actual recycling volumes. We reported net sales of $7.6 billion, $8.8 billion, and $7.4 billion during 2015, 2014, and 2013, respectively. The primary sources of our revenues are from the manufacture and sale of steel products, processing and sale of recycled ferrous and nonferrous metals, and the fabrication and sale of steel joist and deck products.

Competitive Strengths / Business Strategies

We believe our financial strength and flexibility, coupled with our competitive advantages of maintaining a low, highly variable cost structure, producing a diversified value-added product offering, controlling a secure supply of recycled ferrous metals, fostering an entity-wide entrepreneurial culture and having an experienced senior management team and work force, positions us well to continue to strengthen our leadership position and execute our growth strategy.

One of the Lowest Cost Steel Producers in the United States; State-of-the-Art Facilities / Continue to Maintain Low Production Costs

We are focused on continuing to maintain and enhance one of the lowest operating cost structures in the North American steel industry. Our low operating costs are primarily a result of our efficient plant designs and operations, our high productivity rate, such as our productivity rate of approximately 0.3 man hours per hot band ton produced at our Butler Flat Roll Division, low ongoing maintenance cost requirements and strategic locations near our customers and sources of our primary raw material, ferrous scrap.

We will continue to strive to optimize the use of our equipment, enhance our productivity and explore new technologies to further improve our unit costs of production at each of our facilities. As one of the lowest cost producers in each of our three primary operating segments, we are able to better manage through cyclical and non-cyclical downturns, and to consistently maximize our profitability. We continuously seek to maximize the variability of our cost structure and to reduce per unit and fixed costs. Our incentive compensation plans at all employee levels are based on both divisional and consolidated company performance. Performance-based incentive compensation is designed to reward high productivity and efficient use of physical resources and capital employed. Additionally, leveraging existing facilities through capital effective organic growth and diversified product offerings allows us to maximize utilization of current cost structures.

Secure Supply of High Quality, Just-in-time Ferrous Raw Materials

We maintain a secure supply of ferrous raw material resources through the benefit of our metals recycling operations and Iron Dynamics. Ferrous materials represent the single largest raw material component of our steel operations' manufacturing costs, excluding The Techs, representing 55% and 65% of such costs in 2015 and 2014, respectively. During 2015 and 2014, our metals recycling operations (OmniSource) provided our steel operations with 37% and 44%, respectively, of its ferrous scrap requirements based on volume. This represented 54% and 48% of OmniSource's total ferrous scrap shipments during 2015 and 2014, respectively. During 2015 and 2014, our steel operations consumed 8.8 and 7.6 million tons, respectively, of metallic materials, of which iron units, other than scrap, represented approximately 12% and 9% in 2015 and 2014, respectively. Iron Dynamics supplies 100% of its production to the Butler Flat Roll Division, representing 66% and 62% of their iron units in 2015 and 2014, respectively, through the transfer of liquid pig iron and hot briquetted iron, which are higher-quality, energy-saving ferrous raw materials. We believe our metals recycling operations and

Table of Contents

Iron Dynamics provide us with a high quality, cost effective, and secure raw material platform for effective working capital management.

Diversified Product Mix / Expand Product Offerings

We are one of the most diversified steel companies in the United States, with very broad product offerings. We currently offer a broad range of steel products (see Steel Operations Products and Sales by End Market table following), including:

Sheet Products. Hot roll, cold roll and coated steel, including a wide variety of specialty products, such as light gauge hot roll, galvanized, galvanneal, Galvalume®, Galfan, and painted products.

Long Products. Structural steel beams, pilings, and standard and premium grade rail; engineered special-bar-quality of numerous sizes and chemistries; various merchant-bar products including rounds, angles, flats, channels, and reinforcing bar; and channels and specialty steel sections.

Steel Finishing and Fabrication Services. Turning, polishing, straightening, chamfering, precision saw-cutting and heat-treating of bar products; and cutting to length, additional straightening, hole punching, shot blasting, welding and coating of beams, channels and specialty steel sections.

Metals Recycling. An array of both ferrous and nonferrous scrap processing, scrap management, transportation, and brokerage products and services.

Steel Fabrication. Steel joists and steel deck material, including specialty deck.

This diversified mix of products enables us to access a broad range of end-user markets, serve a broad customer base, and help mitigate our market exposure to any one product or end-user market. In addition, our value-added product offerings help to balance our exposure to commodity grade products supplied by other domestic steel and to a larger extent in 2015 and 2014, foreign manufacturers.

We will continue to seek additional opportunities and collaborate with our customers to anticipate future needs to further expand our range of products, such as the recent expansions at our Engineered Bar Products Division into high-quality smaller-diameter SBQ bars, and at our Structural and Rail Division into premium grade rails. We also utilize greenfield projects and acquisitions, such as the September 14, 2015 purchase of steel deck facilities from Consolidated Systems, Inc. (CSi), and the September 16, 2014, acquisition of Columbus Flat Roll Division, for avenues of further diversification. Columbus Flat Roll Division is in the process of expanding its offering of value-added flat roll steel products through the addition of painting and Galvalume® capabilities, which is expected to begin operations in the first quarter of 2017.

Strategic Geographic Locations / Enter New Geographic Markets

The majority of our steelmaking facilities are in locations near sources of scrap materials and near our customer base, allowing us to realize freight savings for inbound scrap as well as for outbound steel products destined for our customers. This also allows us to provide consistent on-time delivery to our customer base with relatively short lead times, further enhancing our customer relationships. Our coated sheet steel products are cost effectively available through our locations in Pittsburgh, Pennsylvania and Jeffersonville, Indiana due to river access, as are all of our Columbus Flat Roll Division sheet steel products. Recycled ferrous scrap and iron units represent the most significant component of our cost of steel manufacturing. Our metals recycling facilities are located in the Upper Midwest and Southeastern U.S., and thus further expand our geographic service area. We believe these regions account for a majority of the total ferrous scrap produced in the United States. Our steel fabrication operations have a national footprint allowing us to serve the entire joist and deck domestic market and national accounts.

Table of Contents

We may seek to enter new markets in strategic geographic locations that offer attractive growth opportunities.

Experienced Management Team and Unique Corporate Culture / Foster Entrepreneurial Culture

Our senior management team is highly experienced and has a proven track record in the steel, metals recycling, and steel fabrication industries. Management's objectives are closely aligned with our stockholders through meaningful stock ownership positions and performance-based compensation programs that are correlated to the company's profitability and operational performance in relationship to its steel manufacturing peers. Our entrepreneurial culture resonates throughout each of our operating segments. We emphasize decentralized decision making, with corporate risk oversight, and have established incentive compensation programs specifically designed to reward employee teams for their efforts toward identifying ways to enhance productivity, improve profitability, and control costs.

We intend to continue to foster our entrepreneurial culture and emphasize decentralized operational decision making and responsibility, while maintaining corporate risk oversight. We will reward teamwork, innovation, and operating efficiency. We will also continue to focus on maintaining the effectiveness of our incentive-based bonus plans that are designed to maximize overall productivity and align the interests of our management and employees with our stockholders.

Industry Segments

We have three reporting segments: steel operations, metals recycling operations, and steel fabrication operations. Please refer to Notes 1 and 13 in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for additional segment information, including changes to our reporting segments that were effective beginning with the third quarter 2015 results.

Steel Operations Segment

Steel operations consist of our six electric arc furnace steel mills, producing steel from ferrous scrap and scrap substitutes, utilizing continuous casting, automated rolling mills, and ten downstream steel coating lines, and Iron Dynamics (IDI), our liquid pig iron production facility that supplies solely the Butler Flat Roll Division. Our steel operations sell directly to end users, steel fabricators, and service centers. These products are used in numerous industry sectors, including the automotive, construction, manufacturing, transportation, heavy and agriculture equipment, and pipe and tube (including OCTG) markets. The most significant portion of our products is tied to the automotive, construction and other manufacturing sectors. Our steel operations accounted for 69%, 63%, and 61% of our consolidated net sales in 2015, 2014, and 2013, respectively. We are predominantly a domestic steel company, with only 5% and 4% of our revenues generated from exported sales during 2015 and 2014, respectively.

Table of Contents

Our steel operations consist primarily of steelmaking and coating operations. The following chart summarizes the locations and the current estimated production capacities of our facilities:

Steel Production Capacity (tons)	Casting	Rolling/Billet
Sheet Products:		
Butler Flat Roll Division Butler, Indiana	3,050,000	3,000,000
Columbus Flat Roll Division Columbus, Mississippi	3,400,000	3,200,000
Long Products:		
Structural and Rail Division Columbia City, Indiana	2,200,000	1,800,000
Engineered Bar Products Division Pittsboro, Indiana	780,000	950,000
Roanoke Bar Division Roanoke, Virginia	650,000	
Merchant Bars		500,000
Billets		150,000
Steel of West Virginia Huntington, West Virginia	290,000	355,000
	10,370,000	9,955,000

Steel Coating Capacity (tons)	Galvanizing	Painting
Sheet Products:		
Butler Flat Roll Division (3 lines) Butler, Indiana	785,000	240,000
Butler Flat Roll Division (2 lines) Jeffersonville, Indiana	370,000	190,000
Columbus Flat Roll Division (2 lines) Columbus, Mississippi	1,100,000	
The Techs (3 lines) Pittsburgh, Pennsylvania	1,005,000	
	3,260,000	430,000

Note: Capacities represent manufacturing capabilities based on mill configuration and related employee support. These capacities do not represent expected volumes in a given year. In addition, estimates of mill capacity, particularly rolling capacity, are highly dependent on the specific product mix manufactured. Each of our mills can and do roll many different types and sizes of products; therefore, our capacity estimates assume a typical product mix.

Table of Contents

The following chart summarizes our steel operations products and the percentage of sales tons by end market:

Table of Contents

SHEET PRODUCTS

Our sheet steel products, consisting of hot roll, cold roll and coated steel products are produced by Butler and Columbus Flat Roll Divisions, and our ten downstream coating lines. Our sheet operations represented 65%, 59%, and 57% of steel operations net sales in 2015, 2014, and 2013, respectively. We produced the following sheet steel at these facilities (tons):

	2015	2014
Butler Flat Roll Division	2,695,000	3,016,000
Columbus Flat Roll Division since September 15, 2014 acquisition	2,645,000	815,000
The Techs	661,000	712,000

The following chart summarizes the types of sheet products we sold during the respective years:

Sheet Steel Product Mix

Customers. Steel processors and service centers typically act as intermediaries between primary sheet steel producers and the many end-user manufacturers that require further processing of hot roll coils. The additional processing performed by the intermediate steel processors and service centers include pickling, galvanizing, cutting to length, slitting to size, leveling, blanking, shape correcting, edge rolling, shearing and stamping. We believe that our intermediate steel processor and service center customers will remain an integral part of our customer base. Columbus Flat Roll Division allows us to capitalize on the industrial markets in the Southern U.S. and Mexico, as well as expand our customer base into line and other pipe products. Galvanized flat roll products produced by Butler and Columbus Flat Roll Divisions, and The Techs are similar and are sold to a similar customer base. However, The Techs specializes in the galvanizing of specific types of flat roll steels in generally non-automotive applications, servicing a variety of customers in the heating, ventilation and air conditioning (HVAC), construction, agriculture and consumer goods markets. Our sheet steel operations also provide a significant portion of the sheet steel utilized in our steel fabrication operations.

Table of Contents

The following chart summarizes the types of customers who purchased our sheet steel products during the respective years:

Sheet Steel Customers

Competition. Our sheet steelmaking operations compete with domestic and foreign integrated and electric arc furnace based hot roll coil producers. Additionally, the global steel industry suffers from over-capacity, and that excess capacity in 2015 has resulted in steel manufacturers in certain countries exporting steel at prices that are lower than prevailing domestic prices, and at or below their cost of production. Steel imports throughout 2015 and 2014 have been at record levels of 29% and 28% of U.S. consumption, respectively.

LONG PRODUCTS

Our Structural and Rail Division is capable of producing a variety of parallel flange sections such as Wide Flange Beams, American Standard Beams, Manufactured Housing Beams, H Piling and Channel sections for the construction, transportation and industrial machinery markets. They also produce standard strength carbon, intermediate alloy hardness, and premium grade rails in 40 to 320 feet lengths for the railroad industry. Our state-of-the-art heat treating system allows us to produce high-quality premium rail, which has been certified by all but one Class I railroads. In addition, our rail-welding facility has the ability to weld rails to lengths of 1,600 feet, which offers substantial savings to the railroads both in terms of initial capital cost and through reduced maintenance. Our Structural and Rail Division produced 1.2 million tons and 1.3 million tons during 2015 and 2014, respectively, of which 269,000 tons and 225,000 tons, respectively, was rail production.

Our Engineered Bar Products Division is capable of producing a broad array of engineered special-bar-quality (SBQ), merchant-bar-quality (MBQ), rounded-cornered squares, and smaller-diameter engineered round bars. The recently completed expansion of our smaller-diameter rolling mill increased the mill's product offering into high-quality smaller-diameter (1-inch to 3-inch) precision SBQ bars. Without this product diversification expansion, production tons at this mill could have been significantly less due to the weak heavy equipment and agriculture markets in 2015. We produced 516,000 tons and 670,000 tons during 2015 and 2014, respectively, at this facility. Adjacent to this mill, we have a bar finishing facility, with an annual capacity of 260,000 tons, which provides various downstream finishing operations for our SBQ steel bars. Processing operations include turning, polishing, straightening, chamfering, precision saw-cutting and heat-treating capabilities. In addition,

Table of Contents

non-destructive testing services are available, including eddy current, flux leakage and ultrasonic inspection.

Our Roanoke Bar Division sells angles, merchant rounds, flats, channels, reinforcing bars and billets. During 2015 and 2014, respectively, Roanoke Bar Division produced 536,000 and 601,000 tons of billets and 389,000 tons and 432,000 tons of finished steel products.

Steel of West Virginia primarily sells beams, channels and specialty steel sections. Unlike most other mills, Steel of West Virginia frequently performs fabrication and finishing operations on its products, such as cutting to length, additional straightening, hole punching, shot blasting, welding and coating. Through this additional finishing, we create custom finished products that are generally placed directly into our customers' assembly operations. We produced 295,000 tons and 294,000 tons of various merchant and structural steel products at Steel of West Virginia during 2015 and 2014, respectively.

Customers. The principal customers for our structural steel products are steel service centers, steel fabricators and various manufacturers. Service centers, though not the ultimate end-user, provide valuable mill distribution functions to the fabricators and manufacturers, including small quantity sales, repackaging, cutting, preliminary processing and warehousing. The steel rail marketplace in the United States, Canada and Mexico is specialized and defined, with seven Class I railroads and a large distribution network. We supply rail in 80 feet lengths and Continuous Welded Rail (CWR) in lengths up to 1,600 feet throughout North America.

SBQ products are principally consumed by cold finishers, forgers, intermediate processors, OEM manufacturers, steel service centers, and distributors. Our MBQ products are sold primarily to steel service centers, as well as rebar distributors, joist producers, and OEMs. Some of the excess steel billet production at the Roanoke Bar Division is sold to mills without sufficient melting capacities, including our Steel of West Virginia facility. Our steel fabrication operations also purchase angles from Roanoke Bar Division. Steel of West Virginia's customers are primarily OEMs producing truck trailers, industrial lift trucks, merchant products, guardrail posts, manufactured housing, mining, and off-highway construction equipment. Steel of West Virginia's flexible manufacturing capabilities enable us to meet demand for a variety of custom-ordered and designed products. Many of these products are produced in small quantities for low volume end uses resulting in a wide variety of customers, the largest of which are in the truck trailer and industrial lift truck industries.

Competition. Our structural steel products compete with various electric arc furnace structural steelmakers, some of which have cost structures and flexible management cultures similar to our own, and we compete with alternative structural and manufacturing materials. We also believe, however, that both geography and product choice play significant roles. There are currently no other structural mills located in the Midwest, one of the largest structural steel consuming regions in the U.S., and we provide customer service benefits to service centers, fabricators and manufacturers located in the region. We provide a broad product mix, focusing on the mid-range and larger sections served only by a few other competitors from locations more remote than our facility. Most of Canada's structural steel consumption is located in Canada's eastern provinces, closer to us than our two largest competitors.

At present, the rail market is principally served by two other domestic producers who have the capability to produce either standard or premium rail. However, they are limited to producing rail in 80 feet lengths and do not own welding operations. We can produce rail in lengths up to 320 feet and weld to lengths of 1,600 feet, requiring far fewer welds for our rail customers. There are currently no rail producers in Canada or Mexico. Global competitors include high quality integrated and electric arc furnace steel producers in Europe and Asia.

Our Engineered Bar Division competes with a number of other domestic producers of SBQ and MBQ. We are among the largest and most diversified suppliers of engineered SBQ in North America. Our customer service, centralized geographic location, just-in-time delivery and Vendor Management

Table of Contents

Inventory program further differentiates us from other suppliers. Roanoke Bar Division competes primarily with several domestic steel manufactures. Steel West Virginia competes in the specialty shape products market with other domestic and European operations by being able to provide small quantity niche products unique to our customer manufacturing capabilities.

IRON DYNAMICS (IDI)

IDI produces liquid pig iron and hot briquetted iron (HBI) that serves as a substitute for a portion of the metallic raw material mix that goes directly into our Butler Flat Roll Division electric arc furnaces to produce steel. Direct reduced iron (DRI) is a metallic product made from mill scale and other iron waste products that have been reduced in a rotary hearth furnace, using natural gas and coal. The reduction method employed by IDI uses coal as the reducing agent. The DRI is either compacted by briquetters to form HBI, or is processed further to produce liquid pig iron. HBI can be immediately used in our melting furnaces or stockpiled for later use. Liquid pig iron is tapped from IDI's submerged arc furnace and immediately transferred in ladles to the adjacent Butler Flat Roll Division mill, where it is combined with ferrous scrap in their electric arc furnaces.

IDI's primary focus is to maximize liquid pig iron production, due to the inherent economic benefits achieved at the steel mill when the material is used in the steelmaking process, such as reduced energy cost, reduced materials cost, and quicker melting cycles. During 2015 and 2014, respectively, IDI produced 245,000 and 250,000 metric tons, of which 98% and 93%, was liquid pig iron. We have used and plan to continue to use all of the facility's output internally.

Metals Recycling Operations Segment

The metals recycling operations consists solely of OmniSource and includes both ferrous and nonferrous scrap metal processing, transportation, marketing, brokerage, and consulting services in approximately 75 locations, strategically located primarily in the Midwest and Southeast portion of the United States. In addition, OmniSource designs, installs, and manages customized scrap management programs for industrial manufacturing companies at over 600 locations throughout North America. Our metals recycling operations accounted for 19%, 25%, and 31% of our consolidated net sales in 2015, 2014, and 2013, respectively. Our steel mills utilize a portion of the ferrous scrap processed through OmniSource as raw material in our steelmaking operations, and the remainder is sold to other consumers, such as other steel manufacturers and foundries. This strategic symbiotic relationship with our own steelmaking operations provides valuable pull-through demand to OmniSource's ferrous scrap operations. In 2015, 2014, and 2013, OmniSource supplied our steel mills with approximately 37%, 44%, and 45%, respectively, of the tons of their ferrous raw material requirements, representing approximately 54%, 48%, and 44%, respectively, of OmniSource's 2015, 2014, and 2013, ferrous shipped tons.

OmniSource sold approximately 5.1 million gross tons and 5.6 million gross tons of ferrous material, during 2015 and 2014, respectively, and approximately 1.1 billion pounds and 1.2 billion pounds of nonferrous material, during 2015 and 2014, respectively. During 2015 and 2014, approximately 8% and 7%, respectively, of OmniSource's revenue were from export sales primarily from nonferrous materials.

We sell various grades of processed ferrous scrap primarily to steel mills and foundries. Ferrous scrap metal is the primary raw material for electric arc furnaces, such as our steel mills. In addition, we sell various grades of nonferrous metals such as copper, brass, aluminum and stainless steel, to aluminum, steel and ingot manufacturers, brass and bronze ingot makers, copper refineries and mills, smelters, specialty mills, alloy manufacturers, and other consumers.

Table of Contents

We purchase ferrous and nonferrous scrap metals, processed and unprocessed, in a variety of forms for our metals recycling facilities.

Ferrous scrap comes from two primary sources:

- Manufacturers and industrial plants, metal fabrication plants, machine shops and factories, which generate ferrous scrap referred to as prompt or industrial scrap, and
- Scrap dealers, retail individuals, auto wreckers, demolition firms and others who generate steel and iron scrap, referred to as "obsolete" scrap. Obsolete scrap includes post-consumer waste, demolition of steel structures and automobiles, and represents a significant source of scrap generation.

Nonferrous scrap comes from three primary sources:

- Manufacturers and other nonferrous scrap sources, which generate or sell scrap aluminum, copper, stainless steel, and other nonferrous metals,
- Producers of electric wire, telecommunication service providers, aerospace, defense and recycling companies that generate nonferrous scrap consisting primarily of copper wire, aluminum beverage cans, and various other metals and alloys, and
- Retail individuals who sell material directly to our facilities, which they collect from a variety of sources.

We do not purchase a significant amount of scrap metal from a single source or from a limited number of major sources. Market demand, and the composition, quality, size, weight and location of the materials are the primary factors that determine prices.

Products. Our metals recycling operations primarily involve the purchase, processing, and resale of ferrous and nonferrous scrap metals into reusable forms and grades. We process an array of ferrous products through a variety of methods, including sorting, shredding, shearing, cutting, torching, baling, briquetting, and breaking. Our major ferrous products include heavy melting steel, busheling, bundled scrap, shredded scrap and other scrap metal products, such as steel turnings and cast iron. These products vary in properties or attributes related to cleanness, size of individual pieces, and residual alloys. The necessary characteristics of the ferrous products are determined by the specific needs and requirements of the consumer and affect the individual product's relative value. In addition, we process various grades of nonferrous products, including aluminum, brass, copper, stainless steel, and other nonferrous metals. Additionally, we provide transportation logistics (truck, rail, and river barge), management services, marketing, brokerage, and consulting services related to the scrap industry.

Customers. We sell various grades of processed ferrous scrap to end-users, such as electric arc furnace steel mills, integrated steelmakers, foundries, secondary smelters, and metal brokers, who aggregate materials for other large users. Ferrous scrap metal is the primary raw material for electric arc furnaces, such as our steel mills. Most of our ferrous scrap customers purchase processed scrap through negotiated spot sales contracts which establish a quantity purchase for the month. The price we charge for ferrous scrap depends upon market demand and pricing, transportation costs, as well as, the quality and grade of the scrap. We sell various grades of processed nonferrous scrap to end-users such as aluminum sheet and ingot manufacturers, brass and bronze ingot makers, copper refineries, mills, smelters, specialty steelmakers, alloy manufacturers, wire and cable producers, utilities, and telephone networks. The price we charge for nonferrous scrap depends upon market demand and pricing, transportation costs, as well as, the quality and grade of the scrap.

Competition. Scrap is a global commodity influenced by conditions in a number of industrialized and emerging-markets throughout Asia, Europe and North America. The markets for scrap metals are highly competitive, both in the purchase of raw or unprocessed scrap, and the sale of processed scrap.

Table of Contents

With regard to the purchase of raw scrap, we compete with numerous independent recyclers, as well as smaller scrap companies engaged only in collecting obsolete scrap. In many cases we also purchase unprocessed scrap metal from smaller scrap dealers and other processors. Successful procurement of materials is determined primarily by the price offered by the purchaser for the raw scrap and the proximity of our processing facility to the source of the raw scrap. Both ferrous and nonferrous scrap sells as a commodity in both national and international markets, which are affected, sometimes significantly, by relative economic conditions, currency fluctuations, and the availability and cost of transportation. Competition for sales of processed scrap is based primarily on the price, quality, and location of the scrap metals, as well as the level of service provided in terms of reliability and timing of delivery.

We also face potential competition for sales of processed scrap from other producers of steel products, such as electric arc furnace and integrated steel mills, some of which are also vertically integrated in the scrap metals recycling business. In addition, other steel mills may compete with us in attempting to secure scrap supply through direct purchasing from our scrap suppliers. Scrap metal processors also face competition from substitutes for prepared ferrous scrap, such as pre-reduced iron pellets, hot briquetted iron, pig iron, DRI, and other forms of processed iron. The availability and relative prices of substitutes for ferrous scrap could result in a decreased demand for processed ferrous scrap and could result in lower prices and/or lower demand for our scrap products.

The industry is highly fragmented with many smaller family-owned companies, many regional scrap companies, along with a number of national and global companies, each of which has multiple locations in areas in which OmniSource also operates. No single scrap metals recycler has a significant market share in the domestic market.

During the fourth quarter of 2015, we determined that the fair market value of OmniSource operations was less than its carrying value, due to the weak global scrap commodity outlook, and thus impaired. As a result, we recorded $428.5 million in pretax non-cash asset impairment charges related to goodwill, trade name, and other related assets.

Steel Fabrication Operations Segment

Our steel fabrication operations include eight New Millennium Building Systems plants that primarily serve the non-residential construction industry located in Butler, Indiana; Lake City, Florida; Salem, Virginia; Hope, Arkansas; Juarez, Mexico, and Fallon, Nevada; and Memphis, Tennessee and Phoenix, Arizona, which were acquired from CSi on September 14, 2015. We have established a national operating footprint that allows us to serve the entire U.S. construction market, as well as national accounts, such as large retail chains.

Steel fabrication operations accounted for 9%, 7%, and 6% of our consolidated net sales during 2015, 2014, and 2013, respectively. We sold 493,000 tons and 481,000 tons of joist and deck products, during 2015 and 2014, respectively. Our steel operations supply a substantial portion (approximately 63% and 51% in 2015 and 2014, respectively) of the steel utilized in our steel fabrication operations, providing strategic pull-through demand.

Products: Our steel fabrication operations produce steel building components, including steel joists, girders, trusses (six locations), and steel deck (six locations). Our joist products include bowstring, arched, scissor, double-pitched and single-pitched joists. Our deck products include a full range of steel roof, form, and composite floor deck, and with the 2015 addition of our Tennessee and Arizona plants our product offerings were further expanded to include specialty architectural deck, floor systems, and bridge deck.

Table of Contents

Customers. Our primary steel fabrication operations customers are non-residential steel fabricators. Other customers include metal building companies, general construction contractors, developers, brokers and governmental entities. Our customers are located throughout the United States, including national accounts.

Markets. Our steel fabrication operations primarily serve the non-residential construction industry. The steel joist and deck market in the U.S. was approximately 1.7 million tons in 2015 and 2014, an increase from 1.5 million tons in 2013, based on trade association estimates. Based on this information, our steel fabrication operations' growth rate has outpaced the steel joist and deck market growth resulting in our increasing market share of approximately 31%, 30%, and 27%, in 2015, 2014 and 2013, respectively. We believe we are well positioned with our expanding national footprint to continue to grow as the non-residential construction market continues to be strong, and we have available capacity that can be deployed as needed.

Competition. We compete with other North American joist and steel deck producers primarily on the basis of price, quality, customer service, and proximity to the customer. Our expanding national footprint allows us to service the entire U.S. non-residential construction market, as well as national accounts such as large retail chains, and certain specialty deck customers.

Other Operations

Other operations consists of subsidiary operations that are below the quantitative thresholds required for reportable segments and primarily consist of our Minnesota ironmaking operations, and several smaller joint ventures. Our Minnesota ironmaking operations consists of our iron nugget production facility, Mesabi Nugget, (owned 82% by us); our iron concentrating operations, Mesabi Mining; and, our iron tailings operations, Mining Resources (owned 81% by us). Also included in "Other" are certain unallocated corporate accounts, such as the company's senior secured credit facility, senior notes, certain other investments and certain profit sharing expenses.

During the fourth quarter of 2014, our Minnesota ironmaking operations reached a steady operating state, indicating a consistency in the operation's production capability, processes and cost structure, including the ability to utilize certain lower-cost raw materials. Given this, we undertook an assessment of the recoverability of the carrying value of our Minnesota ironmaking operation's fixed assets. Given our outlook at that time regarding future operating costs and product pricing, we concluded that the carrying value of these fixed assets was no longer fully recoverable, and the fixed assets were in fact impaired. This assessment resulted in a $260.0 million pretax non-cash impairment charge, including amounts attributable to noncontrolling interests of $46.5 million. Please refer to Note 1 in the Notes to Consolidated Financial Statements in Part II, Item 8 of this Form 10-K for information regarding the asset impairment charge. Given the significant and sustained decline in pig iron pricing, which resulted in the cost of iron nugget production to be meaningfully higher than product selling prices, management and the board of directors elected to indefinitely idle the Minnesota ironmaking operations in May 2015. Upon that decision, and the decision to monetize existing raw material inventory, we recorded an inventory lower-of-cost or market charge of $21.0 million (inclusive of noncontrolling interests of $3.6 million), in cost of goods sold in the second quarter 2015. Operating losses associated with our Minnesota ironmaking operations have been significantly curtailed post-idling.

Table of Contents

Sources, Availability, and Cost of Steel and Other Operations' Raw Materials

Scrap Metals. The principal raw material of our steel operations is scrap metal derived from, among other sources "home scrap," generated internally at steel mills themselves; industrial scrap, generated as a by-product of manufacturing; and "obsolete" scrap recycled from end-of-life automobiles, appliances, railroad cars and railroad track materials, agricultural machinery and demolition scrap from obsolete structures, containers and machines.

Ferrous scrap typically comprises more than 80% of the metallic melt mix in electric arc furnace steelmaking, in contrast to integrated mill steelmaking, where the proportion of scrap has traditionally been approximately 25% to 35%. Depending upon the scrap substitute material that may be available from time to time, and the relative cost of such material, the percentage of scrap used in our steelmaking operations could be increased or reduced in our metallic melt mix.

Many variables can impact ferrous scrap prices, all of which reflect the pushes and pulls of the supply demand equation. These factors include the level of U.S. steel production (for high-quality, low-residual scrap is a by-product of steel manufacturing activity), the level of exports of scrap from the United States, and the amount of obsolete scrap production. Generally, as domestic steel demand increases, so does scrap demand and resulting scrap prices. The reverse is also normally, but not always, true with scrap prices following steel prices downward when supply exceeds demand. In 2015, domestic steel mill utilization and steel pricing was negatively impacted by record levels of steel imports resulting in lower demand for scrap, forcing ferrous pricing downward throughout the year.

The price of ferrous scrap, as a commodity, has tended to be volatile, rising and falling with supply, and not always in lock step with or in proportion to the market price of steel. In addition, domestic ferrous scrap prices generally have a strong correlation and spread to global pig iron pricing. Scrap prices declined sharply in 2015 due to domestic scrap competition, the strong U.S. dollar tempering scrap exports, lower steel mill utilization rates resulting from excessive steel imports, and decreasing global pig iron prices. When scrap prices greatly accelerate, this challenges one of the principal elements of an electric arc furnace based steel mill's traditional lower cost structure the cost of its metallic raw material.

The following table provides pricing per gross ton from American Metal Market (AMM) and Ryan's Notes (Pig Iron) estimates for ferrous materials used in steel production:

Ferrous Material Pricing

Table of Contents

Iron Units. In addition to scrap, DRI, hot briquetted iron, pig iron, and iron nuggets are used in our electric arc furnace steel mill production. During 2015 and 2014, we consumed 8.8 million tons and 7.6 million tons, respectively, of metallic materials in our steelmaking furnaces, of which, iron units other than scrap, represented approximately 12% and 9% of the tons in 2015 and 2014, respectively. Of these iron substitute units consumed, our Iron Dynamics operations supplies 100% of its production to the Butler Flat Roll Division mill, representing 66% and 62% of their iron units in 2015 and 2014, respectively.

Energy Resources

Electricity. Electricity is a significant input required in the electric arc furnaces in our steelmaking operations (excluding The Techs), representing 6% and 5% of steel production costs of goods sold in 2015 and 2014, respectively. We have entered into a fixed price interruptible electricity supply agreement that extends through December 31, 2017, for the Butler Flat Roll Division. The contract allows our supplier to interrupt service in the event of an emergency or in response to various market conditions. Columbus Flat Roll Division, Roanoke Bar Division and Steel of West Virginia have each entered into fixed price contracts, while our Engineered Bar Products Division has a combination of fixed pricing and market pricing for the various components of the electrical services (demand charge, energy charge, riders, etc.). Our Structural and Rail Division purchases electricity at current market prices and through forward contracts at fixed prices.

Natural Gas. We purchase a portion of our steelmaking operations' natural gas requirements at market prices and a portion by entering into hedging transactions on the futures markets for ultimate physical delivery in order to help minimize price volatility. These contracts typically have duration of up to 24 months, but on occasion may extend further. Natural gas represented 1.3% and 1.5% of steelmaking operations (excluding The Techs) costs of goods sold in 2015 and 2014, respectively.

Patents and Trademarks

We currently do not own any material patents or patent applications for technologies that are in use in our production processes. We have seven major registered trademarks, as follows:

the mark "SDI" and a chevron alone;

the mark "SDI" and a chevron and "Steel Dynamics, Inc." to the right of the chevron;

the mark "SDI" and a chevron and "Steel Dynamics" to the right of the chevron;

the mark "OmniSource Corporation" with the circle logo design;

the slogan "The Best in Metals Recycling";

the mark "The Techs"; and

the mark "New Millennium Building Systems, LLC".

Research and Development

Our research and development activities have consisted of efforts to develop or improve our products and operating processes, and our efforts to develop and improve alternative ironmaking technologies through Iron Dynamics and, prior to idling, our Minnesota ironmaking operations. Most of these research and development efforts have been conducted in-house by our employees.

Environmental Matters

Our operations are subject to substantial and evolving local, state, and federal environmental, health and safety laws and regulations concerning, among other things, emissions to the air, discharges

Table of Contents

to surface and ground water and to sewer systems, and the generation, handling, storage, transportation, treatment and disposal of solid and hazardous wastes. Our manufacturing operations are dependent upon permits regulating discharges into the air or into the water or the use and handling of by-products in order to operate our facilities. We dedicate considerable resources aimed at achieving material compliance with federal and state laws concerning the environment. While we do not currently believe that our future compliance efforts with such provisions will have a material adverse effect on our results of operations, cash flows or financial condition, this is subject to change in the evolving regulatory environment in which we operate.

Since the level of enforcement of environmental laws and regulations, or the nature of those laws that may be enacted from time to time are subject to changing social or political pressures, our environmental capital expenditures and costs for environmental compliance may increase in the future. In addition, due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. The cost of current and future environmental compliance may also place U.S. steel producers at a competitive disadvantage with respect to foreign steel producers, which may not be required to undertake equivalent costs in their operations.

Pursuant to the Resource Conservation and Recovery Act, or RCRA, which governs the treatment, handling and disposal of solid and hazardous wastes, the United States Environmental Protection Agency, or U.S. EPA, and authorized state environmental agencies may conduct inspections to identify areas where there may have been releases of solid or hazardous constituents into the environment and require the facilities to take corrective action to remediate any such releases. RCRA also allows citizens to bring certain suits against regulated facilities for potential damages and cleanup. Our steelmaking and certain other facilities generate wastes subject to RCRA. Our manufacturing operations produce various by-products, some of which, for example, electric arc furnace or EAF dust, are categorized as solid or hazardous waste, requiring special handling for disposal or for the recovery of metallics. We collect such by-products in pollution controlled equipment, such as baghouses, and either recycle or dispose of these by-products. While we cannot predict the future actions of the regulators or other interested parties, the potential exists for required corrective action at these facilities, the costs of which could be substantial.

Under the Comprehensive Environmental Response, Compensation and Liability Act, or CERCLA, the U.S. EPA and, in some instances, private parties have the authority to impose joint and several liability for the remediation of contaminated properties upon generators of waste, current and former site owners and operators, transporters and other potentially responsible parties, regardless of fault or the legality of the original disposal activity. Many states have statutes and regulatory authorities similar to CERCLA and to the U.S. EPA. We have a number of material handling agreements with various contractors to properly dispose of or recycle our electric arc furnace dust and certain other by-products of our operations. However, we cannot assure that, even if there has been no fault by us, we may not still be cited as a waste generator by reason of an environmental cleanup at a site to which our by-products were transported.

The Clean Water Act and similar state laws apply to aspects of our operations and impose regulatory burdens related to the discharge of wastewater, stormwater and dredged or fill material. U.S. EPA, states and, in certain instances, private parties have the ability to bring suit alleging violations and seeking penalties and damages. The Clean Water Act's provisions can require new or expanded water treatment investments to be made and can limit or even prohibit certain current or planned activities at our operations.

The Clean Air Act and analogous state laws require many of our facilities to obtain and maintain air permits in order to operate. Air permits can impose new or expanded obligations to limit or prevent current or future emissions and to add costly pollution control equipment. Enforcement can be brought

Table of Contents

by U.S. EPA, the states and, in certain instance, private parties and can result in large penalties and injunctive relief.

In addition, there are a number of other environmental, health and safety laws and regulations that apply to our facilities and may affect our operations. By way of example and not of limitation, certain portions of the federal Toxic Substances Control Act, Oil Pollution Act, Safe Drinking Water Act and Emergency Planning and Community Right-to-Know Act, as well as state and local laws and regulations implemented by the regulatory agencies, apply to aspects of our facilities' operations. Many of these laws allow both the governments and citizens to bring certain suits against regulated facilities for alleged environmental violations. Finally, any steelmaking and metals recycling company could be subject to certain toxic tort suits brought by citizens or other third parties alleging causes of action such as nuisance, negligence, trespass, infliction of emotional distress, or other claims alleging personal injury or property damage.

Employees

We emphasize decentralized decision-making and responsibility and have established performance-based incentive compensation programs specifically designed to enhance productivity, improve profitability, control costs and foster innovation. Our work force consisted of approximately 7,500 full time employees at December 31, 2015, of which approximately 9% were represented by collective bargaining agreements. The largest group of unionized employees is at Steel of West Virginia. The remaining unionized employees are located in five different OmniSource metals recycling locations, each of which has its own agreement. We believe that our relationship with our employees is good.

Available Information

Our internet website address is *http://www.steeldynamics.com*. We make available on our internet website, under "Investors," free of charge, as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the Securities and Exchange Commission, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, as well as press releases, ownership reports pursuant to Section 16(a) of the Securities Act of 1933, our Code of Ethics for Principal Executive Officers and Senior Financial Officers, our Code of Business Conduct and Ethics, and any amendments thereto to or waivers thereof, as well as our Audit, Compensation and Nominating and Corporate Governance Committee Charters. We do not intend to incorporate the contents of our or any other website into this report.

Table of Contents

ITEM 1A. RISK FACTORS

Many factors could have an effect on our financial condition, cash flows and results of operations. We are subject to various risks resulting from changing economic, environmental, political, industry, business and financial conditions. The factors described below represent our principal risks.

Risks Related to our Industry

Our industry is affected by domestic and global economic factors including the slower than anticipated and uneven recovery from the recent recession and the risk of a new recession.

Our financial results are substantially dependent not only upon overall economic conditions in the United States, in Europe and in Asia, but also as they may affect one or more of the industries upon which we depend for the sale of our products. The slower than anticipated and uneven recovery from the recent recession could stifle improving customer confidence and adversely affect demand for our products and further adversely affect our business. Metals industries have historically been vulnerable to significant declines in consumption and product pricing during periods of economic downturn or continued uncertainty, including the pace of domestic non-residential construction activity.

Our business is also dependent upon certain industries, such as automotive, construction, manufacturing, transportation, heavy and agriculture equipment, and pipe and tube (including OCTG) markets, and these industries are also cyclical in nature. Therefore, these industries may experience their own fluctuations in demand for our products based on such things as economic conditions, energy prices, consumer demand and infrastructure funding decisions by governments. Many of these factors are beyond our control. As a result of volatility in our industry or in the industries we serve, we may have difficulty increasing or maintaining our level of sales or profitability. If the industries we serve were to suffer a downturn, then our business may be adversely affected.

Our level of production and our sales and earnings are subject to significant fluctuations as a result of the cyclical nature of the steel industry and some of the industries we serve.

The steel manufacturing business is cyclical in nature, and the selling price of the steel we make may fluctuate significantly due to many factors beyond our control. Furthermore, many of our products are commodities, subject to their own cyclical fluctuations in supply and demand in both metal consuming and metal generating industries, including the construction industry. The timing, magnitude and duration of these cycles and the resulting price fluctuations are difficult to predict. The sale of our manufactured steel products is directly affected by demand for our products in other cyclical industries, such as automotive, construction, manufacturing, transportation, heavy and agriculture equipment, and pipe and tube (including OCTG) markets. Economic difficulties, stagnant global economies, supply/demand imbalances and currency fluctuations in the United States or globally could decrease the demand for our products or increase the amount of imports of steel into the United States, which could decrease our sales, margins and profitability.

The scrap metal recycling industry has historically been, and is expected to remain, highly cyclical and this could have a material adverse effect on our metals recycling operations' results.

Scrap metal prices have become increasingly volatile, and operating results within the metals recycling industry in general have historically been cyclical, and are expected to remain highly cyclical in nature. Similarly, but not necessarily paralleling the price fluctuations in the steel business, the purchase prices for automobile bodies and various other grades of obsolete and industrial scrap, as well as the selling prices for processed and recycled scrap metals we utilize in our own manufacturing process, or which we resell to others through our metals recycling operations, are also highly volatile. During periods of increased imports, scrap metal prices may become depressed and adversely affect the sales, profitability and margins of our scrap business. As a metals recycler, we may attempt to respond

Table of Contents

to changing recycled metal selling prices by adjusting the scrap metal purchase prices we pay to others, but our ability to do this may be limited by competitive or other factors during periods of low scrap prices, when inbound scrap flow may slow considerably, as scrap generators hold on to their scrap in hopes of getting higher prices later. As such, a prolonged period of low scrap prices could reduce our ability to obtain, process, and sell recycled materials, and this could adversely affect our metals recycling operations' results. Due to the weak global scrap commodity outlook, during the fourth quarter of 2015, as a part of our annual goodwill and indefinite-lived intangible asset assessment, it was determined that the fair market value of our metals recycling operations was less than its carrying value. This led to the determination that the book value of the metals recycling operations was impaired, resulting in pretax non-cash asset impairment charges related to goodwill, trade name, and other assets of $428.5 million. Conversely, periodic increased foreign demand for scrap can result in an outflow of available domestic scrap, as well as resulting higher scrap prices domestically that cannot always be passed on to domestic scrap consumers, thereby further reducing available domestic scrap flows and scrap margins, all of which could adversely affect our sales and profitability of our scrap business. Additionally during periods of high demand and resulting higher scrap prices, ferrous scrap consumers may seek and develop ferrous scrap alternatives, including pig iron and direct reduced iron. The availability and pricing of these scrap alternatives in the domestic market may have a longer term impact on scrap pricing, particularly in prime grades, which could adversely affect our sales, profitability and margins.

Imports of steel into the United States have adversely affected, and may again adversely affect, United States steel prices, which could impact our sales, margins and profitability.

Global steelmaking capacity currently exceeds global consumption of steel products. Such excess capacity sometimes results in steel manufacturers in certain countries exporting steel at prices that are lower than prevailing domestic prices, and sometimes at or below their cost of production. Excessive imports of steel into the United States, such as in 2015 and 2014, have exerted, and may continue to exert, downward pressure on U.S. steel prices which negatively affects our ability to increase our sales, margins, and profitability. This may also adversely impact domestic demand for ferrous scrap and our ferrous metallics margins. U.S. steel producers compete with many foreign producers, including those in China. Competition from foreign producers is typically strong and is periodically exacerbated by weakening of the economies of certain foreign steelmaking countries. A higher volume of steel exports to the U.S. tend to occur at depressed prices when steel producing countries experience periods of economic difficulty, decreased demand for steel products or excess capacity.

In addition, we believe the downward pressure on, and periodically depressed levels of U.S. steel prices in recent years have been further exacerbated by imports of steel involving dumping and subsidy abuses by foreign steel producers. Some foreign steel producers are owned, controlled or subsidized by foreign governments. As a result, decisions by these producers with respect to their production, sales and pricing are sometimes influenced to a greater degree by political and economic policy considerations than by prevailing market conditions, realities of the marketplace or consideration of profit or loss. However, while some tariffs and quotas have recently been put into effect for certain steel products imported from a number of countries that have been found to have been unfairly pricing steel imports to the U.S., there is no assurance that tariffs and quotas will always be levied, even if otherwise justified, and even when imposed many of these are only short-lived. When such tariffs or duties expire or if others are further relaxed or repealed, or if relatively higher U.S. steel prices make it attractive for foreign steelmakers to export their steel products to the U.S., despite the presence of duties or tariffs, the resurgence of substantial imports of foreign steel could create downward pressure on U.S. steel prices.

Table of Contents

China's current steelmaking overcapacity in relation to its steel consumption could have a material adverse effect on domestic and global steel pricing and could result in increased steel imports into the United States.

The significant growth of new Chinese steel production capacity that began in the 2000s, coupled with the slowdown in Chinese steel consumption, has resulted in Chinese steel production capacity that far exceeds that country's current demand and has made China a major global exporter of steel. This combination of a slowdown in China's economic growth and steel consumption and its own expansion of steelmaking capacity generally results in a weakening of steel pricing. Should Chinese steelmaking capacity remain the same or further increase in relation to its demand, China might not only remain a net exporter of steel, but many Asian and European steel producers whose steel output previously fed China's steel import needs could redirect their steel into the U.S. market through increased steel imports, causing a further erosion of margins or negatively impacting our ability to increase our prices.

The recent global economic downturn and the difficult conditions in the global industrial, capital and credit markets that resulted, have adversely affected and may continue to adversely affect our industry, as well as the industries of many of our customers and suppliers upon whom we are dependent.

Many of the markets in which our customers participate, such as automotive, construction, manufacturing, transportation, heavy and agriculture equipment, and pipe and tube (including OCTG) markets, are cyclical in nature and experience significant fluctuations in demand for our steel products based on economic conditions, consumer demand, raw material and energy costs, and decisions by our government to fund or not fund infrastructure projects such as highways, bridges, schools, energy plants, railroads and transportation facilities. Many of these factors are beyond our control. These markets are highly competitive, to a large extent driven by end-use markets, and may experience overcapacity, all of which may affect demand for and pricing of our products.

A decline in consumer and business confidence and spending, together with reductions in the availability of credit or increased cost of credit, as well as volatility in the capital and credit markets, could adversely affect the business and economic environment in which we operate and the profitability of our business. We are also exposed to risks associated with the creditworthiness of our suppliers and customers. If the availability of credit to fund or support the continuation and expansion of our customers' business operations is curtailed or if the cost of that credit is increased the resulting inability of our customers or of their customers to access either credit or absorb the increased cost of that credit could adversely affect our business by reducing our sales or by increasing our exposure to losses from uncollectible customer accounts. A renewed disruption of the credit markets could also result in financial instability of some of our suppliers and customers. The consequences of such adverse effects could include the interruption of production at the facilities of our customers, the reduction, delay or cancellation of customer orders, delays or interruptions of the supply of raw materials we purchase, and bankruptcy of customers, suppliers or other creditors. Any of these events may adversely affect our profitability, cash flow, and financial condition.

Volatility and major fluctuations in scrap metal and pig iron prices and our potential inability to pass higher costs on to our customers may constrain operating levels and reduce profit margins.

Steel producers require large amounts of raw materials, including scrap metal and scrap substitute products such as pig iron, pelletized iron and other supplies such as graphite electrodes and ferroalloys. Our principal raw material is scrap metal derived primarily from junked automobiles, industrial scrap, railroad cars, railroad track materials, agricultural machinery and demolition scrap from obsolete structures, containers and machines. The prices for scrap are subject to market forces largely beyond our control, including demand by U.S. and international steel producers, freight costs and speculation. The prices for scrap have varied significantly, may vary significantly in the future and do not necessarily fluctuate in tandem with the price of steel. Moreover, some of our integrated steel producer competitors are not as dependent as we are on scrap as a part of their raw material melt mix, which,

Table of Contents

during periods of high scrap costs relative to the cost of blast furnace iron used by the integrated producers, give them a raw material cost advantage over mini-mills. While our vertical integration into the metals recycling business, through our OmniSource operations, and into the ironmaking business, through our Iron Dynamics facility, should enable us to continue being a cost-effective supplier to our steelmaking operations, for some of our metallics requirements, we will still need to rely on other metallics and raw material suppliers, as well as upon general industry supply conditions for the balance of our needs. The idling of our Minnesota ironmaking operations in May 2015 may hinder or delay our ability to be a cost-effective supplier to our steelmaking operations during periods of high raw material costs.

Purchase prices for auto bodies, scrap metal and scrap substitute products such as pig iron that we consume, and selling prices for scrap and recycled metals that we sell to third parties are volatile and beyond our control. While OmniSource attempts to respond to changing recycled metal selling prices through adjustments to its metal purchase prices, its ability to do so is limited by competitive and other market factors. Changing prices could potentially impact the volume of scrap metal available to us and the volume and realized margins of processed metals we sell.

The availability and prices of raw materials may also be negatively affected by new laws and regulations, allocation by suppliers, interruptions in production, accidents or natural disasters, changes in exchange rates, global price fluctuations, and the availability and cost of transportation.

If prices for ferrous metallics increase by a greater margin than corresponding price increases for the sale of our steel products, we may not be able to recoup such cost increases from increases in the selling prices of steel products. Conversely, depressed prices for ferrous scrap may constrain its supply, which may adversely affect our metals recycling operations and also the availability of certain grades of scrap for our steelmaking operations. Additionally, our inability to pass on all or any substantial part of any cost increases during periods of rapidly rising scrap prices, through scrap or other surcharges, or to provide for our customers' needs because of the potential unavailability of key raw materials or other inputs, may result in production curtailments or may otherwise have a material adverse effect on our business, financial condition, results of operations or prospects.

The cost and availability of electricity and natural gas are also subject to volatile market conditions.

Steel producers like us consume large amounts of energy, inasmuch as mini-mills melt ferrous scrap in electric arc furnaces and use natural gas to reheat steel or steel billets for rolling into finished products. We rely on third parties for the supply of energy resources we consume in our steelmaking activities. The prices for and availability of electricity, natural gas, oil and other energy resources are also subject to volatile market conditions, often affected by weather conditions as well as political and economic factors beyond our control. As large consumers of electricity and gas, we must have dependable delivery in order to operate. Accordingly, we are at risk in the event of an energy disruption. Prolonged black-outs or brown-outs or disruptions caused by natural disasters or by political considerations would substantially disrupt our production. In addition, a significant portion of our finished steel products are delivered by truck. Unforeseen fluctuations in the price of fuel attributable to fluctuations in crude oil prices would also have a negative impact on our costs or on the costs of many of our customers. In addition, changes in certain environmental regulations in the U.S., including those that may impose output limitations or higher costs associated with climate change or greenhouse gas emissions legislation could substantially increase the cost of manufacturing and raw materials, such as energy, to us and other U.S. steel producers.

Table of Contents

Fluctuations in the value of the United States dollar relative to other currencies may adversely affect our business.

Fluctuations in the value of the dollar can be expected to affect our business. A strong U.S. dollar, such as was experienced in 2015, makes imported products less expensive, potentially resulting in more imports of steel products into the U.S. by our foreign competitors, while a weak U.S. dollar may have the opposite impact on imports.

Compliance with and changes in environmental and remediation requirements could result in substantially increased capital requirements and operating costs.

Existing laws or regulations, as currently interpreted or as may be interpreted in the future, as well as future laws or regulations, may have a material adverse effect on our results of operations and financial condition.

We are subject to comprehensive local, state, federal and international statutory and regulatory environmental requirements relating to, among other things:

- the acceptance, storage, treatment, handling and disposal of solid and hazardous waste;
- the discharge of materials into the air, including periodic changes to the National Ambient Air Quality Standards and to emission standards;
- the management and treatment of wastewater and storm water;
- the remediation of soil and groundwater contamination;
- global climate change legislation or regulation;
- the need for and the ability to timely obtain air, water or other operating permits;
- the timely reporting of certain chemical usage, content, storage and releases;
- the remediation and reclamation of land used for iron mining;
- natural resource damages; and
- the protection of our employees' health and safety.

Compliance with environmental laws and regulations, which affect our steelmaking, metals recycling and ironmaking operations, is a significant factor in our business. We are required to obtain and comply with environmental permits and licenses, and failure to obtain or renew or the violation of any permit or license could result in substantial fines and penalties, suspension of operations and/or the closure of a subject facility. Similarly, delays, increased costs and/or the imposition of onerous conditions to the securing or renewal of operating permits could have a material adverse effect on these operations.

Private parties might also bring claims against us under citizen suit provisions and/or for alleged property damage or personal injury resulting from the environmental impacts of our operations. Moreover, legal requirements change frequently, are subject to interpretation and have tended to become more stringent over time. Uncertainty regarding adequate pollution control levels, testing and sampling procedures, and new pollution control technology are factors that may increase our future compliance expenditures. We are unable to predict the ultimate cost of

future compliance with these requirements or their effect on our operations. Although we work hard to be in substantial compliance with all applicable laws and regulations, legal requirements frequently change and are subject to interpretation. New laws, regulations and changing interpretations by regulatory authorities, together with uncertainty regarding adequate pollution control levels, testing and sampling procedures, and evolving pollution control technology are among the factors that may increase our future expenditures

Table of Contents

to comply with environmental requirements. The cost of complying with existing laws or regulations as currently interpreted or reinterpreted in the future, or with future laws or regulations, may have a material adverse effect on our results of operations and financial condition.

Our manufacturing and metals recycling operations produce significant amounts of by-products, some of which are handled as solid or hazardous waste. For example, our mills generate electric arc furnace (EAF) dust, which the United States Environmental Protection Agency (U.S. EPA) and other regulatory authorities classify as hazardous waste and regulate accordingly.

In addition, the primary feed materials for the shredders operated by our metals recycling operations include automobile hulks and obsolete household appliances. A portion of the feed materials consist of unrecyclable material known as shredder residue. If laws or regulations, the interpretation of the laws or regulations, or testing methods change with regard to EAF dust or shredder residue, we may incur significant additional expenditures.

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund") enables the U.S. EPA, state agencies and certain private parties to recover from owners, operators, generators and transporters the cost of investigation and cleanup of sites at which hazardous substances were disposed. In connection with CERCLA and analogous state laws, we may be required to clean up contamination discovered at our sites including contamination that may have been caused by former owners or operators of the sites, to conduct additional cleanup at sites that have already had some cleanup performed, and/or to perform cleanup with regard to sites formerly used in connection with our operations.

In addition, we may be required to pay for, or to pay a portion of, the costs of cleanup at sites to which we sent materials for disposal or recycling, notwithstanding that the original disposal or recycling activity may have complied with all regulatory requirements then in effect. Pursuant to CERCLA, a party can be held jointly and severally liable for all of the cleanup costs associated with a disposal site. In practice, a liable party often splits the costs of cleanup with other potentially responsible parties. We have received notices from the U.S. EPA, state agencies and third parties that we have been identified as potentially responsible for the cost of investigating and cleaning up a number of disposal sites. In most cases, many other parties are also named as potentially responsible parties.

Because CERCLA can be imposed retroactively on shipments that occurred many years ago, and because the U.S. EPA and state agencies are still discovering sites that pose a threat to public health or the environment, we can provide no assurance that we will not become liable for significant costs associated with investigation and remediation of CERCLA cleanup sites.

CERCLA, including the Superfund Recycling Equity Act of 1999, limits the exposure of scrap metal recyclers for sales of certain recyclable material under certain circumstances. However, the recycling defense is subject to a number of limitations and may be found not to apply to all instances of recycling activity that we conduct.

Increased regulation associated with climate change and greenhouse gas emissions could impose significant additional costs on both our steelmaking and metals recycling operations.

The United States government or various governmental agencies may introduce additional regulatory changes in response to the potential impacts of climate change. International treaties or agreements may also result in increasing regulation of greenhouse gas emissions, including the introduction of carbon emissions trading mechanisms. Any such regulation regarding climate change and greenhouse gas, or GHG emissions, could impose significant costs on our steelmaking and metals recycling operations and on the operations of our customers and suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs in order to comply with current or future laws or regulations concerning and limitations imposed on our operations by virtue of

Table of Contents

climate change and GHG emissions laws and regulations. Any adopted future climate change and GHG regulations could negatively impact our ability (and that of our customers and suppliers) to compete with companies situated in areas not subject to such limitations.

From a medium and long-term perspective, we are likely to see an increase in costs relating to our assets that emit significant amounts of greenhouse gases as a result of these regulatory initiatives. These regulatory initiatives may impact our operations directly or through our suppliers or customers. Until the timing, scope and extent of any future regulation becomes known, we cannot predict the effect on our financial condition, operating performance and ability to compete.

Risks Related to the Business

Our senior secured credit facility contains, and any future financing agreements may contain, restrictive covenants that may limit our flexibility.

Restrictions and covenants in our existing debt agreements, including our senior secured credit facility, and any future financing agreements, may impair our ability to finance future operations or capital needs or to engage in other business activities. Specifically, these agreements may limit or restrict our ability to:

incur additional indebtedness;

pay dividends or make distributions with respect to our capital stock, in excess of certain amounts;

repurchase or redeem capital stock;

make some investments;

create liens on property;

make some capital expenditures;

enter into transactions with affiliates or related persons;

issue or sell stock of certain subsidiaries;

sell or transfer assets; and

enter into mergers, acquisitions or consolidations, or some joint ventures.

A breach of any of the restrictions or covenants could cause a default under our senior secured credit facility, our senior notes, or our other debt. A significant portion of our indebtedness then may become immediately due and payable if the default is not remedied.

Under our senior secured credit facility, we are required to maintain certain financial covenants tied to our leverage and profitability. Our ability to meet such covenants or other restrictions can be affected by events beyond our control. If a default were to occur, the lenders could elect to declare all amounts then outstanding to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure such indebtedness. We have pledged substantially all of our receivables and inventories and all shares of capital stock or other equity interests of our subsidiaries and intercompany debt held by us as collateral for our senior secured credit facility.

25

Table of Contents

We may face significant price and other forms of competition from other steel producers, scrap processors and alternative materials, which could have a material adverse effect on our business, financial condition, results of operation, or prospects.

The global markets in which steel companies and scrap processors conduct business are highly competitive and became even more so due to the slow and uneven recovery from the global economic downturn and consolidations in the steel and scrap industries. Additionally, in many applications, steel competes with other materials, such as aluminum, cement, composites, plastics, carbon fiber, glass and wood. Increased use of alternative materials could decrease demand for steel and combined with increased competition could cause us to lose market share, increase expenditures or reduce pricing, any one of which could have a material adverse effect on our business, financial condition, results of operations or prospects. The global steel industry suffers from over-capacity, and that excess capacity intensifies price competition in some of our products. A decrease in the global demand for steel scrap, due to market or other conditions, generally causes a decrease in the price of scrap metals. A decrease in price could result in some scrap generators exiting the marketplace which could further decrease the availability of scrap. This shortage in availability of scrap could have a material adverse effect on both our steelmaking and our metals recycling operations and thus on our business, financial condition, results of operations or prospects.

We are subject to significant risks relating to changes in commodity prices and may not be able to effectively protect against these risks.

We are exposed to commodity price risk during periods where we hold title to scrap metal products that we may hold in inventory for processing or resale. Prices of commodities, including scrap, can be volatile due to numerous factors beyond our control. In an increasing price environment for raw materials, competitive conditions may limit our ability to pass on price increases to our consumers. In a decreasing price environment for processed scrap, we may not have the ability to fully recoup the cost of raw materials that we procure, process, and sell to our customers. In addition, new entrants into the market areas we serve could result in higher purchase prices for raw materials and lower margins from our scrap. We have not hedged positions in certain commodities, such as ferrous scrap, where futures markets are not well established. Thus, our sales and inventory position will be vulnerable to adverse changes in commodity prices, which could materially adversely impact our operating and financial performance.

The profitability of our metals recycling operations depends, in part, on the availability of an adequate source of supply.

We procure our scrap inventory from numerous sources. These suppliers generally are not bound by long-term contracts and have no obligation to sell recyclable metal to us. In periods of low industry prices, suppliers may elect to hold recyclable metal to wait for higher prices or intentionally slow their metal collection activities. If a substantial number of suppliers cease selling recyclable metal to us, we will be unable to recycle metal at desired levels and our results of operations and financial condition could be materially adversely affected. In addition, a slowdown of industrial production in the U.S. reduces the supply of industrial grades of metal to the metal recycling industry, resulting in our having less recyclable metal available to process and market.

We may face risks associated with the implementation of our growth strategy.

Our growth strategy subjects us to various risks. As part of our growth strategy, we may expand existing facilities, enter into new product or process initiatives, acquire or build additional plants, acquire other businesses and assets, enter into joint ventures, or form strategic alliances that we believe

Table of Contents

will complement our existing business. These transactions will likely involve some or all of the following risks:

- the risk of entering markets in which we have little experience;
- the difficulty of competing for acquisitions and other growth opportunities with companies having materially greater financial resources than us;
- the inability to realize anticipated synergies or other benefits expected from an acquisition;
- the difficulty of integrating the new or acquired operations and personnel into our existing operations;
- the potential disruption of ongoing operations;
- the diversion of financial resources to new operations or acquired businesses;
- the diversion of management attention from other business concerns to new operations or acquired businesses;
- the loss of key employees and customers of acquired businesses;
- the potential exposure to unknown liabilities;
- the inability of management to maintain uniform standards, controls, procedures and policies;
- the difficulty of managing the growth of a larger company;
- the risk of becoming involved in labor, commercial, or regulatory disputes or litigation related to the new operations or acquired businesses;
- the risk of becoming more highly leveraged;
- the risk of contractual or operational liability to other venture participants or to third parties as a result of our participation;
- the inability to work efficiently with joint venture or strategic alliance partners; and
- the difficulties of terminating joint ventures or strategic alliances.

These initiatives or transactions might be required for us to remain competitive, but we may not be able to complete any such transactions on favorable terms or obtain financing, if necessary. Future transactions may not improve our competitive position and business prospects as anticipated, and if they do not, our sales and earnings may be significantly reduced.

Impairment charges could adversely affect our results of operations.

We periodically test goodwill, intangible assets and long-lived assets to determine whether their estimated fair value is less than their value recorded on our balance sheet. If we determine that the fair value of any of these assets is less than the value recorded on our balance sheet, we will incur non-cash impairment charges that could adversely affect our results of operations.

During the fourth quarter of 2014, we assessed the carrying value of the Minnesota ironmaking operations' fixed assets, and determined that the future estimated cash flow did not support the value in place. Therefore, we recorded a pre-tax, non-cash asset impairment charge of $260 million, and based on our joint venture ownership percentage, reduced consolidated company net income by $132.6 million. Due to a significant and sustained decline in global pig iron pricing, which resulted in the cost of iron nugget production being higher than product selling values, we indefinitely idled our Minnesota ironmaking operations in May 2015.

Table of Contents

During the fourth quarter of 2015, as a part of our annual goodwill and indefinite-lived intangible asset assessment, it was determined that the fair market value of our metals recycling operations was less than its carrying value, due to the sustained weak global scrap commodity outlook. We determined that the carrying value of the metals recycling operations was impaired, resulting in pretax non-cash goodwill, trade name, and other related asset impairment charges of $428.5 million.

We are subject to litigation and legal compliance risks which could adversely affect our financial condition, results of operations and liquidity.

We are involved, along with two other remaining steel manufacturing company defendants, in a class action antitrust suit in federal court in Chicago, Illinois, originally against eight companies. The Complaint alleges a conspiracy on the part of the original defendants to fix, raise, maintain and stabilize the price at which steel products were sold in the United States during a specified period between 2005 and 2007, by artificially restricting the supply of such steel products. All but one of the Complaints were brought on behalf of a purported class consisting of all direct purchasers of steel products. The other Complaint was brought on behalf of a purported class consisting of all indirect purchasers of steel products within the same time period. In addition, another similar complaint was filed in December 2010 purporting to be on behalf of indirect purchasers of steel products in Tennessee. All Complaints have been consolidated in the Chicago action and seek treble damages and costs, including reasonable attorney fees, pre- and post-judgment interest and injunctive relief. Following an extensive period of discovery and related motions concerning class certification matters, the Court, on September 9, 2015, certified a class, limited, however, to the issue of the alleged conspiracy alone, and denied class certification on the issue of antitrust impact and damages. As a result, some additional discovery is ongoing. We have also filed a motion for summary judgment, as has co-defendant SSAB, and this is currently pending.

Due to the uncertain nature of litigation, we cannot presently determine the ultimate outcome of this litigation. Based on the information available at this time, we have determined that there is not presently a "reasonable possibility" (as that term is defined in ASC 450-20-20), that the outcome of these legal proceedings would have a material impact on our financial condition, results of operations, or liquidity. Although not presently necessary or appropriate to make a dollar estimate of exposure to loss, if any, in connection with the above matter, we may in the future determine that a loss accrual is necessary. Although we may make loss accruals, if and as warranted, any amounts that we may accrue from time to time could vary significantly from the amounts we actually pay, due to inherent uncertainties and the inherent shortcomings of the estimation process, the uncertainties involved in litigation and other factors. Additionally, an adverse result could have a material effect on our financial condition, results of operations and liquidity.

We are involved in various routine litigation matters, including administrative proceedings, regulatory proceedings, governmental investigations, environmental matters, and commercial and construction contract disputes.

In addition to risks associated with our environmental and other regulatory compliance, our international operations are subject to complex foreign and U.S. laws and regulations, including the Foreign Corrupt Practices Act, regulations related to import-export controls, the Office of Foreign Assets Control, and other laws and regulations, each of which may increase our cost of doing business and expose us to increased risk.

Unexpected equipment downtime or shutdowns could adversely affect our business, financial condition, results of operations and prospects.

Interruptions in our production capabilities could adversely affect our production costs, products available for sale and earnings during the affected period. In addition to equipment failures, our

Table of Contents

facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. Our manufacturing processes are dependent upon critical pieces of steelmaking equipment, such as our furnaces, continuous casters and rolling equipment, as well as electrical equipment, such as transformers. This equipment may, on occasion, be out of service as a result of unanticipated failures or other events. We have experienced and may in the future experience plant shutdowns or periods of reduced production as a result of such equipment failures or other events. These disruptions could have an adverse effect on our operations, customer service levels, financial results and prospects.

We have incurred, and may incur in the future, costs to idle facilities, idled facility carrying costs, or increased costs to resume production at idled facilities.

Due to a significant and sustained decline in global pig iron pricing, which resulted in the cost of iron nugget production being higher than product selling values, we indefinitely idled our Minnesota ironmaking operations in May 2015. We incurred approximately $34.8 million (inclusive of noncontrolling interest of $5.1 million) of expenses related to the idling, including $21.0 million of non-cash inventory valuation adjustments. We currently incur minor ongoing carrying costs related to these idled facilities and, should we in the future resume production, we would incur further costs related to preparing the Minnesota ironmaking operations for operation, perform any required repairs and maintenance, and training employees.

Should economic or market conditions dictate, we may in the future idle additional facilities, which may require us to incur additional idling and carrying costs related to those facilities, as well as further increased costs should production be resumed at any idled facility, which could have an adverse effect on our financial results and results of operations.

We may face risks to the security of our information technology.

Increased global information technology security requirements, vulnerabilities, threats and a rise in sophisticated and targeted cybercrime pose a risk to the security of our systems, our information networks, and to the confidentiality, availability and integrity of our data, as well as to the functionality of our automated and electronically controlled manufacturing operating systems. Although we have adopted procedures and controls to protect our information and operating technology, including sensitive proprietary information and confidential and personal data, there can be no assurance that a system or network failure, or security breach, will be prevented. This could lead to system interruption, production delays or downtimes and operational disruptions, the disclosure, modification or destruction of proprietary and other key information, which could have an adverse effect on our reputation, financial results and results of operations.

Governmental agencies may refuse to grant or renew some of our licenses and permits.

We must receive licenses, air, water and other permits and approvals from state and local governments to conduct certain of our operations or to develop or acquire new facilities. Governmental agencies sometimes resist the establishment of certain types of facilities in their communities, including scrap metal collection and processing facilities. There can be no assurance that future approvals, licenses and permits will be granted or that we will be able to maintain and renew the approvals, licenses and permits we currently hold. Failure to do so could have a material adverse effect on our results of operations and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Table of Contents

ITEM 2. PROPERTIES

The following table describes our more significant properties as of December 31, 2015. These properties are owned by us and not subject to any significant encumbrances, or are leased by us. We believe these properties are suitable and adequate for our current operations and are appropriately utilized. For additional information regarding our facilities please refer to Item 1. *Business.*

Operations	Location	Description	Site Acreage Owned	Site Acreage Leased
Steel Operations Segment*				
Butler Flat Roll Division:				
Butler Operations	Butler, IN	Flat Roll Steel Mill and Coating Facility	1,082	
Jeffersonville Operations	Jeffersonville, IN	Flat Roll Steel Coating Facility	27	10
Columbus Flat Roll Division	Columbus, MS	Flat Roll Steel Mill and Coating Facility	277	1,422
The Techs	Pittsburgh, PA	Flat Roll Steel Coating Facilities	16	2
Structural and Rail Division	Columbia City, IN	Structural and Rail Steel Mill	699	
Engineered Bar Division	Pittsboro, IN	Engineered Bar Steel Mill and Finishing Facility	285	
Roanoke Bar Division	Roanoke, VA	Merchant Bar Steel Mill	290	
Steel of West Virginia	Huntington, WV	Specialty Shapes Steel Mill and Finishing Facility	49	6
Steel of West Virginia	Wurtland, KY		28	
Steel of West Virginia	Memphis, TN		4	
Iron Dynamics	Butler, IN	Liquid Ironmaking Facility	25	
Metals Recycling Operations Segment				
OmniSource (representing over 75 locations):				
Georgia	Athens, Georgia	Ferrous and Nonferrous Scrap Processing	22	
Indiana	Multiple Cities	Ferrous and Nonferrous Scrap Processing	484	28
Michigan	Multiple Cities	Ferrous and Nonferrous Scrap Processing	223	
North Carolina	Multiple Cities	Ferrous and Nonferrous Scrap Processing	446	7
Ohio	Multiple Cities	Ferrous and Nonferrous Scrap Processing	212	21
South Carolina	Multiple Cities	Ferrous and Nonferrous Scrap Processing	157	
Tennessee	Multiple Cities	Ferrous and Nonferrous Scrap Processing	44	
Virginia	Multiple Cities	Ferrous and Nonferrous Scrap Processing	196	
Steel Fabrication Operations Segment				
New Millennium Building Systems:				
Joist and Deck Operations	Butler, IN	Steel Joist and Deck Fabrication Facility	95	
Joist and Deck Operations	Lake City, FL	Steel Joist and Deck Fabrication Facility	75	
Joist and Deck Operations	Salem, VA	Steel Joist and Deck Fabrication Facility	62	
Joist and Deck Operations	Hope, AR	Steel Joist and Deck Fabrication Facility	72	
Deck Operations	Memphis, TN	Deck Fabrication Facility	19	
Joist Operations	Fallon, NV	Steel Joist Fabrication Facility	53	
Deck Operations	Phoenix, AZ	Deck Fabrication Facility		3
Joist Operations	Juarez, MX	Steel Joist Fabrication Facility	17	
Other Operations				

Corporate Headquarters	Fort Wayne, IN	Office Building (116,000 square feet)	20	
SDI LaFarga, LLC	New Haven, IN	Copper Wire Rod Facility	35	
Mesabi Nugget	Hoyt Lakes, MN	Ironmaking Facility Idled May 2015	**	**
Mesabi Mining	Hoyt Lakes, MN	Iron Ore Concentration and Grinding (Mining not developed) Idled May 2015	**	**
Mining Resources	Chisholm, MN	Iron Ore Tailings Mining Idled May 2015	***	***

*

For 2015, our steel mill production utilization was 79% of our estimated annual steelmaking capability, as compared to domestic and global raw steel capability utilization of 70% according to AISI (domestic) and World Steel Association data.

**

The Mesabi Nugget and Mesabi Mining properties are located at the site of an open pit taconite mine on the Mesabi Iron Range near Hoyt Lakes, Minnesota. The site encompasses 7,981 acres of land owned outright by us (including mineral and surface rights) and land for which we acquired a leasehold interest (including 774 acres of mineral and 624 acres of surface rights). The properties were purchased from Cleveland Cliffs, Inc. and were formerly operated by LTV Corporation.

***

Mining Resources has leases for iron-bearing materials on 916 acres of iron tailings basins located in Chisholm, Minnesota.

Table of Contents

ITEM 3. LEGAL PROCEEDINGS

We are involved, along with two other remaining steel manufacturing company defendants, in a class action antitrust suit in federal court in Chicago, Illinois, originally against eight companies. The Complaint alleges a conspiracy on the part of the original defendants to fix, raise, maintain and stabilize the price at which steel products were sold in the United States during a specified period between 2005 and 2007, by artificially restricting the supply of such steel products. All but one of the Complaints were brought on behalf of a purported class consisting of all direct purchasers of steel products. The other Complaint was brought on behalf of a purported class consisting of all indirect purchasers of steel products within the same time period. In addition, another similar complaint was filed in December 2010 purporting to be on behalf of indirect purchasers of steel products in Tennessee. All Complaints have been consolidated in the Chicago action and seek treble damages and costs, including reasonable attorney fees, pre- and post-judgment interest and injunctive relief. Following an extensive period of discovery and related motions concerning class certification matters, the Court, on September 9, 2015, certified a class, limited, however, to the issue of the alleged conspiracy alone, and denied class certification on the issue of antitrust impact and damages. As a result, some additional discovery is ongoing. We have also filed a motion for summary judgment, as has co-defendant SSAB, and this matter is currently pending.

Due, however, to the uncertain nature of litigation, we cannot presently determine the ultimate outcome of this litigation. Based on the information available at this time, we have determined that there is not presently a "reasonable possibility" (as that term is defined in ASC 450-20-20), that the outcome of these legal proceedings would have a material impact on our financial condition, results of operations, or liquidity. Although not presently necessary or appropriate to make a dollar estimate of exposure to loss, if any, in connection with the above matter, we may in the future determine that a loss accrual is necessary. Although we may make loss accruals, if and as warranted, any amounts that we may accrue from time to time could vary significantly from the amounts we actually pay, due to inherent uncertainties and the inherent shortcomings of the estimation process, the uncertainties involved in litigation and other factors. Additionally, an adverse result could have a material effect on our financial condition, results of operations and liquidity.

We are also involved in various routine litigation matters, including administrative proceedings, regulatory proceedings, governmental investigations, environmental matters, and commercial and construction contract disputes, none of which are expected to have a material impact on our financial condition, results of operations, or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

The information required to be furnished pursuant to Item 4 concerning mine safety disclosure matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95 to this Annual Report.

Table of Contents

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The information required by Item 5 with respect to securities authorized for issuance under equity compensation plans is set forth in Part III, Item 12 of this Form 10-K. Our common stock trades on The NASDAQ Global Select Stock Market under the symbol STLD. The reported high and low "intra-day" sales prices of our common stock and our dividend information for the two most recent fiscal years are set forth in the following table (in dollars):

	Common Stock Market Price		Dividends Declared
	High	Low	
2015			
First Quarter	$ 20.94	$ 16.51	$ 0.1375
Second Quarter	23.17	19.50	0.1375
Third Quarter	21.73	16.52	0.1375
Fourth Quarter	19.71	16.23	0.1375
2014			
First Quarter	$ 19.53	$ 15.80	$ 0.115
Second Quarter	19.07	17.00	0.115
Third Quarter	25.51	17.75	0.115
Fourth Quarter	23.58	18.83	0.115

As of February 17, 2016, we had 243,186,659 shares of common stock outstanding and held beneficially by approximately 20,600 stockholders based on our security position listing. Because many of the shares were held by depositories, brokers and other nominees, the number of registered holders (approximately 1,540) is not representative of the number of beneficial holders.

We declared our first quarterly cash dividend during July 2004 and continued quarterly dividends throughout 2015. Our board of directors, along with executive management, approves the payment of dividends on a quarterly basis. The determination to pay cash dividends in the future will be at the discretion of our board of directors, after taking into account various factors, including our financial condition, results of operations, outstanding indebtedness, current and anticipated cash needs and growth plans. In addition, the terms of our senior secured revolving credit agreement and the indenture relating to our senior notes restrict the amount of cash dividends we can pay.

Table of Contents

Total Return Graph

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Steel Dynamics, Inc., the NASDAQ Composite Index, and the S&P Steel Index

*

$100 invested on 12/31/10 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth the selected consolidated financial and operating data of Steel Dynamics, Inc. The selected consolidated operating, other financial and balance sheet data as of and for each of the years in the five-year period ended December 31, 2015, were derived from our audited consolidated financial statements. You should read the following data in conjunction with *Management's Discussion and Analysis of Financial Condition and Results of Operations* and our consolidated financial statements and notes appearing elsewhere in this Form 10-K.

You should also read the following information in conjunction with the data in the table on the following page:

In the fourth quarter of 2015, we recorded pretax non-cash impairment charges related to goodwill, trade name and certain other assets associated with OmniSource, the company's metal recycling operations, which reduced 2015 operating income by $428.5 million, and net income and net income attributable to Steel Dynamics, Inc. by $268.7 million, and basic and diluted earnings per share by $1.11.

In the fourth quarter 2014, we recorded a non-cash impairment charge associated with the company's Minnesota ironmaking operations, which reduced 2014 operating and pretax income by $260.0 million, net income by $179.1 million, net income attributable to Steel Dynamics, Inc. by $132.6 million, and basic and diluted earnings per share by $0.55.

On September 16, 2014, we completed the acquisition of Severstal Columbus, LLC (Columbus Flat Roll Division). Located in northeast Mississippi, Columbus Flat Roll Division is one the newest and most technologically advanced sheet steel electric arc furnace mills in North America. Columbus Flat Roll Division operations are reflected in our steel operations from the date of acquisition.

For purposes of calculating our "ratio of earnings to fixed charges", earnings consist of earnings from continuing operations before income taxes, extraordinary items and before adjustments for noncontrolling interests, adjusted for the portion of fixed charges deducted from these earnings, plus amortization of capitalized interest (Adjusted earnings (losses)). Fixed charges consist of interest on all indebtedness, including capitalized interest, and amortization of debt issuance costs.

Adjusted losses in 2015 of ($81.0) million are not sufficient to cover fixed charges of $154.4 million, by $235.4 million. Adjusted losses in 2015 of ($81.0) million include $428.5 million of pretax non-cash asset impairment charges related to OmniSource as noted above. Without the impact of these non-cash asset impairment charges, 2015 would reflect adjusted earnings of $347.5 million and a ratio of earnings to fixed charges of 2.20x.

Adjusted earnings in 2014 of $309.3 million include $260.0 million of pretax non-cash asset impairment charges related to our Minnesota ironmaking operations as noted above. Without the impact of these non-cash asset impairment charges, 2014 adjusted earnings would increase from $309.3 million to $569.3 million, resulting in a ratio of earnings to fixed charges of 4.07x.

For purposes of calculating our "operational working capital" for all periods presented, we consider amounts invested in trade receivables and inventories, less current liabilities other than income taxes payable and debt as reported on our consolidated balance sheets.

The company adopted FASB ASU 2015-03, Interest Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs, which requires debt issuance costs to be presented as a deduction from the corresponding debt liability, rather than as a separate asset, on December 31, 2015, and applied the new guidance retrospectively to all prior periods

34

Table of Contents

presented in the financial statements and Selected Financial Data presented in this Item 6. As a result of the adoption, deferred debt issuance costs of $42.3 million, $26.5 million, $28.4 million, and $24.3 million were reclassified from Other Assets to a reduction of Long Term Debt in our December 31, 2014, 2013, 2012, and 2011, respectively, consolidated balance sheets.

The company adopted FASB ASU 2015-17, Income Taxes (Topic 740), which requires an entity to classify all deferred tax assets and liabilities as noncurrent on the balance sheet instead of separating into current and noncurrent amounts, on December 31, 2015, and applied the new guidance retrospectively to all prior periods presented in the financial statements and Selected Financial Data presented in this Item 6. As a result of the adoption, current deferred income tax assets of $35.5 million, $18.0 million, $23.4 million, and $25.3 million were reclassified as a reduction of noncurrent deferred tax liabilities in our December 31, 2014, 2013, 2012, and 2011, respectively, consolidated balance sheets.

Table of Contents

	Years Ended December 31,				
	2015	2014	2013	2012	2011
	(dollars and shares in thousands, except per share data)				
Operating data:					
Net sales	$ 7,594,411	$ 8,755,952	$ 7,372,924	$ 7,290,234	$ 7,997,500
Gross profit	731,718	966,211	719,144	719,898	931,518
Operating income (loss)	(72,784)	320,320	386,525	391,165	584,820
Asset impairment charges reflected in operating income (loss)	(428,500)	(260,000)	(308)	(8,250)	
Net income (loss)	(145,170)	91,650	163,516	142,281	265,692
Net income (loss) attributable to Steel Dynamics, Inc.	(130,311)	157,024	189,314	163,551	278,120
Basic earnings (loss) per share	$ (.54)	$ 0.68	$ 0.86	$ 0.75	$ 1.27
Weighted average common shares outstanding	242,017	232,547	220,916	219,159	218,471
Diluted earnings (loss) per share	$ (0.54)	$ 0.67	$ 0.83	$ 0.73	$ 1.22
Weighted average common shares and share equivalents outstanding	242,017	242,078	238,996	236,624	235,992
Dividends declared per share	$ 0.55	$ 0.46	$ 0.44	$ 0.40	$ 0.40
Other financial data:					
Capital expenditures	$ 114,501	$ 111,785	$ 186,843	$ 223,525	$ 167,007
Ratio of earnings (losses) to fixed charges	Note prior page	2.21x	3.00x	2.31x	3.40x
Ratio of earnings, excluding asset impairment charges, to fixed charges	2.20x	4.07x	3.01x	2.36x	3.40x
Other data:					
Shipments:					
Steel operations segment (net tons)	8,328,150	7,358,366	6,119,884	5,832,776	5,842,694
Metals recycling operations segment					
Ferrous metals (gross tons)	5,139,506	5,566,238	5,505,995	5,647,058	5,879,729
Nonferrous metals (thousands of pounds)	1,082,777	1,173,771	1,052,494	1,051,333	1,066,648
Steel fabrication operations segment (net tons)	492,890	480,509	366,676	295,161	217,838
Steel operations segment production (net tons)	8,528,885	7,376,657	6,266,507	5,884,775	5,931,833
Shares outstanding (in thousands)	243,090	241,449	222,867	219,523	218,874
Number of employees	7,510	7,780	6,870	6,670	6,530
Balance sheet data:					

Cash and equivalents, and short-term commercial paper	$ 727,032	$ 361,363	$ 395,156	$ 407,437	$ 475,591
Operational working capital	1,246,408	1,723,208	1,405,736	1,281,765	1,276,916
Net property, plant and equipment	2,951,210	3,123,906	2,226,134	2,231,198	2,193,745
Total assets	6,202,082	7,233,159	5,888,534	5,763,561	5,929,604
Long-term debt (including current maturities)	2,594,656	2,981,849	2,081,110	2,173,832	2,355,819
Equity	2,545,111	2,795,527	2,495,855	2,377,842	2,299,900

Table of Contents

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This report contains some predictive statements about future events, including statements related to conditions in the steel and metallic scrap markets, our revenues, costs of purchased materials, future profitability and earnings, and the operation of new or existing facilities. These statements, which we generally precede or accompany by such typical conditional words as "anticipate," "intend," "believe," "estimate," "plan," seek," "project"' or "expect," or by the words "may," "will," or "should," are intended to be made as "forward-looking," subject to many risks and uncertainties, within the safe harbor protections of the Private Securities Litigation Reform Act of 1995, incorporated in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve both known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements speak only as of this date and are based upon information and assumptions, which we consider reasonable as of this date, concerning our businesses and the environments in which they operate. Such predictive statements are not guarantees of future performance, and we undertake no duty to update or revise any such statements. Some factors that could cause such forward-looking statements to turn out differently than anticipated include: (1) the effects of uncertain economic conditions; (2) cyclical and changing industrial demand; (3) changes in conditions in any of the steel or scrap-consuming sectors of the economy which affect demand for our products, including the strength of the non-residential and residential construction, automotive, appliance, pipe and tube, and other steel-consuming industries; (4) fluctuations in the cost of key raw materials (including steel scrap, iron units, and energy costs) and our ability to pass-on any cost increases; (5) the impact of domestic and foreign import price competition; (6) unanticipated difficulties in integrating or starting up new or acquired businesses; (7) risks and uncertainties involving product and/or technology development; and (8) occurrences of unexpected plant outages or equipment failures.

More specifically, we refer you to the sections titled *Special Note Regarding Forward-Looking Statements* at the beginning of Part I of this Report and *Risk Factors* set forth in Item 1A of this Report, as well as in other subsequent reports we file with the Securities and Exchange Commission, for a more detailed discussion of some of the many factors, variable risks and uncertainties and subsequent developments that could cause actual results to differ materially from those we may have expected or anticipated. These reports are available publicly on the Securities and Exchange Commission website, *www.sec.gov*, and on our website, *www.steeldynamics.com*.

Operating Statement Classifications

Net Sales. Net sales from our operations are a factor of volumes shipped, product mix and related pricing. We charge premium prices for certain grades of steel, product dimensions, certain smaller volumes, and for value-added processing or coating of the steel products. Except for our steel fabrication operations, we recognize revenue from sales and the allowance for estimated costs associated with returns from these sales at the time the title of the product is transferred to the customer. Provision is made for estimated product returns and customer claims based on estimates and actual historical experience. Net sales from steel fabrication operations are recognized from construction contracts utilizing a percentage of completion methodology based on steel tons used on completed units to date as a percentage of estimated total steel tons required for each contract.

Costs of Goods Sold. Our costs of goods sold represent all direct and indirect costs associated with the manufacture of our products. The principal elements of these costs are scrap and scrap substitutes (which represent the most significant single component of our consolidated costs of goods sold), steel,

Table of Contents

direct and indirect labor and related benefits, alloys, zinc, transportation and freight, repairs and maintenance, utilities (most notably electricity and natural gas), and depreciation.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist of all costs associated with our sales, finance and accounting, and administrative departments. These costs include, among other items, labor and related benefits, professional services, insurance premiums, property taxes, company-wide profit sharing, and amortization of intangible and other assets.

Interest Expense, net of Capitalized Interest. Interest expense consists of interest associated with our senior credit facilities and other debt net of interest costs that are required to be capitalized during the construction period of certain capital investment projects.

Other (Income) Expense, net. Other income consists of interest income earned on our temporary cash deposits and investments; any other non-operating income activity, including income from non-consolidated investments accounted for under the equity method. Other expense consists of any non-operating costs, such as acquisition and certain financing expenses.

2015 Overview

We are one of the largest steel producers and one of the largest metals recyclers in the United States based on a current estimated annual steelmaking and coating capability of approximately 11 million tons, and actual recycling volumes. The primary sources of our revenues and operating income are from the manufacture and sale of steel products, processing and sale of recycled ferrous and nonferrous metals, and the fabrication and sale of steel joist and deck products. In the third quarter 2015, we changed our reportable segments consistent with how we currently manage the business, representing three reporting segments: steel operations, metals recycling operations, and steel fabrication operations.

Metals Recycling Operations Segment Asset Impairment Charges

In the fourth quarter of 2015, we recorded pretax non-cash impairment charges related to goodwill, indefinite-lived intangibles and certain other assets associated with OmniSource, the company's metal recycling operations, which reduced 2015 operating income by $428.5 million, and net income and net income attributable to Steel Dynamics, Inc. by $268.7 million, and basic and diluted earnings per share by $1.11. During the company's 2015 annual goodwill and indefinite-lived intangible asset impairment analysis, we determined that the fair value of OmniSource was less than its carrying value, and upon the completion of the second step of the impairment analysis, that the goodwill and trade name indefinite-lived intangible assets were impaired. The OmniSource goodwill and trade name assets were written down to their respective fair values, resulting in non-cash asset impairment charges of $341.3 million and $68.5 million, respectively. Upon the December 31, 2015 determination and classification of certain OmniSource property and plant assets as held for sale, the company recorded a $10.3 million non-cash asset impairment. The company reflected a total of $428.5 million of pretax non-cash asset impairment charges in the consolidated statement of operations for the year ended December 31, 2015, within the metals recycling operations.

Our 2015 consolidated operational and financial results were negatively impacted by decreased steel shipments (excluding Columbus Flat Roll Division for the 2015 and 2014 periods) and average steel product pricing, driven by continuing excessive and historically high levels of steel imports. While scrap costs also decreased significantly throughout 2015, steel metal margins contracted as the drop in steel selling prices was more severe than the decline of scrap costs. Underlying domestic steel consumption remained steady, as we continue to see improvements in non-residential construction, as well as steady consumption in automotive and other manufacturing segments. However, a larger portion

Table of Contents

of the domestic steel demand was served by imports in 2015 than compared to 2014. As a result of this, as well as customer destocking, domestic steel mill utilization rates decreased throughout 2015, as compared to 2014, resulting in decreased ferrous scrap shipments in our metals recycling operations. Decreased shipments, along with metal margin compression due to monthly price declines, resulted in significantly reduced profitability in our metals recycling operations in 2015, as compared to 2014. During 2015, our steel fabrication operations continued to benefit from the sustained improvements in non-residential construction demand, our market share and expanding geographic footprint, and lower steel raw material costs, resulting in significant increases in both sales and operating income, compared to 2014.

Excluding the impact of the $428.5 million and $260.0 million in pretax non-cash impairment charges in 2015 and 2014, respectively, consolidated operating income decreased $224.6 million, or 39%, to $355.7 million in 2015, compared to $580.3 million in 2014, and net income decreased $151.3 million, or 52%, to $138.3 million, or $0.57 per diluted share, during 2015, compared with net income of $289.6 million, or $1.22 per diluted share, during 2014. The impact of the $428.5 million pretax non-cash impairment charge related to our metals recycling operations reduced 2015 net income by $268.7 million and our diluted earnings per share by $1.11. The impact of the $260.0 million pretax non-cash impairment charge related to our Minnesota ironmaking operations, including amounts attributable to noncontrolling interests of $46.5 million, reduced 2014 net income attributable to Steel Dynamics, Inc. by $132.6 million and our diluted earnings per share by $0.55.

2014 Overview

Acquisition of Severstal Columbus, LLC. (Columbus Flat Roll Division)

On September 16, 2014, we completed our acquisition of Columbus Flat Roll Division, on a debt-free basis, for a purchase price of $1.625 billion, with additional working capital adjustments of $44.4 million. The Columbus Flat Roll Division acquisition was funded through the issuance of $1.2 billion of senior notes, borrowings under our senior secured credit facility, and available cash. We purchased Columbus Flat Roll Division to significantly expand and diversify our steel operating base, with the addition of 3.4 million tons of hot roll steel production capacity. The product offerings are diversified with respect to width, gauge, and strength, when compared to the capabilities of our Butler Flat Roll Division. Located in northeast Mississippi, Columbus Flat Roll Division is one of the newest and most technologically advanced sheet steel electric arc furnace mills in North America, with access to non-energy related pipe and tube, oil country tubular goods (OCTG) and automotive markets. Additionally, Columbus Flat Roll Division is advantageously located to serve the growing markets in the southern U.S. and Mexico, providing geographic diversification and growth opportunities. Columbus Flat Roll Division operating results have been reflected in our financial statements since the effective date of the acquisition, in the steel operations. Columbus Flat Roll Division reported revenues of $638.3 million and pretax income of $56.1 million during the September 16 to December 31, 2014, period, before giving effect to $26.4 million of purchase accounting related cost of goods sold expenses associated with the step-up in inventory, fixed assets and intangible assets, and $25.2 million of acquisition and related costs that are included in other expenses in the consolidated statement of operations for the year ended December 31, 2014.

Minnesota Ironmaking Operations Impairment

During the fourth quarter of 2014, our Minnesota ironmaking operations reached a steady operating state, indicating a consistency in the operation's production capability, processes and cost structure, including the ability to utilize certain lower-cost raw materials. Given this, we undertook an assessment of the recoverability of the carrying value of our Minnesota ironmaking operation's fixed assets. Given our outlook at that time regarding future operating costs and product pricing,

Table of Contents

we concluded that the carrying value of these fixed assets was no longer fully recoverable, and the fixed assets were in fact impaired. This assessment resulted in a $260.0 million pretax non-cash impairment charge, including amounts attributable to noncontrolling interests of $46.5 million, which reduced net income attributable to Steel Dynamics, Inc. by $132.6 million. The impact of losses from our Minnesota ironmaking operations on 2014 net income, including the impact of the $260.0 million of pretax non-cash impairment charges, was approximately $165.9 million. Excluding the $260.0 million in pretax non-cash asset impairment charges, the impact of Minnesota ironmaking operations on 2014 net income attributable to Steel Dynamics, Inc. was approximately $33.3 million, as compared to approximately $41.9 million in 2013.

Net sales in 2014 of $8.8 billion increased 19% from 2013 net sales of $7.4 billion, due to increased shipments in all of our operating segments, and higher average selling prices in our steel and steel fabrication operations. We achieved record volumes in our steel and steel fabrication operations, which reported increased shipments of 19% (4% without Columbus Flat Roll Division) and 31%, respectively, in 2014, as compared to 2013. Demand continued to be strong in the automotive and manufacturing markets, the non-residential construction markets continued to improve, and we began to realize sales from our new special-bar-quality smaller-diameter rolling mill at our Engineered Bar Products Division and from our premium rail expansion at our Structural and Rail Division. Our metal spreads in steel and steel fabrication operations also improved, as market pricing increased to a greater degree than raw materials costs. Plant utilization was also strong, which resulted in volume-related cost compression in our steel and steel fabrication operations. While shipments increased at our metals recycling operations, operating income decreased in 2014, when compared to 2013, due to decreases in metal spreads. The impact of losses from our Minnesota ironmaking operations on 2014 net income, reflected in "Other", including the impact of the $260.0 million of pretax non-cash asset impairment charges, was approximately $165.9 million, or $0.69 per diluted share, as compared to approximately $42 million, or $0.18 per diluted share in 2013. As a result of the above, net income in 2014, including the impact of impairment charges, decreased $32.3 million or 17%, to $157.0 million, or $0.67 per diluted share.

Excluding the impact of the $260.0 million in pretax non-cash asset impairment charges, consolidated operating income increased $193.8 million, or 50%, to $580.3 million in 2014, compared to $386.5 million in 2013, and net income increased $100.3 million, or 53%, to $289.6 million, or $1.22 per diluted share, during 2014, compared with net income of $189.3 million, or $0.83 per diluted share, during 2013. The impact of the $260.0 million pretax non-cash asset impairment charge related to our Minnesota ironmaking operations, including amounts attributable to noncontrolling interests of $46.5 million, reduced net income attributable to Steel Dynamics, Inc. by $132.6 million and our diluted earnings per share by $0.55.

Table of Contents

Segment Operating Results (*dollars in thousands*)

	Years Ended December 31,								
		2015	% Change		2014	% Change		2013	
Net sales									
Steel Operations Segment	$	5,422,475	(7)%	$	5,821,578	24%	$	4,684,847	
Metals Recycling Operations Segment		2,337,716	(34)%		3,539,206	8%		3,274,866	
Steel Fabrication Operations Segment		673,399	7%		631,808	44%		439,655	
Other		314,847	(33)%		468,505	57%		299,079	
Total		8,748,437			10,461,097			8,698,447	
Intra-company		(1,154,026)			(1,705,145)			(1,325,523)	
Consolidated	$	7,594,411	(13)%	$	8,755,952	19%	$	7,372,924	
Operating income (loss)									
Steel Operations Segment	$	403,216	(41)%	$	683,609	32%	$	516,125	
Metals Recycling Operations Segment(1)		(448,137)	(1,823)%		26,014	(38)%		41,949	
Steel Fabrication Operations Segment		115,947	123%		51,894	641%		7,003	
Other(2)		(148,784)	67%		(445,549)	(150)%		(177,939)	
Total		(77,758)			315,968			387,138	
Intra-company		4,974			4,352			(613)	
Consolidated	$	(72,784)	(123)%	$	320,320	(17)%	$	386,525	

(1) Metals recycling operations segment operating loss of $448.1 million in 2015 includes $428.5 million of pretax non-cash goodwill and other related asset impairment charges.

(2) Other operations consists of subsidiary operations that are below the quantitative thresholds required for reportable segments and primarily consist of our Minnesota ironmaking operations that were indefinitely idled in May 2015, and several smaller joint ventures. Also included in "Other" are certain unallocated corporate accounts, such as the company's senior secured credit facility, senior notes, certain other investments and certain profit sharing expenses. Operating loss of $445.5 million in 2014 includes $260.0 million of pretax non-cash asset impairment charges related to our Minnesota ironmaking operations.

Steel Operations Segment

Steel Operations Segment. Steel operations consist of our six electric arc furnace steel mills, producing steel from ferrous scrap and scrap substitutes, utilizing continuous casting, automated rolling mills, and ten downstream coating lines, and IDI, our liquid pig production facility that supplies solely our Butler Flat Roll Division mill. Our steel operations sell directly to end users and service centers (see Item 1 to this Form 10-K). These products are used in numerous industry sectors, including the automotive, construction, manufacturing, transportation, heavy and agriculture equipment, and pipe and tube (including OCTG) markets. During 2015, 2014, and 2013, our steel operations accounted for 69%, 63%, and 61% respectively, of our consolidated net sales.

Sheet Products. Our sheet products operations consist of Butler and Columbus (acquired September 16, 2014) Flat Roll Divisions, and our downstream coating lines, including The Techs. These operations sell a broad range of sheet steel products, such as hot roll, cold roll and coated steel products, including a wide variety of specialty products, such as light gauge hot roll and

Table of Contents

galvanized. Butler Flat Roll Division sells other products such as Galvalume® and painted products, while Columbus Flat Roll Division sells other products used to produce non-energy line pipe, and is currently in the construction phase of a $100 million expansion to add painted and Galvalume® capacity. The Techs is comprised of three galvanizing lines which sell specialized galvanized sheet steels used in non-automotive applications.

Long Products. Our Structural and Rail Division sells structural steel beams and pilings to the construction market, as well as standard-grade and premium rail to the railroad industry. Our Engineered Bar Products Division primarily sells engineered, special-bar-quality and merchant-bar-quality rounds, round-cornered squares, and smaller-diameter round engineered bars. Our Roanoke Bar Division primarily sells merchant steel products, including angles, merchant rounds, flats and channels, and reinforcing bar. Steel of West Virginia primarily sells beams, channels and specialty steel sections.

Steel Operations Segment Shipments (tons):

	Years Ended December 31,				
	2015	% Change	2014	% Change	2013
Shipments:					
Butler Flat Roll Division	2,539,399		2,917,259		2,904,149
Columbus Flat Roll Division	2,598,939		873,661		
The Techs	667,661		714,158		669,608
Sheet products	5,805,999	29%	4,505,078	26%	3,573,757
Structural and Rail Division	1,185,109		1,324,935		1,178,606
Engineered Bar Products Division	509,083		646,731		488,393
Roanoke Bar Division	515,440		572,373		569,260
Steel of West Virginia	312,519		309,249		309,868
Long products	2,522,151	(12)%	2,853,288	12%	2,546,127
Total shipments	8,328,150	13%	7,358,366	20%	6,119,884
Intra-segment shipments	(222,025)		(241,656)		(135,938)
Steel operations segment shipments	8,106,125	14%	7,116,710	19%	5,983,946
External shipments	7,703,749	15%	6,704,714	19%	5,628,632

Table of Contents

Steel Operations
Shipments and Average Selling Price

Segment Results 2015 vs. 2014

Overall steel operations performance in 2015 compared to 2014 was negatively impacted by continuing excessive and historically high levels of steel imports, customers destocking inventories, and sharply falling steel and scrap prices. Domestic steel consumption was relatively steady during 2015, with strong automotive and improving non-residential steel markets, but a large portion of the domestic consumption was served by imports. Net sales for the steel operations decreased 7% in 2015, when compared to 2014, as a 14% increase in steel operations shipments was more than offset by a decrease of $149 per ton, or 18%, in average selling prices. In spite of solid overall domestic steel demand, average selling prices decreased throughout 2015 due to elevated levels of imported steel into the United States and significant reductions in the cost of scrap, which also caused uncertainty for steel consumers. Steel operations shipments increased 14% in 2015 compared to 2014 with the inclusion of Columbus Flat Roll Division for the full year of 2015 (acquired September 16, 2014), as 2015 sales volumes, excluding them, were down 12% compared to 2014.

Metallic raw materials used in our electric arc furnaces represent our single most significant steel manufacturing cost. During 2015 and 2014, our metallic raw material costs represented 55% and 65%, respectively, of our steel operations' manufacturing costs, excluding the operations of The Techs, which purchases, rather than produces, the steel it further processes. Our metallic raw material cost per net ton consumed in our steel operations decreased $105, or 29%, in 2015, compared with 2014, consistent with overall declines in scrap market pricing.

Decreases in steel selling prices more than offset decreases in raw material cost per ton, resulting in 2015 metal spread (which we define as the difference between average selling prices and the cost of ferrous scrap consumed) contracting significantly compared to 2014. Thus, despite increased shipments from the inclusion of Columbus Flat Roll Division for the full year 2015 versus only four and a half months in 2014, operating income for the steel operations decreased 41%, to $403.2 million, compared to 2014.

Table of Contents

Segment Results 2014 vs. 2013

Net sales for steel operations increased in 2014 by $1.1 billion, or 24%, ($638.3 million, or 13%, of which related to the addition of Columbus Flat Roll Division), compared to 2013, with the segment achieving record shipments of 7.4 million tons in 2014. Selling volumes increased for both our sheet products (26%, of which 24% was related to Columbus Flat Roll Division) and long products (12%) in 2014, compared to 2013, and overall product mix shifted somewhat toward sheet products with the acquisition of Columbus Flat Roll Division. Our Engineered Bar Products and Structural and Rail Divisions achieved increased shipments of 32% and 12%, respectively. Demand for our sheet products remained strong in the automotive and manufacturing markets. Customer demand for our special-bar-quality products strengthened from the prior year, and we began selling smaller diameter products produced from our recent expansion project. Demand for structural steel products improved with the continued growth in the non-residential construction market, and we began to realize sales from our expansion into premium rail. In addition, despite pressure from increased imports in 2014, our average steel selling prices improved by $35 per ton, or 4%, over those in 2013 on the strength of improved domestic market demand in 2014.

Our metallic raw material cost per net ton consumed in our steel operations increased $7 in 2014 compared with 2013. During 2014 and 2013, our metallic raw material costs represented 65% of our steelmaking operations' manufacturing costs, excluding the operations of The Techs, which purchases, rather than produces, the steel it further processes. As a result of record shipments and metal spread, operating income for the steel operations increased 32%, to $683.6 million in 2014, compared to $516.1 million in 2013.

Metals Recycling Operations Segment

Metals Recycling Operations Segment. Metals recycling operations consists solely of OmniSource, our metals recycling, processing, and ferrous scrap procurement operations. OmniSource sells ferrous metals to steel mills and foundries, and nonferrous metals, such as copper, brass, aluminum and stainless steel to, among others, ingot manufacturers, copper refineries and mills, smelters, and specialty mills. Our metals recycling operations accounted for 19%, 25%, and 31% of our consolidated net sales in 2015, 2014, and 2013, respectively.

Metals Recycling Operations Segment Shipments:

	Years Ended December 31,				
	2015	**% Change**	**2014**	**% Change**	**2013**
Ferrous metal (gross tons)					
Total	5,139,506	(8)%	5,566,238	1%	5,505,995
Inter-company	(2,755,218)		(2,673,777)		(2,422,736)
External shipments	2,384,288	(18)%	2,892,461	(6)%	3,083,259
Nonferrous metals (thousands of pounds)					
Total	1,082,777	(8)%	1,173,771	12%	1,052,494
Inter-company	(85,410)		(89,078)		(18,450)
External shipments	997,367	(8)%	1,084,693	5%	1,034,044

Segment Results 2015 vs. 2014

Overall metals recycling operations performance in 2015 compared to 2014 was negatively impacted by excess domestic scrap competition, a strong U.S. dollar tempering scrap exports, and lower

Table of Contents

domestic steel mill utilizations, resulting in substantial decreases in selling prices. Metals recycling operations net sales decreased 34% in 2015 as compared to 2014, with ferrous and nonferrous volumes both decreasing 8% in 2015, as compared to 2014. Similarly, both ferrous and nonferrous selling prices declined 37% and 18%, respectively, during 2015, as compared to 2014, consistent with overall declines in scrap market selling prices. Metal spreads (which we define as the difference between average selling prices and the cost of purchased scrap) for ferrous and nonferrous materials contracted 14% and 18%, respectively, during 2015 as compared to 2014 as selling prices declined more than scrap costs. Operating loss for the metals recycling operations in 2015 of $448.1 million includes $428.5 million of pretax non-cash asset impairment charges related to goodwill, trade name and other assets. Excluding the impairment charges, metals recycling operations segment operating loss is $19.6 million compared to operating income of $26.0 million in 2014.

Segment Results 2014 vs. 2013

Net sales for metals recycling operations increased 8% in 2014 as compared to 2013, as nonferrous volumes increased 12% with steady pricing, while ferrous volumes were slightly higher and selling prices increased 2%. Operating income for the metals recycling operations decreased $15.9 million, or 38%, in 2014, when compared to 2013, as the decreases in both ferrous and nonferrous metal spreads of 8% and 2%, respectively, more than offset the impact of the increased nonferrous, and to a lesser degree, ferrous shipments.

Steel Fabrication Operations Segment

Steel Fabrication Operations Segment. Steel fabrication operations consist of our eight New Millennium Building Systems plants located throughout the United States and Northern Mexico. Revenues from these plants are generated from the fabrication of trusses, girders, steel joists and steel deck used within the non-residential construction industry. Steel fabrication operations accounted for 9%, 7%, and 6% of our consolidated net sales during 2015, 2014, and 2013, respectively.

Steel Fabrication Operations

Sales Volumes and Average Selling Price

Table of Contents

Segment Results 2015 vs. 2014

Overall steel fabrication operations performance in 2015 compared to 2014 was positively impacted by a recovering non-residential construction market, increased average selling prices, and lower costs of manufacturing due to lower steel input prices. Net sales for the steel fabrication operations increased $41.6 million, or 7%, in 2015, compared to 2014, as shipments increased 3% and average selling prices increased $51 per ton, or 4%, with increased demand. Our steel fabrication operations continue to realize strength in order activity and resulting shipments and selling prices, as we leverage our national operating footprint and market demand continues to improve.

The purchase of various steel products is the largest single cost of production for our steel fabrication operations, generally representing more than two-thirds of the total cost of manufacturing. The average cost of steel consumed decreased by 14% in 2015, as compared to 2014, and coupled with 4% higher selling prices resulted in significantly expanded metal spreads. As a result of record shipments, increased selling prices and metal spread expansion, as well as decreased conversion costs realized from manufacturing efficiencies, operating income increased 123% to $115.9 million in 2015, as compared to $51.9 million in 2014.

On September 14, 2015, we purchased from CSi certain of its steel deck facilities (including associated assets) and net working capital of approximately $30 million, for a purchase price of $45 million in cash. Operating results of these facilities have been reflected in our financial statements since the September 14, 2015, purchase date, in the steel fabrication operations. The purchased assets include two deck facilities located in Memphis, Tennessee, and Phoenix, Arizona. Producing both standard and premium specialty deck profiles, the new locations will allow for enhanced geographic reach into the southwestern and western markets, and further diversify New Millennium Building Systems' product offerings.

Segment Results 2014 vs. 2013

Steel fabrication operations net sales increased $192.2 million, or 44%, in 2014, compared to 2013, as shipments increased 31% and average selling prices increased $116 per ton, or 10%, with increased demand. Our steel fabrication operations experienced strength in order activity and resulting shipments at levels in excess of overall improving consumer demand during 2014, as we continued to leverage our national footprint to expand market share. The average cost of steel consumed increased in 2014, as compared to 2013, by $47 per ton, consistent with increased pricing in the general relevant steel market. Operating income for the steel fabrication operations of $51.9 million in 2014 was over seven times that of 2013, due to record level shipments and metal spread expansion, as well as decreased conversion costs realized from manufacturing efficiencies and from higher production volumes.

Other Operations

Other operations consists of subsidiary operations that are below the quantitative thresholds required for reportable segments and primarily consist of our Minnesota ironmaking operations, which were indefinitely idled in May 2015, and several smaller joint ventures. Also included in "Other" are certain unallocated corporate accounts, such as the company's senior secured credit facility, senior notes, certain other investments and certain profit sharing expenses. Prior to being indefinitely idled, our Minnesota ironmaking operations experienced operating losses. In addition, upon deciding to idle the Minnesota ironmaking operations and to monetize existing raw material inventory, we recorded an inventory lower-of-cost or market charge of $21.0 million (inclusive of noncontrolling interests of $3.6 million), in cost of goods sold in the second quarter 2015. Operating losses associated with our Minnesota ironmaking operations have been significantly curtailed post-idling. The impact of losses

Table of Contents

from our Minnesota ironmaking operations on 2015 net income attributable to Steel Dynamics, Inc. was approximately $27.9 million, as compared to $165.9 million in 2014.

During the fourth quarter of 2014, our Minnesota ironmaking operations reached a steady operating state, indicating a consistency in the operation's production capability, processes and cost structure, including the ability to utilize certain lower-cost raw materials. Given this, we undertook an assessment of the recoverability of the carrying value of our Minnesota ironmaking operation's fixed assets. Given our outlook at that time regarding future operating costs and product pricing, we concluded that the carrying value of these fixed assets was no longer fully recoverable, and the fixed assets were in fact impaired. This assessment resulted in a $260.0 million pretax non-cash impairment charge, including amounts attributable to noncontrolling interests of $46.5 million, which reduced net income attributable to Steel Dynamics, Inc. by $132.6 million. The impact of losses from our Minnesota ironmaking operations on 2014 net income, including the impact of the $260.0 million of pretax non-cash impairment charges, was approximately $165.9 million. Excluding the $260.0 million in pretax non-cash impairment charges, the impact of Minnesota ironmaking operations on 2014 net income attributable to Steel Dynamics, Inc. was approximately $33.3 million, as compared to approximately $41.9 million in 2013.

Consolidated Results 2015 vs. 2014

Selling, General and Administrative Expenses. Selling, general and administrative expenses (including profit sharing and amortization of intangible assets) of $376.0 million during 2015 were comparable to $385.9 million during 2014, representing approximately 4.9% and 4.4% of net sales, respectively.

Interest Expense, net of Capitalized Interest. During 2015, interest expense increased $17.7 million, or 12%, to $154.0 million, when compared to 2014. The increase in interest expense is due primarily to the addition of the $1.2 billion senior notes in September 2014, in conjunction with our acquisition of Columbus Flat Roll Division, partially offset by the conversion or payoff at maturity of $287.5 million of 5.125% convertible notes in June 2014, and the call of our $350.0 million $7^{5}/_{8}$% Senior Notes due 2020 in March 2015.

Other Expense, net. During 2015, net other expense of $15.4 million included $16.7 million of call premium and other financing costs associated with the March 2015 senior notes call and prepayment. Net other expense of $18.3 million in 2014 included $25.2 million of acquisition and financing costs associated with our September 2014 Columbus Flat Roll Division acquisition.

Income Tax Expense (Benefit). During 2015, our income tax benefit was $96.9 million at an effective income tax rate of 40.0%, as compared to expense of $73.2 million resulting in an effective income tax rate of 44.4% during 2014. The higher effective tax rate in 2014 was due primarily to the impact of the increased noncontrolling interest losses, offset somewhat by increased benefits from other permanent tax benefit items, most notably the domestic manufacturing deduction.

Included in the balance of unrecognized tax benefits at December 31, 2015, of $16.0 million are potential benefits of $11.7 million that, if recognized, would affect the effective tax rate. We recognize interest and penalties related to our tax contingencies on a net-of-tax basis in income tax expense (benefit). During the year ended December 31, 2015, we recognized benefits from the reduction of interest expense of $100,000, net of tax. In addition to the unrecognized tax benefits noted above, we had $5.2 million accrued for the payment of interest and penalties at December 31, 2015.

We file income tax returns in the U.S. federal jurisdiction as well as income tax returns in various state jurisdictions. The IRS is currently examining our federal income tax returns for the years 2010 and 2011. At this time we do not believe there will be any significant examination adjustments that would result in a material change to our financial position, results of operations or cash flows. It is

Table of Contents

reasonably possible that the amount of unrecognized tax benefits could change in the next twelve months as a result of these federal income tax audits, and state income tax audits. Based on the current audits in process, the payment of taxes as a result of audit settlements could be in an amount from zero to $7.1 million by the end of 2016. With the exception of the 2010 federal return, which is currently under examination, we are no longer subject to federal, state and local income tax examinations by tax authorities for years ended before 2011.

Consolidated Results 2014 vs. 2013

Selling, General and Administrative Expense. Selling, general and administrative expenses (including profit sharing and amortization of intangible assets) were $385.9 million during 2014, as compared to $332.3 million during 2013, an increase of $53.6 million, or 16%. During 2014 and 2013, these selling, general and administrative expenses represented approximately 4.4% and 4.5% of net sales, respectively. The increase in total SG&A expenses in 2014 compared to 2013 relates most notably to the increased profit sharing, incentive compensation and stock compensation expenses of $35.5 million, which increased due to increased profitability before the Minnesota ironmaking operations asset impairment charges. While total intangible assets increased slightly due to the acquisition of Columbus Flat Roll Division, amortization of intangible assets decreased $4.2 million, or 13%, during 2014 compared to 2013 due to the accelerated amortization methods used for intangible assets related to existing customer and scrap generator relationships.

Interest Expense, net of Capitalized Interest. During 2014, gross interest expense increased $7.4 million, or 6%, to $139.7 million, and capitalized interest decreased $2.1 million, to $2.5 million, as compared to 2013. The decrease in interest capitalized during these periods relates to growth or expansion projects initiated in 2013 at two of our steel mills that were completed in 2014. The increase in gross interest expense is due primarily to the addition of the $1.2 billion senior notes in September 2014, in conjunction with our acquisition of Columbus Flat Roll Division, partially offset by the conversion or payoff at maturity of $287.5 million of 5.125% convertible notes in June 2014.

Other (Income) Expense, net. Other expense increased $22.3 million to $18.3 million during 2014, as compared to other income of $4.0 million during 2013, due primarily to $25.2 million in acquisition and finance costs associated with the acquisition of Columbus Flat Roll Division.

Income Tax Expense (Benefit). During 2014, our income tax expense was $73.2 million, as compared to $99.3 million during 2013, and our effective income tax rate before exclusion of noncontrolling interests was 44.4% and 37.8%, for 2014 and 2013, respectively. The higher effective income tax rate in 2014 is due primarily to the impact of the increased noncontrolling interest losses, offset somewhat by increased benefits from other permanent tax benefit items, most notably the domestic manufacturing deduction. The 2013 effective tax rate benefited from the effects of additional stock option exercises during 2013, and 2012 research and development tax credits enacted in January 2013.

Liquidity and Capital Resources

Columbus Flat Roll Division Acquisition. In September 2014, we issued $700.0 million of 5.125% Senior Notes due 2021 and $500.0 million of 5.500% Senior Notes due 2024 (together, the Senior Notes). The proceeds from the issuance of the Senior Notes, along with cash on hand and $117.8 million in borrowings under our senior secured credit facility were used to fund the September 16, 2014, acquisition of Columbus Flat Roll Division and related expenses.

Capital Resources and Long-term Debt. Our business is capital intensive and requires substantial expenditures for, among other things, the purchase and maintenance of equipment used in our steelmaking and finishing operations and to remain in compliance with environmental laws. Our

Table of Contents

short-term and long-term liquidity needs arise primarily from working capital requirements, capital expenditures, principal and interest payments related to our outstanding indebtedness, dividends to our shareholders, and acquisitions. We have met these liquidity requirements primarily with cash provided by operations, long-term borrowings and availability under our Revolver. We had record liquidity at December 31, 2015, is as follows (in thousands):

Cash and equivalents	$	727,032
Revolver availability		1,187,170
Total liquidity	$	1,914,202

Our total outstanding debt decreased $387.2 million during 2015, to $2.6 billion, due primarily to our March 2015 call and prepayment of $350.0 million in 7$^{5}/_{8}$% senior notes due 2020. As a result, our total long-term debt to capitalization ratio (representing our long-term debt, including current maturities, divided by the sum of our long-term debt, redeemable noncontrolling interests, and our total stockholders' equity) decreased to 49.6% at December 31, 2015, from 51.6% at December 31, 2014.

We have a senior secured credit facility (Facility) that matures in November 2019 which provides for a $1.2 billion Revolver along with a term loan facility. Subject to certain conditions, we also have the ability to increase the combined facility size by a minimum of $750 million. The Facility contains financial and other covenants pertaining to our ability (which may under certain circumstances be limited) to make capital expenditures; incur indebtedness; permit liens on property; enter into transactions with affiliates; make restricted payments or investments; enter into mergers, acquisitions or consolidations; conduct asset sales; pay dividends or distributions and enter into other specified transactions and activities. Our ability to borrow funds within the terms of the Revolver is dependent upon our continued compliance with the financial and other covenants. At December 31, 2015, we had $1.2 billion of availability on the Revolver, $12.8 million of outstanding letters of credit and other obligations which reduce availability, and there were no borrowings outstanding.

The financial covenants under our Facility state that we must maintain an interest coverage ratio of not less than 2.50:1.00. Our interest coverage ratio is calculated by dividing our last-twelve trailing months (LTM) consolidated adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, and certain other non-cash transactions as allowed in our Facility) by our LTM gross interest expense, less amortization of financing fees. In addition, a net debt (as defined in the Facility) to consolidated LTM adjusted EBITDA (net debt leverage ratio) of not more than 5.00:1.00 must be maintained. If the net debt leverage ratio exceeds 3.50:1:00 at any time, our ability to make certain payments as defined in the Facility (which includes cash dividends to stockholders and share purchases, among other things), is limited. At December 31, 2015, our interest coverage ratio and net debt leverage ratio were 4.76:1.00 and 2.99:1.00, respectively. We were, therefore, in compliance with these covenants at December 31, 2015, and we anticipate we will continue to be in compliance during the next twelve months.

Working Capital. We generated cash flow from operations of over $1.0 billion in 2015. Operational working capital (representing amounts invested in trade receivables and inventories, less current liabilities other than income taxes payable and debt) decreased $476.8 million during 2015 to $1.2 billion. Amounts invested in accounts receivable and inventories, net of accounts payable, decreased $530.5 million in conjunction with a decrease in sales and production volume and a significant decrease in the cost of scrap and steel when compared to the fourth quarter of 2014.

Capital Investments. During 2015 we invested $114.5 million in property, plant and equipment, consistent with the $111.8 million during 2014. Our current estimated 2016 cash allocation plan includes the investment of between $250 million and $300 million in capital expenditures in our existing and announced operations.

Table of Contents

Cash Dividends. As a reflection of confidence in our current and future cash flow generation ability and financial position, we increased our quarterly cash dividend by 20% to $0.1375 per share in 2015 (from $0.115 per share in 2014), resulting in declared cash dividends of $133.2 million during 2015, compared to $108.6 million during 2014. We paid cash dividends of $127.6 million and $105.4 million during 2015 and 2014, respectively. Our board of directors, along with executive management, approves the payment of dividends on a quarterly basis. The determination to pay cash dividends in the future is at the discretion of our board of directors, after taking into account various factors, including our financial condition, results of operations, outstanding indebtedness, current and anticipated cash needs and growth plans. In addition, the terms of our senior secured credit facility and the indenture relating to our senior notes may restrict the amount of cash dividends we can pay.

Other. Our ability to meet our debt service obligations and reduce our total debt will depend upon our future performance which, in turn, will depend upon general economic, financial and business conditions, along with competition, legislation and regulatory factors that are largely beyond our control. In addition, we cannot assure that our operating results, cash flows, access to credit markets and capital resources will be sufficient for repayment of our indebtedness in the future. We believe that based upon current levels of operations and anticipated growth, cash flows from operations, together with other available sources of funds, including additional borrowings under our Revolver through its term, which expires in November 2019, will be adequate for the next twelve months for making required payments of principal and interest on our indebtedness, funding working capital requirements, and anticipated capital expenditures.

During 2015 we received benefits from state and local governments in the form of real estate and personal property tax abatements and credits of approximately $23.6 million. Based on our current abatements and incentive credits, and utilizing our existing long-lived asset structure, we estimate the remaining annual benefit to our future operations to be approximately $23.6 million, $23.6 million, $11.9 million, $2.5 million, $1.4 million, $1.3 million, and $1.2 million during the years 2016 through 2022, respectively.

Table of Contents

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations, as defined by the Securities and Exchange Commission. A "purchase obligation" is defined as an agreement to purchase goods or services that is enforceable and legally binding and that specifies all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are reflected on our balance sheet under generally accepted accounting principles. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. It does not include normal purchases, which are made in the ordinary course of business. The following table provides aggregated information about outstanding contractual obligations and other long-term liabilities as of December 31, 2015 (in thousands):

	Payments Due By Period				
	Total	**2016**	**2017 & 2018**	**2019 & 2020**	**2021 & After**
Long-term debt(1)	$ 2,628,134	$ 16,680	$ 31,397	$ 606,782	$ 1,973,275
Estimated interest payments on debt(2)	878,816	140,902	281,147	237,984	218,783
Purchase obligations(3)	379,364	224,850	50,756	37,158	66,600
Construction commitments(4)	69,638	69,638			
Lease commitments	49,660	14,699	17,043	11,232	6,686
Other commitments(5)	3,134	575	750	600	1,209
Total(6)	$ 4,008,746	$ 467,344	$ 381,093	$ 893,756	$ 2,266,553

(1) The long-term debt payment information presented above assumes that our term loan and senior notes remain outstanding until maturity. Refer to Note 3 to the consolidated financial statements elsewhere in this report for additional information regarding these transactions, and our long-term debt.

(2) The estimated interest payments shown above assume interest rates of 1.90% (variable rate at December 31, 2015) on the $237.5 million term loan issued November 2014 maturing in November 2019; 6 1/8% on our $400.0 million senior unsecured notes due August 2019; 5.125% on our $700.0 million senior unsecured notes due October 2021; 6 3/8% on our $350.0 million senior unsecured notes due August 2022; 5 1/4% on our $400.0 million senior unsecured notes due March 2023; 5.500% on our $500.0 million senior unsecured notes due October 2024; 0.275% commitment fee on our available senior secured revolver; and an average of 5.5% on our other debt of $40.6 million.

(3) Purchase obligations include commitments we have for the purchase of electricity, natural gas and its transportation, fuel, air products, and zinc. These arrangements have "take or pay" or other similar commitment provisions. We have utilized such "take or pay" requirements during the past three years under these contracts, except for certain air products at our Minnesota ironmaking operations which were idled in May 2015.

(4) Construction commitments relate to firm contracts we have with various vendors for the completion of certain construction projects at our various divisions at December 31, 2015.

(5) Other commitments principally relate to certain pension and deferred compensation plan obligations.

(6)

We expect to make cash outlays in the future related to our unrecognized tax benefits; however, due to the uncertainty of the timing, we are unable to make reasonably reliable estimates regarding the period of cash settlement with the respective taxing authorities. Accordingly, unrecognized tax benefits and related interest and penalties of $21.2 million as of December 31, 2015, have been excluded from the contractual obligations table above. Refer to Note 4 to the consolidated financial statements elsewhere in this report for additional information.

Table of Contents

Other Matters

Inflation

We believe that inflation has not had a material effect on our results of operations.

Environmental and Other Contingencies

We have incurred, and in the future will continue to incur, capital expenditures and operating expenses for matters relating to environmental control, remediation, monitoring and compliance. During 2015, we incurred costs related to the monitoring and compliance of environmental matters in the amount of approximately $35.7 million and capital expenditures related to environmental compliance of approximately $6.2 million. Of the costs incurred during 2015 for monitoring and compliance, 78% were related to the normal transportation of certain types of waste produced in our steelmaking processes and other facilities, in accordance with legal requirements. We incurred combined environmental remediation costs of approximately $850,000 at all of our facilities during 2015. We have an accrual of $2.2 million recorded for environmental remediation related to our metals recycling operations and $2.7 million related to Minnesota ironmaking operations. We believe, apart from our dependence on environmental construction and operating permits for our existing and any future manufacturing facilities, that compliance with current environmental laws and regulations is not likely to have a materially adverse effect on our financial condition, results of operations or liquidity; however, environmental laws and regulations evolve and change, and we may become subject to more stringent environmental laws and regulations in the future, such as the impact of U.S. government or various governmental agencies introducing regulatory changes in response to the potential of climate change.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U. S. We review the accounting policies we use in reporting our financial results on a regular basis. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent liabilities. We evaluate the appropriateness of these estimations and judgments on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Results may differ from these estimates due to actual outcomes being different from those on which we based our assumptions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition and Allowance for Doubtful Accounts. Except for our steel fabrication operations, we recognize revenues from sales and the allowance for estimated returns from these sales when the title of the product transfers. Provision is made for estimated product returns and customer claims based on historical experience. If the historical data used in our estimates does not reflect future returns and claims trends, additional provision may be necessary. The allowance for doubtful accounts is based on the company's best estimate of probably credit losses, along with historical experience, which estimates may or may not prove accurate. Our steel fabrication operations recognizes revenues from construction contracts using a percentage of completion methodology based on steel tons used on completed units to-date as a percentage of estimated total steel tons required by each contract.

We are exposed to credit risk in the event of nonpayment by our customers, which in steel operations are principally intermediate steel processors and service centers that sell our products to

Table of Contents

numerous industry sectors, including the automotive, construction, manufacturing, transportation, heavy and agriculture equipment, and pipe and tube (including OCTG) markets. Our metals recycling operations sell ferrous scrap to steel mills and foundries, and nonferrous scrap, such as copper, brass, aluminum and stainless steel to, among others, ingot manufacturers, copper refineries and mills, smelters, and specialty mills. Our steel fabrication operations sell fabricated steel joists and deck primarily to the non-residential construction market. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments based on known credit risks, historical loss experience and current economic conditions affecting our customers. We mitigate our exposure to credit risk by performing ongoing credit evaluations and taking further action when necessary, such as requiring letters of credit or other security interests to support the receivable from our customer. If the financial condition of our customers were to deteriorate, resulting in the impairment of their ability to make payments, additional allowance may be required.

Inventories. We record inventories at lower of cost or market. Cost is determined using a weighted average cost method for scrap, and on a first-in, first-out, basis for other inventory. We record amounts required, if any, to reduce the carrying value of inventory to its net realizable value as a charge to cost of goods sold. If product selling prices were to decline in future periods, further write-down of inventory could result, specifically raw material inventory such as scrap purchased during periods of peak market pricing. Upon deciding to idle the Minnesota ironmaking operations and to monetize existing raw material inventory, we recorded an inventory lower-of-cost or market charge of $21.0 million (inclusive of noncontrolling interests of $3.6 million), in cost of goods sold in the second quarter 2015.

Impairments of Long-Lived Tangible and Definite-Lived Intangible Assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be fully recoverable. Impairment losses are recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The impairment loss is measured by comparing the fair value of the asset to its carrying amount. We consider various factors and determine whether an impairment test is necessary, including by way of examples, a significant and prolonged deterioration in operating results and/or projected cash flows, significant changes in the extent or manner in which an asset is used, technological advances with respect to assets which would potentially render them obsolete, our strategy and capital planning, and the economic climate in markets to be served. When determining future cash flows and if necessary, fair value, we must make judgments as to the expected utilization of assets and estimated future cash flows related to those assets. We consider historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and all other available information at the time the estimates are made. Those estimates and judgments may or may not ultimately prove accurate.

A long-lived asset is classified as held for sale upon meeting specified criteria related to ability and intent to sell. An asset classified as held for sale is measured at the lower of its carrying amount or fair value less cost to sell. As of December 31, 2015, the company reported $8.6 million of land and buildings as assets held for sale within other current assets in our consolidated balance sheet. An impairment loss is recognized for any initial or subsequent write-down of the asset held for sale to its fair value less cost to sell. Upon the December 31, 2015, determination and classification of these assets as held for sale, the company recorded a $10.3 million asset impairment charge in the consolidated statement of operations for the year ended December 31, 2015. The company determined fair value using Level 3 inputs as provided for under ASC 820, consisting of information provided by brokers and other external sources along with management's own assumptions.

During the fourth quarter of 2014, our Minnesota ironmaking operations reached a steady state, indicating a consistency in the operation's production capability, processes and cost structure, including the ability to utilize certain lower-cost raw materials. Given this, we undertook an assessment of the

Table of Contents

recoverability of the carrying value of our Minnesota ironmaking operation's fixed assets. With our outlook at that time regarding future operating costs and product pricing, we concluded that the carrying value of these fixed assets was no longer fully recoverable, and the fixed assets were in fact impaired. This assessment resulted in a $260.0 million pretax non-cash impairment charge, including amounts attributable to noncontrolling interests of $46.5 million, which is reflected in "Other" in Note 13, Segment Information. The carrying values of the impaired assets were adjusted to their expected fair values as determined primarily on the cost approach, as well as expected future discounted cash flows income approach, using Level 3 inputs under ASC 820.

Goodwill and Other Indefinite-Lived Intangible Assets.

Our goodwill relates to various business combinations, and is allocated to the following reporting units at December 31(in thousands):

	2015	2014
OmniSource Metals Recycling Operations Segment	$ 109,039	$ 456,727
Butler Flat Roll Division, Structural and Rail Division, and Engineered Bar Division Metals Recycling Operations Segment	95,000	95,000
The Techs Steel Operation Segment	142,783	142,783
Roanoke Bar Division Steel Operations Segment	29,041	29,041
Columbus Flat Roll Division Steel Operations Segment	19,682	19,682
New Millennium Building Systems Steel Fabrication Operations Segment	1,925	1,925
	$ 397,470	$ 745,158

At least once annually or when indicators of impairment exist, we perform an impairment test for goodwill. Goodwill is allocated to various reporting units, which are generally one level below our operating segments. We utilize a two-stepped approach to measuring goodwill impairment. The first step of the test determines if there is potential goodwill impairment. In this step we compare the fair value of the reporting unit to its carrying amount (which includes goodwill). The fair value of the reporting unit is determined by using an estimate of future cash flows utilizing a risk-adjusted discount rate to calculate the net present value of future cash flows (income approach), and by using a market approach based upon an analysis of valuation metrics of comparable peer companies. If the carrying amount exceeds the fair value, we perform the second step of the test, which measures the amount of impairment loss to be recorded. In the second step, we compare the carrying amount of the goodwill to the implied fair value of the goodwill based on the net fair value of the recognized and unrecognized assets and liabilities of the reporting unit. If the implied fair value is less than the carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill is less than its carrying value.

Key