RELIANCE STEEL & ALUMINUM CO
Form 10-K
February 27, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from to
Commission file number: 001-13122

RELIANCE STEEL & ALUMINUM CO.

(Exact name of registrant as specified in its charter)

California	**95-1142616**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

350 South Grand Avenue, Suite 5100
Los Angeles, California 90071
(213) 687-7700
(Address of principal executive offices and telephone number)

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

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange

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 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 is not contained herein and will not be contained, to the best of the 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. (Check one):

Large accelerated filer ý   Accelerated filer o   Non-accelerated filer o   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, based on the closing price on the New York Stock Exchange on June 30, 2013 was approximately $4,840,000,000. As of January 31, 2014, 77,571,017 shares of the registrant's common stock, no par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 21, 2014 (the "Proxy Statement") are incorporated by reference into Part III of this report.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Unless otherwise indicated or required by the context, as used in this Annual Report on Form 10-K, the terms "Company," "Reliance," "we," "our," and "us" refer to Reliance Steel & Aluminum Co. and all of its subsidiaries that are consolidated in conformity with U.S. generally accepted accounting principles. This Annual Report on Form 10-K and the documents incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Our forward-looking statements include discussions of our business strategies and our expectations concerning future operations, margins, profitability, liquidity and capital resources. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "thinks," "estimates," "seeks," "predicts," "potential" and similar expressions. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those in the future that are implied by these forward-looking statements. These risks and other factors include those described under "Risk Factors" and elsewhere in this Annual Report on Form 10-K and the documents incorporated by reference. These factors, among others, could cause our actual results and performance to differ materially from the results and performance projected in, or implied by, the forward-looking statements. As you read and consider this Annual Report on Form 10-K and the documents incorporated by reference, you should understand that the forward-looking statements are not guarantees of performance or results.

All future written and oral forward-looking statements attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. We assume no obligation to update any forward-looking statements after the date of this Annual Report on Form 10-K as a result of new information, future events or developments, except as required by the federal securities laws.

Forward-looking statements involve known and unknown risks and uncertainties. Various factors, such as the factors listed below and further discussed in detail in "Risk Factors" may cause our actual results, performance, or achievements to be materially different from those expressed or implied by any forward-looking statements. Among the factors that could cause our results to differ are the following:

Our future operating results depend on a number of factors beyond our control, such as the prices for and the availability of metals, which could cause our results to fluctuate significantly over time. During periods of low customer demand it could be more difficult for us to pass through price increases to our customers, which could reduce our gross profit and net income. A significant or rapid increase or decrease in costs from current levels could have a severe impact on our profitability.

We service industries that are highly cyclical, and downturns in our customers' industries could reduce our revenue and profitability.

The success of our business is affected by general economic and political conditions both in the U.S. and globally. Our business was adversely impacted by the most recent economic recession and, although pricing and demand have stabilized since that time, we do not know if, or when, demand levels will return to pre-recession levels. Further, any significant deterioration in the global economy from current levels could also negatively impact our business.

We operate in a very competitive industry and increased competition could reduce our profitability.

Global economic factors may cause increased imports of metal products to the U.S., which may cause the cost of the metals we purchase to decline and could also cause our selling prices and profitability to decline.

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If the producers increase production levels without offsetting increases in end demand, metal costs could decline, which may cause our selling prices and profitability to decline.

As a decentralized business, we depend on both senior management and our operating employees; if we are unable to attract and retain well-qualified individuals, our results of operations may decline.

We may not be able to consummate future acquisitions, and those acquisitions that we do complete may be difficult to integrate into our business, or may fail to successfully adopt our operating strategies.

Our acquisitions might fail to perform as we anticipate or there could be significant negative events in our industry or the general economy that fundamentally alter our business model and outlook. This could result in a significant impairment charge to goodwill and/or other intangible assets. Acquisitions may also result in our becoming responsible for unforeseen liabilities that may adversely affect our financial condition and liquidity. If our acquisitions do not perform as anticipated, our operating results also may be adversely affected.

Various environmental and other governmental regulations may require us to expend significant capital and incur substantial costs or may impact the customers we serve, which may have a negative impact on our financial results.

We may discover internal control deficiencies in our decentralized operations or in an acquisition that must be reported in our SEC filings, which may result in a negative impact on the market price of our common stock or the ratings of our debt.

If existing shareholders with substantial holdings of our common stock sell their shares, the market price of our common stock could decline.

We may pursue growth opportunities that require us to increase our leverage ratios. This may cause our stock price to decline or impact our public debt ratings.

The volatility of our stock price has increased significantly since 2008. This volatility may continue in the future and may increase from current levels.

The foregoing factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future performance or results. We are not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should consider these risks when reading any forward-looking statements and review carefully the section captioned "Risk Factors" in Item 1A. of this Annual Report on Form 10-K for a more complete discussion of the risks of an investment in the Company's securities.

This Annual Report on Form 10-K includes registered trademarks, trade names and service marks of the Company and its subsidiaries.

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PART I

Item 1. Business.

We are the largest metals service center company in North America (U.S. and Canada). Our network of metals service centers operates more than 290 locations in 39 states in the U.S. and in ten other countries (Australia, Belgium, Canada, China, Malaysia, Mexico, Singapore, South Korea, the U.A.E. and the United Kingdom). Through this network, we provide metals processing services and distribute a full line of more than 100,000 metal products, including alloy, aluminum, brass, copper, carbon steel, stainless steel, titanium and specialty steel products, to more than 125,000 customers in a broad range of industries. Many of our metals service centers process and distribute only specialty metals. We deliver a variety of products from facilities located across the United States and Canada, and have grown our international presence selectively to support the globalization of our customers, giving us broad product, customer and geographic diversification.

Our primary business strategy is to enhance our operating results through organic growth activities and strategic acquisitions to enhance our product, customer and geographic diversification. We focus on improving the operating performance at acquired locations by integrating them into our operational model and providing them access to capital and human resources needed for growth that they generally lacked. We believe our focused growth strategy of diversifying our products, customers and geographic locations makes us less vulnerable to regional or industry specific economic volatility and has somewhat lessened the negative impact of the recent economic recession. We also believe that our growth and diversification strategy has been instrumental in our ability to produce industry-leading operating results among publicly traded metals service center companies in North America. We generated 2013 net sales of $9.22 billion and net income attributable to Reliance of $321.6 million.

Industry Overview

Metals service centers acquire carbon steel, aluminum, stainless and alloy steel and other metal products from primary metals producers and then process these materials to meet customer specifications using techniques such as blanking, leveling (or cutting-to-length), sawing, shape cutting, shearing and slitting, among others. These processing services save our customers time, labor, and expense, reducing their overall manufacturing costs. Specialized equipment used to process the metals requires high-volume production to be cost effective. Many manufacturers and their suppliers are not able or willing to invest in the necessary technology, equipment, and inventory to process the metals for their own manufacturing or processing operations. Accordingly, industry dynamics have created a niche in the market. Metals service centers purchase, process, and deliver metals to end-users in a more efficient and cost-effective manner than the end-user could achieve by dealing directly with the primary producer. Service centers comprise the largest customer group for North American mills, buying and reselling almost 50% of all the carbon, alloy, stainless and specialty steels, aluminum, copper, brass and bronze, and superalloys produced in the United States according to a report issued by IBISWorld Inc. in October 2013.

Metals service centers are generally less susceptible to market cycles than producers of the metals because service centers are usually able to pass on all or a portion of increases in metal costs to their customers, unless they are selling to their customers on a fixed-price contractual basis. We believe that service center companies, like Reliance, with emphasis on rapid inventory turnover and minimal contract sales are generally the least vulnerable to changing metals prices.

Customers purchase from service centers to obtain value-added metals processing, readily available inventory, reliable and timely delivery, flexible minimum order size, and quality control. Many customers deal exclusively with service centers because the quantities of metal products that they purchase are smaller than the minimum orders specified by mills or because those customers require intermittent deliveries over long or irregular periods. Metals service centers respond to a niche market created because of the focus on just-in-time inventory management and materials management outsourcing in the capital

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goods and related industries, and because the larger metal producers have reduced in-house direct sales efforts to small sporadic purchasers to enhance their production efficiency.

The metals service center industry is highly fragmented and intensely competitive within localized areas or regions. Many of our competitors operate single, stand-alone service centers. According to IBISWorld Inc., the number of metal wholesale centers in the United States decreased from approximately 11,000 locations operated by 8,300 companies in 2002 to approximately 10,500 locations operated by more than 7,500 companies in 2012. This consolidation trend continues to create opportunities for us to expand by making acquisitions.

According to IBISWorld Inc., the United States metals wholesale industry generated revenues of approximately $215.8 billion in 2012, a 5% increase over 2011 revenues of $205.5 billion. The four largest U.S. metals service center companies represented less than 10% of the estimated $215.8 billion industry total in 2012. While we continue to be the largest metals service center in the United States on a revenue basis, our 2012 U.S. revenues of $7.86 billion accounted for about 3.6% of the entire U.S. market in 2012 according to IBISWorld Inc.

History of Reliance

Reliance Steel & Aluminum Co. was organized as a California corporation on February 3, 1939, and commenced business in Los Angeles, California fabricating steel reinforcing bar. Within ten years, we had become a full-line distributor of steel and aluminum, operating a single metals service center in Los Angeles. In the early 1950's, we automated our materials handling operations and began to provide processing services to meet our customers' requirements. In the 1960's, we began to acquire other companies to establish additional service centers, expanding into other geographic areas.

In the mid-1970's, we began to establish specialty metals centers stocked with inventories of selected metals such as aluminum, stainless steel or brass and copper, and equipped with automated materials handling and precision cutting equipment specific to the selected metals. In the mid-1990's we began to expand nationally and focused on acquiring well-run, profitable service center companies and we continue to expand our network, with a focus on servicing our customers as opposed to merely distributing metal. We continue to execute our expansion strategy and have become the largest North American (U.S. and Canada) metals service center company based on revenues, with over 290 locations and 2013 net sales of $9.22 billion. Although we continue to expand the types of metals that we sell and the processing services that we perform, we have not diversified outside of our core business and we strive to consistently perform as one of the best in our industry. We focus on smaller customers and order sizes with quick turnarounds generally in local areas and currently operate metals service centers under the following trade names:

Trade Name	No. of Locations
Reliance Divisions	
Bralco Metals Company	
Bralco Metals	6
Affiliated Metals	1
Airport Metals (Australia)	1
Central Plains Steel Co	1
MetalCenter	1
Olympic Metals	1
Reliance Metalcenter	7
Reliance Steel Company	2
Tube Service Co.	6
***Allegheny Steel Distributors, Inc*.**	1
***Aluminum and Stainless, Inc*.**	2

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Trade Name	No. of Locations
American Metals Corporation	
American Metals	2
American Steel	2
Haskins Steel Co., Inc.	1
Lampros Steel	3
AMI Metals, Inc.	
AMI Metals	6
AMI Metals UK, Ltd.	1
AMI Metals Europe SPRL	1
CCC Steel, Inc.	
CCC Steel	1
IMS Steel	1
Chapel Steel Corp.	
Chapel Steel Corp.	5
Chapel Steel Canada Ltd.	1
Chatham Steel Corporation	5
Clayton Metals, Inc.	3
Continental Alloys & Services Inc.	
Continental Alloys & Services	6
Continental Alloys & Services (Dubai)	1
Continental Alloys & Services (Malaysia) Sdn. Bhd.	1
Continental Alloys & Services (Mexico)	1
Continental Alloys & Services Pte. Ltd. (Singapore)	1
Continental Valve & Fittings	2
Crest Steel Corporation	2
Delta Steel, Inc.	
Delta Steel	7
Smith Pipe & Steel Company	1
Diamond Manufacturing Company	
Diamond Manufacturing	3
Dependable Punch	1
McKey Perforating Co., Inc.	1
McKey Perforated Products Co., Inc.	1
Perforated Metals Plus	1
Durrett Sheppard Steel Co., Inc.	1
Earle M. Jorgensen Company	
Earle M. Jorgensen	31
Earle M. Jorgensen (Malaysia) Sdn. Bhd.	1
Encore Metals USA	3
Steel Bar	1
Everest Metals (Suzhou) Co., Ltd	1
Feralloy Corporation	
Feralloy	4
Acero Prime S. de R.L. de C.V. (40%-owned)	3
Feralloy Processing Company (51%-owned)	1
GH Metal Solutions, Inc.	1
Indiana Pickling & Processing (56%-owned)	1
Oregon Feralloy Partners (40%-owned)	1
Infra-Metals Co.	6

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Trade Name	No. of Locations
Liebovich Bros., Inc.	
Liebovich Steel & Aluminum Company	3
Custom Fab Company	1
Good Metals Company	1
Hagerty Steel & Aluminum Company	2
Metalweb Limited	5
Metals USA, Inc.	
Eagle Steel Products, Inc. (45%-owned)	1
Gregor Technologies	1
J Rubin	4
Lynch Metals	2
Metals USA	29
Ohio River Metal Services	1
Port City Metal Services	1
The Richardson Trident Company, LLC	6
National Specialty Alloys, Inc.	5
Pacific Metal Company	6
PDM Steel Service Centers, Inc.	10
Phoenix Corporation	
Phoenix Metals Company	13
Precision Flamecutting and Steel, Inc.	1
Precision Strip, Inc.	11
Reliance Metalcenter Asia Pacific Pte. Ltd. (Singapore)	1
Reliance Metals Canada Limited	
Earle M. Jorgensen (Canada)	5
Encore Metals	4
Team Tube	5
Service Steel Aerospace Corp.	
Service Steel Aerospace	2
Dynamic Metals International	1
United Alloys Aircraft Metals	1
Siskin Steel & Supply Company, Inc.	
Siskin Steel	5
Athens Steel	1
East Tennessee Steel Supply	1
Industrial Metals and Surplus/Georgia Steel	1
Sunbelt Steel Texas, Inc.	2
Sugar Steel Corporation	2
Toma Metals, Inc.	1
Valex Corp. (97%-owned)	
Valex	1
Valex China Co., Ltd. (92%-owned)	1
Valex Korea Co., Ltd. (94%-owned)	1
Viking Materials, Inc.	2
Yarde Metals, Inc.	9

We serve our customers primarily by providing quick delivery, metals processing and inventory management services. We purchase a variety of metals from primary producers and sell these products in small quantities based on our customers' needs. We performed metals processing services, or first-stage processing, on approximately 40% of our sales orders in 2013 before delivering the products to our

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customers. For approximately 40% of our 2013 orders, we delivered the metal to our customer within 24 hours from receipt of an order. These services save time, labor, and expense for our customers and reduce their overall manufacturing costs. During 2013, we handled approximately 5,538,000 transactions in total or an average of 22,530 transactions per business day, with an average price of approximately $1,660 per transaction. Our net sales during 2013 were $9.22 billion. We believe that our focus on small orders with quick turnaround differentiates us from many of the other large metals service center companies and allows us to better service our customers, resulting in higher profits than those generated by the other large metals service center companies.

Historically, we have expanded both through acquisitions and internal growth. Since our initial public offering in September 1994, we have successfully purchased 56 businesses. From 1984 to September 1994, we acquired 20 businesses. Our internal growth activities during the last few years, which are supported by our captial expenditures, have been at historically high levels for us and have included the opening of new facilities, adding to our processing capabilities and relocating existing operations to larger, more efficient facilities. We will continue to evaluate acquisition opportunities and we expect to continue to grow our business through acquisitions and internal growth initiatives, particularly those that will diversify our products, customer base and geographic locations.

2013 Acquisitions

On November 1, 2013, through our wholly-owned subsidiary American Metals Corporation, we acquired all of the issued and outstanding capital stock of Haskins Steel Co., Inc. ("Haskins Steel"), located in Spokane, Washington. Founded in 1955, Haskins Steel processes and distributes primarily carbon steel and aluminum products of various shapes and sizes to a diverse customer base in the Pacific Northwest. Their in-house processing capabilities include shearing, sawing, burning and forming. Net sales of Haskins Steel during the period from November 1, 2013 through December 31, 2013 were $4.3 million.

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

On April 12, 2013, we acquired all the issued and outstanding capital stock of Metals USA Holdings Corp. ("Metals USA"). Metals USA is one of the largest metals service center businesses in the United States and a leading provider of value-added processed aluminum, brass, copper, carbon steel, stainless steel, manufactured metal components and inventory management services. Metals USA sells its products and services to a diverse customer base and broad range of end markets, including the aerospace, auto, defense, heavy equipment, marine transportation, commercial construction, office furniture manufacturing, energy and oilfield service industries, among several others. This acquisition added a total of 44 service centers strategically located throughout the United States to our existing operations and complements our existing customer base, product mix and geographic footprint. Net sales of Metals USA during the period from April 13, 2013 through December 31, 2013 were $1.24 billion.

Internal Growth Activities

We continued to maintain our focus on internal growth by opening new facilities, building or expanding existing facilities and adding processing equipment with total capital expenditures of $168.0 million in 2013. Our 2014 capital expenditure budget is approximately $220 million with much of this again related to internal growth activities comprised of purchases of equipment and new facilities along with expansions of existing facilities. We also plan to move out of various leased facilities and into newly built and/or purchased ones. This reflects our confidence in our long-term prospects; however, we will continue to evaluate and execute each growth project and consider the economic conditions and outlook at the time. We estimate our maintenance capital expenditures at approximately $80 to $85 million, which allows us to significantly reduce our capital expenditures if and when necessary.

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During 2013, we also consolidated and closed a few small operations that did not impact our ability to service our customers. The majority of this activity in 2013 resulted from our acquisition of Metals USA. Due to complementary products and processing services in certain areas, we were able to consolidate a few operations, allowing us to more efficiently service our customers. This resulted in an impairment charge of $14.9 million related to one of our trade names and restructuring charges of $2.5 million in 2013.

Operational Strategy

Our executive officers maintain a control environment that is focused on integrity and ethical behavior, establish general policies and operating guidelines and monitor adherence to proper financial controls, while our division managers and subsidiary officers have autonomy with respect to day-to-day operations. This balanced, yet entrepreneurial, management style has enabled us to improve the productivity and profitability both of acquired businesses and of our own expanded operations. Key management personnel are eligible for incentive compensation based, in part, on the profitability of their particular division or subsidiary and, in part, on the Company's overall profitability.

We seek to increase our profitability by expanding our existing operations and acquiring businesses that diversify or enhance our customer base, product range, processing services and geographic coverage, while also adjusting business practices to leverage our size and gain efficiencies. We have an excellent reputation in the industry and are known for our integrity and the quality and timeliness of our service to customers.

Customers and Markets

Our customers purchase from us and other metals service centers to obtain value-added metals processing, readily available inventory, reliable and timely delivery, flexible minimum order size and quality control. Many of our customers deal exclusively with service centers because the quantities of metal products that they purchase are smaller than the minimum orders specified by mills, because those customers require intermittent deliveries over long or irregular periods, or because those customers require specialized processing services. We believe that metals service centers have also enjoyed an increasing share of total metal shipments due to the focus of the capital goods and other manufacturing industries on just-in-time inventory management and outsourcing of materials management and metals processing. Also metal producers have reduced in-house direct sales efforts to small sporadic purchasers as well as outsourcing in order to enhance their production efficiency and reduce costs.

We have more than 125,000 customers in various industries. Our customers are in general manufacturing, non-residential construction, transportation (rail, truck trailer and shipbuilding), aerospace, energy, electronics and semiconductor fabrication and related industries. We also service the auto industry, primarily through our toll processing operations where we do not take ownership of the metal.

Although we sell directly to many large OEM customers, the majority of our sales are to small machine shops and fabricators, in small quantities with frequent deliveries, helping them to manage their working capital and credit needs more efficiently. Our metals service centers wrote and delivered over 5,538,000 orders during 2013 at an average price of approximately $1,660 per order. Most of our metals service center customers are located within a 200-mile radius of the metals service center serving them. The proximity of our service centers to our customers helps us provide just-in-time delivery to our customers as well as increases the likelihood of repeat business. In 2013, approximately 96% of our orders were from repeat customers. With our fleet of approximately 1,680 trucks (some of which are leased), we are able to service many smaller customers. Moreover, our computerized order entry systems and flexible production scheduling enable us to meet customer requirements for short lead times and just-in-time delivery. We believe that our long-term relationships with many of our customers significantly contribute to the success of our business. Due to increased volatility and uncertainty in metal costs in recent years, more

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customers have migrated to smaller, more frequent purchases of metal so they can maintain lean inventories, which fits our operating model. Providing prompt and efficient services and quality products at reasonable prices are important factors in maintaining and expanding these relationships.

Our acquisitions in recent years have increased our international exposure both from a customer and physical location perspective. In addition, we have built and opened international locations in recent years to service specific industries, typically to support key customers that are operating in those international markets. Net sales of our international locations (based on where the shipments originated) accounted for approximately 6% of our 2013 net sales, or $541.6 million. However, our net sales to international customers (based on the shipping destination) were approximately 8% of our 2013 net sales or $777 million, with approximately 50% of these sales, or $391 million, to Canadian customers. See Note 1 of the Notes to the Consolidated Financial Statements for further information on U.S. and foreign revenues and assets.

Customer demand may change from time to time based on, among other things, general economic conditions and industry capacity. Many of the industries in which our customers compete are cyclical in nature. Because we sell to a wide variety of customers in many industries, we believe that the effect of such changes on us is significantly reduced. In addition, many of our customers are small job shops and fabricators who also have a diverse customer base and have the versatility to service different end markets when an existing market slows.

The diversity of our customer base somewhat reduces the impact of any single customer as our largest customer represented only 1.1% of our sales in 2013. We had only 23 customers to whom our 2013 annual sales were greater than $25 million.

The geographic breakout of our sales based on the location of our metals service center facilities in each of the three years ended December 31 was as follows:

	2013	2012	2011
Midwest	28%	26%	27%
Southeast	18%	17%	17%
West/Southwest	18%	19%	17%
California	10%	11%	11%
Northeast	7%	7%	7%
International	6%	7%	6%
Mid-Atlantic	6%	5%	6%
Pacific Northwest	4%	5%	5%
Mountain	3%	3%	4%
Total	100%	100%	100%

Suppliers

We primarily purchase our inventory from the major domestic metals mills. We do, however, also purchase certain products from foreign mills. We have multiple suppliers for all of our products. Our major suppliers of domestic carbon steel products include ArcelorMittal, California Steel Industries, Inc., Evraz NA, Gerdau, Nucor Corporation, Steel Dynamics, Inc., SSAB and United States Steel Corporation. AK Steel, Allegheny Technologies Incorporated, North American Stainless and Outokumpu supply stainless steel products. We are a recognized distributor for various major aluminum companies, including Alcoa Inc., Aleris International, Inc., Constellium Global ATI, Kaiser Aluminum Corp., Novelis Inc. and Sapa Group. Our major suppliers of alloy products include The Timken Company, Gerdau, and Nucor Corporation.

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From 2001 through 2003, many domestic steel mills entered bankruptcy proceedings, which resulted in significant consolidation. U.S. carbon steel mills are now operating at 70-80% of capacity, up from less than 50% in 2009, but well below 2008 and pre-recession levels. Increased raw material costs have generally supported higher prices for carbon steel since 2004. There has been significant volatility in carbon steel pricing since 2004, generally with wider swings than were experienced prior to this time, however, the low end of the pricing in each cycle has been well above pricing levels prior to 2004.

Because of our total volume of purchases and our long-term relationships with our suppliers, we believe that we are generally able to purchase inventory at the best prices offered by the suppliers, given the order size. From 2004 to 2008, when the supply of certain metals was tight, we believe that these relationships provided an advantage to us in our ability to source product and have it available for our customers. We believe that we are not dependent on any one of our suppliers for metals. We believe our size and strong relationships with our suppliers are now more important because mill consolidation has reduced the number of suppliers.

Backlog

Because of the just-in-time delivery and the short lead-time nature of our business, we do not believe information on our backlog of orders is material to an understanding of our business.

Products and Processing Services

We provide a wide variety of processing services to meet our customers' specifications and deliver products to fabricators, manufacturers and other end users. We maintain a wide variety of products in inventory. A substantial portion of our orders do not require extensive or specialized processing allowing delivery to the customer within 24 hours of receiving the order. Our product mix has changed mainly as a result of our acquisitions, which have added many specialized items. Flat-rolled carbon steel products (i.e., hot-rolled, cold-rolled and galvanized steel sheet and coil), which generally have the most volatile and competitive pricing, accounted for only 14% of our 2013 sales.

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Our sales dollars by product type as a percentage of total sales in each of the three years ended December 31 were as follows:

	2013	2012	2011	
	12%	13%	13%	carbon steel plate
	10%	9%	10%	carbon steel structurals
	9%	10%	10%	carbon steel tubing
	8%	8%	9%	carbon steel bar
	7%	6%	6%	hot-rolled steel sheet and coil
	4%	3%	3%	galvanized steel sheet and coil
	3%	2%	2%	cold-rolled steel sheet and coil
Carbon Steel	53%	51%	53%	
	5%	6%	6%	aluminum bar and tube
	4%	4%	4%	heat-treated aluminum plate
	4%	3%	3%	common alloy aluminum sheet and coil
	1%	1%	1%	common alloy aluminum plate
	1%	1%	1%	heat-treated aluminum sheet and coil
Aluminum	15%	15%	15%	
	7%	8%	8%	stainless steel bar and tube
	5%	5%	5%	stainless steel sheet and coil
	2%	2%	2%	stainless steel plate
Stainless Steel	14%	15%	15%	
	6%	7%	6%	alloy bar and rod
	3%	4%	3%	alloy tube
	1%	1%	1%	alloy plate, sheet and coil
Alloy	10%	12%	10%	
	2%	2%	2%	toll processing of aluminum, carbon steel and stainless steel
	6%	5%	5%	miscellaneous, including brass, copper and titanium
Other	8%	7%	7%	
Total	100%	100%	100%	

We are not dependent on any particular customer group or industry because we process and distribute a variety of metals. This diversity of product type and material reduces our exposure to fluctuations or other weaknesses in the financial or economic stability of particular customers or industries. We are also less dependent on any particular suppliers as a result of our product diversification.

For sheet and coil products, we purchase coiled metal from primary producers in the form of a continuous sheet, typically 36 to 60 inches wide, between .015 and .25 inches thick, and rolled into 3- to 20-ton coils. The size and weight of these coils require specialized equipment to move and process the coils into smaller sizes and various products. Many of the other products that we carry also require specialized equipment. Few of our customers have the capability to process the metal into the desired sizes.

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After receiving an order, we enter it into one of our computerized order entry systems, select appropriate inventory and schedule the processing to meet the specified delivery date. In 2013, we delivered approximately 40% of our orders within 24 hours of the customer placing the order with us. We attempt to maximize the yield from the various metals that we process by combining customer orders to use each product that we purchase to the fullest extent practicable.

Few metals service centers offer the full range of processing services and metals that we provide. In addition to a focus on growing in specialty products, we have also enhanced the level of value-added services with recent acquisitions and significantly upgraded and expanded our processing capabilities with significant investments in new equipment over the past few years.

In 2013, we performed processing services for approximately 40% of our sales orders. Our primary processing services range from cutting, leveling or sawing to complete processes such as machining or electropolishing. Throughout our service centers we perform most processes provided in the industry, without encroaching upon the services performed by our customers.

We generally process specific metals to non-standard sizes only at the request of customers pursuant to purchase orders. We do not maintain a significant inventory of finished products, but we carry a wide range of metals to meet the short lead time and just-in-time delivery requirements of our customers. Our metals service centers maintain inventory and equipment selected to meet the needs of that facility's customers.

Marketing

As of December 31, 2013, we had approximately 2,090 sales personnel located in 43 states and 11 countries that provide marketing services throughout each of those areas, as well as nearby locations. The sales personnel are organized by division or subsidiary among our profit centers and are divided into two groups. Our outside sales personnel are those personnel who travel throughout a specified geographic territory to maintain relationships with our existing customers and develop new customers. Those sales personnel who remain at the facilities to price and write orders are our inside sales personnel. The inside sales personnel generally receive incentive compensation, in addition to their base salary, based on the gross profit and/or pretax profit of their particular profit center. The outside sales personnel generally receive incentive compensation based on the gross profit from their particular geographic territories.

Competition

The metals distribution industry is highly fragmented and competitive. We have numerous competitors in each of our product lines and geographic locations, and competition is most frequently local or regional. Our competitors are smaller than we are, but we still face strong competition from national, regional and local independent metals distributors and the producers themselves, some of which have greater resources than we do. As reported by IBISWorld Inc. in their October 2013 report on the metals service center industry, it is estimated that there were approximately 10,500 metal wholesale locations in the United States operated by approximately 7,500 companies in 2012. The four largest U.S. metals service center companies represented less than 10% of the estimated $215.8 billion industry total in 2012. Based on this estimate, our U.S. revenues of $7.86 billion in 2012 accounted for approximately 3.6% of the entire U.S. market. We believe we are the largest North American (U.S. and Canada) metals service center company on a revenue basis.

We compete with other companies on price, service, quality and availability of products. We maintain centralized relationships with our major suppliers and a decentralized operational structure. We believe that this division of responsibility has increased our ability to obtain competitive prices of metals and to provide more responsive service to our customers. In addition, we believe that the size of our inventory, the different metals and products we have available, and the wide variety of processing services we provide distinguish us from our competition. We believe that we have increased our market share during recent

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years due to our strong financial condition, our high quality of products and services from significant investments in our equipment and facilities, and our acquisitions, as well as our continued focus on small order sizes with quick turnaround.

Quality Control

Procuring high quality metal from suppliers on a consistent basis is critical to our business. We have instituted strict quality control measures to assure that the quality of purchased raw materials will enable us to meet our customers' specifications and to reduce the costs of production interruptions. In certain instances, we perform physical and chemical analyses on selected raw materials, typically through a third party testing lab, to verify that their mechanical and dimensional properties, cleanliness and surface characteristics meet our requirements and our customers' specifications. We also conduct certain analyses of surface characteristics on selected processed metal before delivery to the customer. We believe that maintaining high standards for accepting metals ultimately results in reduced return rates from our customers.

We maintain various quality certifications throughout our operations with about 60% of our operating locations being ISO 9001:2008 certified. Many of our locations maintain additional certifications specific to the industries they serve, such as aerospace, auto, nuclear, and others, including certain international certifications.

Systems

We maintain various software applications across our operations that are tailored to the specific needs of those operations. Generally, these systems provide information in real time, such as inventory availability, location and cost and are customized with features to accommodate the products the respective operations carry, automated equipment interfaces, or other specialized needs. With this information, our marketing and sales personnel can respond to our customers' needs more efficiently and more effectively.

A common financial reporting system, as well as certain other accounting, tax and HRIS systems are used company-wide. We have also initiated efforts to customize and implement a common ERP platform across our operating companies and to develop more efficient means of consolidating data. This is a multi-phased, multi-year project that will be pursued and implemented in a manner to limit both operational and financial risk.

Government Regulation

Our metals service centers are subject to many foreign, federal, state and local requirements to protect the environment, including hazardous waste disposal and underground storage tank regulations. The only hazardous substances that we generally use in our operations are lubricants, cleaning solvents and petroleum for fueling our trucks. We pay state-certified private companies to haul and dispose of our hazardous waste.

Our operations are also subject to laws and regulations relating to workplace safety and worker health, principally the Occupational Health and Safety Act and related regulations, which, among other requirements, establish noise, dust and safety standards. We maintain comprehensive health and safety policies and encourage our employees to follow established safety practices. Safety of our employees and others is critical to our success. We continue to expand and improve our internal safety resources, which has contributed positively to our safety metrics and financial results. We encourage social well-being by instituting these high quality labor, health and safety standards. We do not anticipate that future compliance with such laws and regulations will have a material adverse effect on our results of operations or financial condition.

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Certain of our operations sell metal to foreign customers, subjecting us to various export compliance regulations, including the Foreign Corrupt Practices Act ("FCPA") and other regulations. We have implemented company-wide export compliance and FCPA training and compliance programs to monitor adherence to our policies and to provide appropriate training to our operating personnel. Although the amount of our sales that are subject to export compliance, FCPA and other regulations may only be a small percentage of our total sales, penalties assessed to any violations in connection with these sales may be material. Although we have implemented policies and procedures to comply with these regulations, we cannot guarantee that we will not incur any violations and resulting penalties from such activity.

Environmental

Some of the properties we own or lease are located in industrial areas with histories of heavy industrial use. We may incur some environmental liabilities because of the location of these properties. In addition, we are currently involved with certain environmental remediation projects related to activities at former manufacturing operations of Earle M. Jorgensen Company ("EMJ"), our wholly owned subsidiary, that were sold many years prior to Reliance's acquisition of EMJ in 2006. Although the potential cleanup costs could be significant, EMJ had insurance policies in place at the time they owned the manufacturing operations that are expected to cover the majority of the related costs. We do not expect that these obligations will have a material adverse impact on our financial position, results of operations or cash flows.

We believe that all scrap metal produced by our operations is recycled by the independent scrap metal companies and producers that we sell to. We continue to evaluate and implement energy conservation and other initiatives to reduce pollution. If more stringent environmental regulations are enacted this could have an adverse impact on our financial results.

Employees

As of December 31, 2013, we had approximately 14,000 employees. Approximately 11% of the employees are covered by collective bargaining agreements, which expire at various times over the next six years. We have entered into collective bargaining agreements with 40 union locals at 49 of our locations. These collective bargaining agreements have not had a material impact either favorably or unfavorably on our revenues or profitability at our various locations. We have always maintained excellent relations with our employees. Over the years we have experienced minor work stoppages by our employees at certain of our locations, but due to the small number of employees and the short time periods involved, these stoppages have not had a material impact on our operations. We have never experienced a significant work stoppage.

Seasonality

Some of our customers are in seasonal businesses, especially customers in the construction industry and related businesses. As a result of our geographic, product and customer diversity, however, our overall operations have not shown any material seasonal trends. Revenues in the months of July, November and December traditionally have been lower than in other months because of a reduced number of working days for shipments of our products, resulting from vacation and holiday closures at some of our customers.

Available Information

We file annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also,

the SEC maintains a website that contains reports, proxy statements and other information regarding issuers, including our Company, that file reports electronically with the SEC. The public can obtain any reports that we file with the SEC at *http://www.sec.gov*.

We also make available free of charge on or through our website (*http://www.rsac.com*) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Reference to our website is not intended to incorporate anything on the website into this report.

Item 1A. Risk Factors

Set forth below are the risks that we believe are material to our investors. Our business, results of operations and financial condition may be materially adversely affected due to any of the following risks. The risks described below are not the only ones we face. Additional risks of which we are not presently aware or that we currently believe are immaterial may also harm our business. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements set forth at the beginning of this report.

Risks Related to Our Business and Industry

Our indebtedness could impair our financial condition and reduce the funds available to us for other purposes and our failure to comply with the covenants contained in our debt instruments could result in an event of default that could adversely affect our operating results.

We have substantial debt service obligations. As of December 31, 2013, we had aggregate outstanding indebtedness of approximately $2.11 billion. This indebtedness could adversely affect us in the following ways:

- additional financing may not be available to us in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes and, if available, may be considerably more costly than our current debt costs;
- a significant portion of our cash flow from operations must be dedicated to the payment of interest and principal on our debt, which reduces the funds available to us for our operations, dividends or other purposes;
- some of the interest on our debt is, and will continue to be, accrued at variable rates, which may result in higher interest expense in the event of increases in interest rates, which may occur in future periods;
- because we may be more leveraged than some of our competitors, our debt may place us at a competitive disadvantage;
- our leverage may increase our vulnerability to economic downturns and limit our ability to withstand adverse events in our business by limiting our financial alternatives; and
- our ability to capitalize on significant business opportunities, including potential acquisitions, and to plan for, or respond to, competition and changes in our business may be limited due to our indebtedness.

Our existing debt agreements contain financial and restrictive covenants that limit the total amount of debt that we may incur, and may limit our ability to engage in other activities that we may believe are in our long-term best interests, including the disposition or acquisition of assets or other companies or the payment of dividends to our shareholders. Our failure to comply with these covenants may result in an event of default, which, if not cured or waived, could accelerate the maturity of our indebtedness or

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prevent us from accessing additional funds under our revolving credit facility. If the maturity of our indebtedness is accelerated, we may not have sufficient cash resources to satisfy our debt obligations and we may not be able to continue our operations as planned. See discussion regarding our financial covenants in the "Liquidity and Capital Resources" section of Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

We may not be able to generate sufficient cash flow to meet our existing debt service obligations.

Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will depend on our future financial performance, which will be affected by a range of economic, competitive and business factors, many of which are outside of our control. For example, we may not generate sufficient cash flow from our operations or new acquisitions to repay amounts drawn under our revolving credit facility when it matures in 2018, amortization payments on our new term loan, or our debt securities when they mature in 2016, 2023, and 2036. If we do not generate sufficient cash flow from operations or have availability to borrow on our revolving credit facility to satisfy our debt obligations, we would expect to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We may not be able to consummate any such transaction at all or on a timely basis or on terms, and for proceeds, that are acceptable to us. These transactions may not be permitted under the terms of our various debt instruments then in effect. Our inability to generate sufficient cash flow to satisfy our debt obligations or to timely refinance our obligations on acceptable terms could adversely affect our ability to serve our customers we may not be able to continue our operations as planned.

The costs that we pay for metals fluctuate due to a number of factors beyond our control, and such fluctuations could adversely affect our operating results, particularly if we cannot pass on higher metal prices to our customers.

We purchase large quantities of aluminum, carbon, alloy and stainless steel and other metals, which we sell to a variety of customers. The costs to us for these metals and the prices that we charge customers for our products may change depending on many factors outside of our control, including general economic conditions (both domestic and international), competition, production levels, raw material costs, customer demand levels, import duties and other trade restrictions, currency fluctuations and surcharges imposed by our suppliers. We attempt to pass cost increases on to our customers with higher selling prices but we may not always be able to do so, particularly when the cost increases are not demand driven.

We maintain substantial inventories of metal to accommodate the short lead times and delivery requirements of our customers. Our customers typically purchase products from us pursuant to purchase orders and typically do not enter into long-term purchase agreements or arrangements with us. Accordingly, we purchase metal in quantities we believe to be appropriate to satisfy the anticipated needs of our customers based on information derived from customers, market conditions, historic usage and industry research. Commitments for metal purchases are generally at prevailing market prices in effect at the time orders are placed or at the time of shipment. During periods of rising prices for metal, we may be negatively impacted by delays between the time of increases in the cost of metals to us and increases in the prices that we charge for our products if we are unable to pass these increased costs on to our customers immediately. In addition, when metal prices decline, this could result in lower selling prices for our products and, as we use existing inventory that we purchased at higher metal prices, lower margins. Consequently, during periods in which we sell this existing inventory, the effects of changing metal prices could adversely affect our operating results.

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Our business could be adversely affected by declines in economic activity.

Demand for our products is affected by a number of general economic factors. A decline in economic activity in the U.S. and international markets in which we operate could materially affect our financial condition and results of operations. During the most recent U.S. economic recession, both demand for our products and pricing levels declined rapidly and significantly. In addition to reducing our direct business activity, many of our customers were not able to pay us amounts when they became due, further affecting our financial condition and results of operations. Although the U.S. recession has ended, overall demand for our products continues to be at lower levels than we believe to be more normal levels, particularly for non-residential construction activity. We have little visibility as to if or when demand will return to pre-recession levels, which may continue to impact the financial viability of our customers and their ability to pay us and may cause our financial condition to decline from current levels.

The prices of metals are subject to fluctuations in the supply and demand for metals worldwide and changes in the worldwide balance of supply and demand could negatively impact our profitability and cash flows.

Metal prices are volatile due to, among other things, fluctuations in foreign and domestic production capacity, raw material availability and related pricing, metals consumption and foreign currency rates. Future changes in global general economic conditions or in production, consumption or export of metals could cause fluctuations in metal prices globally, which could adversely affect our profitability and cash flows. We generally do not enter into long-term agreements with our suppliers or hedging arrangements that could lessen the impact of metal price fluctuations.

Additionally, significant currency fluctuations in the United States or abroad could negatively impact our cost of metals and the pricing of our products. A decline in the dollar relative to foreign currencies may result in increased prices for metals and metal products in the United States and reduce the amount of metal imported into the U.S. as imported metals become relatively more expensive. If the value of the dollar improves relative to foreign currencies, this may result in increased metal being imported into the U.S., which in turn may pressure existing domestic prices for metal. In addition, when prices for metal products in the U.S. are lower than in foreign markets, metals may be sold in the foreign markets rather than in the U.S., reducing the availability of metal products in the U.S., which may allow the domestic mills to increase their prices.

We operate in an industry that is subject to cyclical fluctuations and any downturn in general economic conditions or in our customers' specific industries could negatively impact our profitability and cash flows.

The metals service center industry is cyclical and impacted by both market demand and metals supply. Periods of economic slowdown or recession in the United States or other countries, or the public perception that these may occur, could decrease the demand for our products and adversely affect our pricing. If either demand or pricing were to decline from the current levels, this could reduce our profitability and cash flows.

We sell many products to industries that are cyclical, such as the non-residential construction, semiconductor, energy and transportation industries, including aerospace. Although many of our direct sales are to sub-contractors or job shops that may serve many customers and industries, the demand for our products is directly related to, and quickly impacted by, demand for the finished goods manufactured by customers in these industries, which may change as a result of changes in the general U.S. or worldwide economy, domestic exchange rates, energy prices or other factors beyond our control. If we are unable to accurately project the product needs of our customers over varying lead times or if there is a limited availability of products through allocation by the mills or otherwise, we may not have sufficient inventory to be able to provide products desired by our customers on a timely basis. In addition, if we are not able to diversify our customer base and/or increase sales of products to customers in other industries when one or

more of the cyclical industries that we serve are experiencing a decline, our profitability and cash flows may be adversely affected.

We compete with a large number of companies in the metals service center industry, and, if we are unable to compete effectively, our profitability and cash flows may decline.

We compete with a large number of other general-line distributors and specialty distributors in the metals service center industry. Competition is based principally on price, inventory availability, timely delivery, customer service, quality and processing capabilities. Competition in the various markets in which we participate comes from companies of various sizes, some of which have more established brand names in the local markets that we serve. These competitors may be better able to withstand adverse changes in conditions within our customers' industries and may have greater operating and financial flexibility than we have. To compete for customer sales, we may lower prices or offer increased services at a higher cost, which could reduce our profitability and cash flows. The significantly lower demand levels during 2009 and rapidly declining prices escalated competitive pressures, with service centers selling at substantially reduced prices, and sometimes at a loss, in an effort to reduce their high cost inventory and generate cash. These competitive pressures could intensify again if demand and particularly pricing decline significantly from current levels. Any increased competitive pressure could cause our profitability and cash flows to decline.

If we were to lose any of our primary suppliers or otherwise be unable to obtain sufficient amounts of necessary metals on a timely basis, we may not be able to meet our customers' needs and may suffer reduced sales.

We have few long-term contracts to purchase metals. Therefore, our primary suppliers of carbon steel, alloy steel, stainless steel, aluminum or other metals could curtail or discontinue their delivery of these metals to us in the quantities we need with little or no notice. Our ability to meet our customers' needs and provide value-added inventory management services depends on our ability to maintain an uninterrupted supply of high quality metal products from our suppliers. If our suppliers experience production problems, lack of capacity or transportation disruptions, the lead times for receiving our supply of metal products could be extended and the cost of our inventory may increase. If, in the future, we are unable to obtain sufficient amounts of the necessary metals at competitive prices and on a timely basis from our customary suppliers, we may not be able to obtain these metals from acceptable alternative sources at competitive prices to meet our delivery schedules. Even if we do find acceptable alternative suppliers, the process of locating and securing these alternatives may be disruptive to our business, which could have an adverse impact on our ability to meet our customers' needs and reduce our profitability and cash flows. In addition, if a significant domestic supply source is discontinued and we cannot find acceptable domestic alternatives, we may need to find foreign sources of supply. Using foreign sources of supply could result in longer lead times, increased price volatility, less favorable payment terms, increased exposure to foreign currency movements and certain tariffs and duties and require greater levels of working capital. Alternative sources of supply may not maintain the quality standards that are in place with our current suppliers that could impact our ability to provide the same quality of products to our customers that we have provided in the past, which could cause our customers to move their business to our competitors or to file claims against us, and such claims may be more difficult to pass through to foreign suppliers.

There has been significant consolidation at the metal producer level both globally and within the U.S. This consolidation has reduced the number of suppliers available to us, which could result in increased metals costs to us that we may not be able to pass on to our customers and may limit our ability to obtain the necessary metals to service our customers. The number of available suppliers may be further reduced if the general economy enters into another recession. Lower metal prices and lower demand levels caused certain mills to reduce their production capacity and, in many cases, to operate at a loss, which could cause one or more mills to discontinue operations if the losses continue over an extended period of time or if the mill cannot obtain the necessary financing to fund its operating costs.

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We rely upon our suppliers as to the specifications of the metals we purchase from them.

We rely on mill certifications that attest to the physical and chemical specifications of the metal received from our suppliers for resale and generally, consistent with industry practice, do not undertake independent testing of such metals. We rely on our customers to notify us of any metal that does not conform to the specifications certified by the supplying mill. Although our primary sources of products have been domestic mills, we have and will continue to purchase product from foreign suppliers when we believe it is appropriate. In the event that metal purchased from domestic suppliers is deemed to not meet quality specifications as set forth in the mill certifications or customer specifications, we generally have recourse against these suppliers for both the cost of the products purchased and possible claims from our customers. However, such recourse will not compensate us for the damage to our reputation that may arise from sub-standard products and possible losses of customers. Moreover, there is a greater level of risk that similar recourse will not be available to us in the event of claims by our customers related to products from foreign suppliers that do not meet the specifications set forth in the mill certifications. In such circumstances, we may be at greater risk of loss for claims for which we do not carry, or do not carry sufficient, insurance.

If we do not successfully implement our growth strategy, our ability to grow our business could be impaired.

We may not be able to identify suitable acquisition candidates or successfully complete any acquisitions or integrate any other businesses into our operations. If we cannot identify suitable acquisition candidates or are otherwise unable to complete acquisitions, we are unlikely to sustain our historical long-term growth rate and, if we cannot successfully integrate these businesses, we may incur increased or redundant expenses. Moreover, any additional indebtedness we incur to pay for these acquisitions could adversely affect our liquidity and financial condition.

Our internal growth in the last few years has been at historically high levels for us as we have invested a significant amount of capital in new locations and new processing capabilities. We may not continue to identify sufficient opportunities for internal growth to be able to sustain growth at similar levels. In addition, we may not realize the expected returns from these investments. In either case, our future financial performance may decline from current levels.

Acquisitions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of each transaction.

Since our initial public offering in September 1994, we have successfully purchased 56 businesses. From 1984 to September 1994, we acquired 20 businesses. We continue to evaluate acquisition opportunities and expect to continue to grow our business through acquisitions in the future. Risks we may encounter in acquisitions include:

- the acquired company may not further our business strategy, or we may pay more than it is worth;
- the acquired company may not perform as anticipated, which could result in an impairment charge or otherwise impact our results of operations;
- we may not realize the anticipated increase in our revenues if a larger than predicted number of customers decline to continue purchasing products from us;
- we may have to delay or not proceed with a substantial acquisition if we cannot obtain the necessary funding to complete the acquisition in a timely manner;
- we may significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or assume existing debt of an acquired company, which, among other things, may result in a downgrade of our credit ratings;

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- we may have multiple and overlapping product lines that may be offered, priced and supported differently, which could cause our gross profit margin to decline;
- we may have increased inventory exposure for a short time period if the acquired company has significant amounts of material on order;
- our relationship with current and new employees, customers and suppliers could be impaired;
- our due diligence process may fail to identify risks that could negatively impact our financial condition;
- we may lose anticipated tax benefits or have additional legal or tax exposures if we have prematurely or improperly combined entities;
- we may face contingencies related to product liability, intellectual property, financial disclosures, tax positions and accounting practices or internal controls;
- the acquisition may result in litigation from terminated employees or third parties;
- our management's attention may be diverted by transition or integration issues; and
- we may be unable to obtain timely approvals from governmental authorities under competition and antitrust laws.

These factors could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a larger acquisition or a number of acquisitions in any short period of time.

As a decentralized business, we depend on both senior management and our key operating employees. If we are unable to attract and retain these individuals, our ability to operate and grow our business may be adversely affected.

Because of our decentralized operating style, we depend on the efforts of our senior management, including our Chairman and Chief Executive Officer, David H. Hannah, our President and Chief Operating Officer, Gregg J. Mollins, and our Executive Vice President and Chief Financial Officer, Karla Lewis, as well as our key operating employees. We may not be able to retain these individuals or attract and retain additional qualified personnel when needed. We do not have employment agreements with any of our corporate officers or most of our key employees, so they may have less of an incentive to stay with us when presented with alternative employment opportunities. The compensation of our officers and key employees is heavily dependent on our financial performance and stock price and in times of reduced financial performance or declining stock price this may cause our employees to seek employment opportunities that provide a more stable compensation structure. The loss of any key officer or employee will require remaining officers and employees to direct immediate and substantial attention to seeking and training a replacement. Our inability to retain members of our senior management or key operating employees or to find adequate replacements for any departing key officer or employee on a timely basis could adversely affect our ability to operate and grow our business.

We are subject to various environmental, employee safety and health and customs and export laws and regulations, which could subject us to significant liabilities and compliance expenditures.

We are subject to various foreign, federal, state and local environmental laws and regulations concerning air emissions, wastewater discharges, underground storage tanks and solid and hazardous waste disposal at or from our facilities. Our operations are also subject to various employee safety and health laws and regulations, including those concerning occupational injury and illness, employee exposure to hazardous materials and employee complaints. We are also subject to customs and export laws and regulations for international shipment of our products. Environmental, employee safety and health and

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customs and export laws and regulations are comprehensive, complex and frequently changing. Some of these laws and regulations are subject to varying and conflicting interpretations. We may be subject from time to time to administrative and/or judicial proceedings or investigations brought by private parties or governmental agencies with respect to environmental matters, employee safety and health issues or customs and export issues. Proceedings and investigations with respect to environmental matters, any employee safety and health issues or customs and export issues could result in substantial costs to us, divert our management's attention and result in significant liabilities, fines or the suspension or interruption of our service center activities. Some of our current properties are located in industrial areas with histories of heavy industrial use. The location of these properties may require us to incur environmental expenditures and to establish accruals for environmental liabilities that arise from causes other than our operations. In addition, we are currently investigating and remediating contamination in connection with certain properties we have acquired. Future events, such as changes in existing laws and regulations or their enforcement, new laws and regulations or the discovery of conditions not currently known to us, could result in material environmental or export compliance or remedial liabilities and costs, constrain our operations or make such operations more costly.

Our international operations continue to expand, exposing us to additional risks.

Our international presence has grown, so the risk of incurring liabilities or fines resulting from non-compliance with various U.S. or international laws and regulations has increased. For example, we are subject to the FCPA, and similar worldwide anti-bribery laws in non-U.S. jurisdictions such as the UK Bribery Act, which generally prohibit companies and their intermediaries from corruptly paying, offering to pay, or authorizing the payment of money, a gift, or anything of value, to a foreign official or foreign political party, for purposes of obtaining or retaining business. A company can be held liable under these anti-bribery laws not just for its own direct actions, but also for the actions of its foreign subsidiaries or other third parties, such as agents or distributors. In addition, we could be held liable for actions taken by employees or third parties on behalf of a company that we acquire. If we fail to comply with the requirements under these laws and other laws we are subject to due to our international operations, we may face possible civil and/or criminal penalties, which could have a material adverse effect on our business or financial results.

Proposed legislation aimed at regulating and taxing carbon emissions may impact both the prices we pay for materials and the volume of business from our customers involved in fossil fuel exploration.

We purchase large quantities of metal from mills whose production costs may increase because of proposed increases in taxation on carbon emissions as a byproduct of the milling process. Such regulation, if passed, may result in significantly higher prices charged to us by the mills for most every type of metal that we sell. The price that we pay for utilities such as electricity to run our warehouse equipment and fuel to run our delivery trucks and forklifts may rise as well due to increased taxation on the companies who produce and supply these commodities. We may not be able to fully pass on these costs to our customers without a resulting decline in order volumes, which may adversely impact our profitability and cash flows.

Carbon-related regulation may also negatively impact domestic exploration efforts. Should such a reduction in domestic exploration occur, we would expect to see a resulting slowdown in sales to our energy end market in general, thus negatively impacting our profitability and cash flows.

Our operating results have fluctuated, and are expected to continue fluctuating, depending on the season.

Some of our customers are in seasonal businesses, including customers in the construction and related industries. Revenues in the months of July, November and December traditionally have been lower than in other months because of increased vacation days and holiday closures for various customers. Consequently, you should not rely on our results of operations during any particular quarter as an indication of our results for a full year or any other quarter.

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Ongoing tax audits may result in additional taxes.

Reliance and our subsidiaries are typically involved in tax audits from time to time. These tax audits could result in additional taxes, plus interest and penalties being assessed against Reliance or any of our subsidiaries and the amounts assessed could be in excess of what has been accrued in our consolidated financial statements and may be material.

We rely on information management systems and any damage, interruption or compromise of our information management systems or data could disrupt and harm our business.

We rely on information management systems to process, transmit, and store electronic information in connection with the operation of our business. Our information management systems and the data contained therein may be vulnerable to damage, including interruption, due to power loss, system and network failures, operator negligence and similar causes. In addition, our systems and data may be subject to security breaches, viruses, malware, and other cyber-attacks. Any compromise of our information management systems or data could impede or interrupt our business operations and may result in negative consequences including loss of revenue, fines, penalties, litigation, reputational damage, inability to accurately and/or timely complete required filings with government entities including the SEC and IRS, unavailability or disclosure of confidential information (including personal information) and negative impact on our stock price. We have implemented preventive and defensive measures to protect our systems and data and reduce the risk of these threats, however these measures may be insufficient to prevent all damage, interruption and compromise and resultant harm to our business.

The value of your investment may be subject to sudden decreases due to the potential volatility of the price of our common stock.

The market price of our common stock may be highly volatile and subject to wide fluctuations in response to various factors, including variations in our quarterly results of operations and our leverage position, global metals pricing, as well as general economic conditions. Other factors that could impact our stock price include matters discussed in other risk factors and the following:

- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors or changes in estimates that we provide in our quarterly earnings release and conference call;
- developments affecting our Company, our customers or our suppliers, including general pricing announcements;
- changes in the legal or regulatory environment affecting our business;
- press releases, earnings releases or publicity relating to us or our competitors or relating to trends in the metals service center industry;
- inability to meet our or any securities analysts' and investors' quarterly or annual estimates or targets of our performance;
- declines in our credit ratings by the rating agencies;
- damage to our corporate reputation;
- the operating and stock performance of other companies that investors may deem comparable, including steel suppliers that face different hurdles than metals service centers;
- ability to maintain our increased dividend rate;

sales of our common stock by large shareholders or insiders; and

general domestic or international economic, market and political conditions.

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These factors may adversely affect the trading price of our common stock, regardless of our actual operating performance. In addition, stock markets from time to time experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. In the past, some shareholders have brought securities class action lawsuits against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation, regardless of whether our defense is ultimately successful, could result in substantial costs and divert management's attention and resources.

The volatility of the market could result in a material impairment of goodwill or indefinite-lived intangible assets.

We review the recoverability of goodwill and indefinite-lived intangible assets annually or whenever significant events or changes in circumstances occur that might impair the recovery of recorded costs. Factors that may be considered a change in circumstances, indicating that the carrying value of our goodwill or indefinite-lived intangible assets may not be recoverable, include a decline in stock price and market capitalization, declines in the market conditions of our products, loss of customers, reduced future cash flow estimates, and slower growth rates in our industry. An impairment charge, if incurred, could be material.

Principal shareholders who own a significant number of shares may have interests that conflict with yours.

Periodically, we have one or more shareholders that control 5% or more of the outstanding shares of our common stock. Individually or together, they may have the ability to significantly influence matters requiring shareholder approval. In deciding how to vote on such matters, these shareholders may have different views or may be influenced by interests that conflict with yours.

We have implemented anti-takeover provisions that may adversely impact your rights as a holder of Reliance common stock.

Certain provisions in our articles of incorporation and our bylaws could delay, defer or prevent a third party from acquiring Reliance, despite the possible benefit to our shareholders, or otherwise adversely affect the price of our common stock and the rights of our shareholders. We are authorized to issue 5,000,000 shares of preferred stock, no par value, with the rights, preferences, privileges and restrictions of such stock to be determined by our board of directors, without a vote of the holders of common stock. Our board of directors could grant rights to holders of preferred stock to reduce the attractiveness of Reliance as a potential takeover target or make the removal of management more difficult. In addition, our restated articles of incorporation and amended and restated bylaws impose advance notice requirements for shareholder proposals and nominations of directors to be considered at shareholder meetings. These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors other than the candidates nominated by our board of directors. In addition, our Credit Agreement and the provisions of our debt securities contain limitations on our ability to enter into change of control transactions.

Risks Related to our Debt Securities

Because our senior debt securities and the related guarantees are not secured and are effectively subordinated to the rights of secured creditors, the debt securities and the related guarantees will be subject to the prior claims of any secured creditors, and if a default occurs, we may not have sufficient funds to fulfill our obligations under the debt securities or the related guarantees.

The notes and the guarantees are unsecured obligations, ranking equally with other senior unsecured indebtedness. The indentures governing the notes, as well as our Credit Agreement, permit us and the

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subsidiary guarantors to incur additional secured or unsecured debt under specified circumstances. If we or the subsidiary guarantors incur additional secured debt, our assets and the assets of the subsidiary guarantors securing such debt will be subject to prior claims by our secured creditors. In the event of bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up of either Reliance or any of the subsidiary guarantors, assets that secure debt will be available to pay obligations on the notes and guarantees only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in any remaining assets ratably with all of the respective unsecured and unsubordinated creditors of Reliance and the subsidiary guarantors, including trade creditors. If Reliance or any of the subsidiary guarantors incurs any additional unsecured obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed as a result of bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up. If we do not have sufficient assets to pay all creditors of these entities, a portion of the notes outstanding would remain unpaid.

The guarantees may be unenforceable due to fraudulent conveyance statutes and, accordingly, the holders of our debt securities may not have a claim against the subsidiary guarantors.

The obligations of each subsidiary guarantor under its guarantee will be limited as necessary to prevent that guarantee from constituting a fraudulent conveyance or fraudulent transfer under applicable law. However, a court in some jurisdictions could, under fraudulent conveyance laws, further subordinate or void the guarantee of any subsidiary guarantor if it found that such guarantee was incurred with actual intent to hinder, delay or defraud creditors, or such subsidiary guarantor did not receive fair consideration or reasonably equivalent value for the guarantee and that the subsidiary guarantor was any of the following: insolvent or rendered insolvent because of the guarantee, engaged in a business or transaction for which its remaining assets constituted unreasonably small capital, or intended to incur, or believed that it would incur, debts beyond its ability to pay such debts at maturity.

If a court were to void the guarantee of a subsidiary guarantor as the result of a fraudulent conveyance, or hold it unenforceable for any other reason, holders of the notes would cease to have a claim against that subsidiary guarantor on its guarantee and would be creditors solely of Reliance and any other subsidiary guarantor whose guarantee is not voided or held to be unenforceable.

The guarantees will be released under certain circumstances.

The debt securities will be guaranteed by any subsidiary guarantor for so long as such subsidiary guarantor is a borrower or a guarantor of obligations under our Credit Agreement. In the event that, for any reason, the obligations of any subsidiary guarantor terminate as a borrower or guarantor under our Credit Agreement, that subsidiary guarantor will be deemed released from all of its obligations under the indenture and its guarantee of the notes will terminate. A subsidiary guarantor's guarantee will also terminate and such subsidiary guarantor will be deemed released from all of its obligations under the indenture with respect to the notes of a series upon legal defeasance of such series or satisfaction and discharge of the indenture as it relates to such series. A subsidiary guarantor's guarantee will also terminate and such subsidiary guarantor will be deemed released from all of its obligations under the indenture with respect to each series of notes in connection with any sale or other disposition by Reliance of all of the capital stock of that subsidiary guarantor (including by way of merger or consolidation) or other transaction such that after giving effect to such transaction such subsidiary guarantor is no longer a domestic subsidiary of Reliance. If the obligations of any subsidiary guarantor as a guarantor terminate or are released, the risks applicable to our subsidiaries that are not guarantors will also be applicable to such released subsidiary guarantor.

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We depend on the receipt of dividends or other intercompany transfers from our subsidiaries to meet our obligations under the notes. Claims of creditors of our subsidiaries may have priority over your claims with respect to the assets and earnings of our subsidiaries.

We conduct a substantial portion of our operations through our subsidiaries. We are therefore dependent upon dividends or other intercompany transfers of funds from our subsidiaries in order to meet our obligations under the notes and to meet our other obligations. Generally, creditors of our subsidiaries will have claims to the assets and earnings of our subsidiaries that are superior to the claims of our creditors, except to the extent the claims of our creditors are guaranteed by our subsidiaries. All of our wholly owned domestic subsidiaries, which constitute the substantial majority of our subsidiaries, guarantee the notes. As of December 31, 2013, Reliance and the subsidiary guarantors accounted for approximately $6.20 billion, or 84%, of our total consolidated assets. Reliance and the subsidiary guarantors accounted for approximately $8.51 billion, or 92%, of our total consolidated revenues for the year ended December 31, 2013. If Reliance expands its international presence at a greater pace than it expands its U.S. presence, a smaller percentage of its consolidated assets may be subject to the guarantee obligations.

In the event of the bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up of Reliance, the holders of our notes may not receive any amounts with respect to the notes until after the payment in full of the claims of creditors of our subsidiaries that are not subsidiary guarantors.

We are permitted to incur more debt, which may intensify the risks associated with our current leverage, including the risk that we will be unable to service our debt.

Subject to certain limitations, our existing Credit Agreement permits us to incur additional debt. The indentures governing the notes do not limit the amount of additional debt that we may incur. If we incur additional debt, the risks associated with our leverage, including the risk that we will be unable to service our debt, will increase.

The provisions in the indentures that govern the notes relating to change of control transactions will not necessarily protect the holders of our notes in the event of a highly leveraged transaction.

The provisions contained in the indentures will not necessarily afford the holders of our notes protection in the event of a highly leveraged transaction that may adversely affect them, including a reorganization, restructuring, merger or other similar transaction involving Reliance. These transactions may not involve a change in voting power or beneficial ownership or, even if they do, may not involve a change of the magnitude required under the definition of change of control repurchase event in the indentures to trigger these provisions, notably, that the transactions are accompanied or followed within 60 days by a downgrade in the rating of the notes. Except in the event of a change of control, the indentures do not contain provisions that permit the holders of the notes to require us to repurchase the notes in the event of a takeover, recapitalization or similar transaction.

Reliance may not be able to repurchase all of the notes upon a change of control repurchase event.

We will be required to offer to repurchase certain outstanding senior notes upon the occurrence of a change of control repurchase event as defined in the indentures dated November 20, 2006 and April 12, 2013 (see Exhibits 4.01, 4.02 and 4.03 incorporated by reference in this Annual Report on Form 10-K). We may not have sufficient funds to repurchase the notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. Under the terms of our Credit Agreement, we are prohibited from repurchasing the notes if we are in default under such Credit Agreement.

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Ratings of our notes may change and affect the market price and marketability of the notes.

The notes are rated by Moody's Investors Service Inc. and Standard & Poor's. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the time the rating is issued and subsequently updated or affirmed. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that our current credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with future events, such as future acquisitions, future debt offerings, market conditions or other events outside our control. Holders of our notes have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the notes. In addition, any decline in the ratings of the notes may make it more difficult for us to raise capital on acceptable terms.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of December 31, 2013, we maintained more than 290 metals service center processing and distribution facilities in 39 states in the U.S. and in ten other countries, and our corporate headquarters. All of our service center facilities are in good or excellent condition and are adequate for our existing operations. These facilities currently operate at about 50-60% of capacity based upon a 24-hour seven-day week, with each location averaging approximately two shifts operating at full capacity for a five-day work week. We have the ability to increase our capacity significantly without further investment in facilities or equipment if demand levels improve.

We lease 138 of our processing and distribution facilities for a total of approximately 7.0 million square feet. Total square footage on all company-owned properties is approximately 24.9 million. In addition, we lease our corporate headquarters in Los Angeles, California and several of our subsidiaries lease other sales offices or non-operating locations. These property leases expire at various times through 2031 and the aggregate monthly rent amount is approximately $2.7 million.

Item 3. Legal Proceedings.

Reliance and its subsidiary, Chapel Steel Corp. ("Chapel"), have been named, along with another metals service center and certain steel producers, as co-defendants in an antitrust lawsuit filed in the United States District Court for the Southern District of Texas. The plaintiffs, former Reliance employees who left to start their own business, allege that the defendants, including Reliance and Chapel, engaged in anticompetitive activities. The plaintiffs seek monetary relief. Although we believe the plaintiffs' claims are without merit and will continue to vigorously defend against them, we cannot at this time predict the outcome of this litigation or estimate the range of Reliance's potential exposure.

From time to time, we are named as a defendant in legal actions. Generally, these actions arise out of our normal course of business. Except as disclosed above, we are not a party to any pending legal proceedings other than routine litigation incidental to the business. We expect that these matters will be resolved without having a material adverse effect on our results of operations or financial condition. We maintain liability insurance against risks arising out of our normal course of business.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "RS" and was first traded on September 16, 1994. The following table sets forth the high and low reported sale prices of our common stock for the stated calendar quarters.

	2013		2012	
	High	Low	High	Low
First Quarter	$ 72.90	$ 62.16	$ 58.58	$ 49.66
Second Quarter	$ 71.16	$ 59.44	$ 57.70	$ 44.81
Third Quarter	$ 75.83	$ 65.33	$ 58.80	$ 44.91
Fourth Quarter	$ 76.78	$ 70.79	$ 62.45	$ 49.72

As of January 31, 2014, there were 238 record holders of our common stock, excluding holders whose shares were held for them in street name or nominee accounts. We have paid quarterly cash dividends on our common stock for 54 years. In February 2014, our Board of Directors increased the regular quarterly dividend amount 6% to $0.35 per share. Our cash dividends per share paid in 2013 were up 57.5% compared to 2012. Our Board of Directors has increased the quarterly dividend rate on a periodic basis with the most recent being our 21st increase since our IPO in 1994. The Board may reconsider or revise this policy from time to time based on conditions then existing, including our earnings, cash flows, financial condition and capital requirements, or other factors the Board may deem relevant. We expect to continue to declare and pay dividends in the future, if earnings are available to pay dividends, but we also intend to continue to retain a portion of earnings for reinvestment in our operations and expansion of our businesses. We cannot assure you that any dividends will be paid in the future or that, if paid, the dividends will be at the same amount or frequency as paid in the past.

We did not repurchase any of our common stock in 2013, 2012, or 2011. Since initiating the Stock Repurchase Plan in 1994 we have purchased approximately 15,200,000 shares at an average cost of $18.41 per share. As of December 31, 2013, we had authorization to purchase an additional 7,883,033 shares under our existing Repurchase Plan.

Our syndicated revolving credit facility contains covenants, which, among other things, may restrict our ability to pay dividends. Since our initial public offering in September 1994 through 2013, we have paid between 5% and 30% of earnings to our shareholders as dividends. The wide range is due mainly to volatility of our earnings over this period more than volatility of our dividend rate. In 2013 our dividend payments represented 30% of earnings.

The following table contains certain information with respect to our cash dividends declared during the past two fiscal years:

Date of Declaration	Record Date	Payment Date	Dividends
10/22/2013	11/21/2013	12/19/2013	$0.33 per share
7/23/2013	8/16/2013	9/13/2013	$0.33 per share
4/23/2013	5/13/2013	6/21/2013	$0.30 per share
2/25/2013	3/8/2013	3/22/2013	$0.30 per share
10/23/2012	11/29/2012	12/20/2012	$0.25 per share
7/24/2012	8/17/2012	9/14/2012	$0.25 per share
4/24/2012	6/1/2012	6/22/2012	$0.15 per share
2/14/2012	3/2/2012	3/23/2012	$0.15 per share

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Additional information regarding securities authorized for issuance under all share-based compensation plans will be included under the caption "EXECUTIVE COMPENSATION" in our definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 21, 2014.

Stock Performance Graph

The following graph compares the performance of our common stock with that of the S&P 500, the Russell 2000 and a metals service center peer group that we selected (the "Peer Group") for the five-year period from December 31, 2008 through December 31, 2013. The comparison of total return assumes that a fixed investment of $100 was invested on December 31, 2008 in all common stock and assumes the reinvestment of dividends. Since there is no nationally-recognized industry index consisting of metals service center companies to be used as a peer group index, Reliance constructed its own peer group. As of December 31, 2013, the Peer Group consisted of Olympic Steel Inc., which has securities listed for trading on NASDAQ; A.M. Castle & Co., and Worthington Industries, Inc., each of which has securities listed for trading on the New York Stock Exchange; and Russel Metals Inc., which has securities listed for trading on the Toronto Stock Exchange. The returns of each member of the Peer Group are weighted according to that member's stock market capitalization.

The stock price performance shown on the graph below is not necessarily indicative of future price performance.

Comparison of 5 Year Cumulative Total Return Among Reliance Steel & Aluminum Co., the S&P 500 Index, the Russell 2000 Index and a Peer Group

	2008	2009	2010	2011	2012	2013
Reliance Steel & Aluminum Co.	$ 100.00	$ 219.41	$ 261.75	$ 252.03	$ 326.35	$ 405.81
S&P 500	100.00	126.46	145.51	148.59	172.37	228.19
Russell 2000	100.00	127.17	161.32	154.59	179.86	249.69
Peer Group	100.00	125.40	169.08	151.06	215.73	289.15

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Item 6. Selected Financial Data.

We have derived the following selected summary consolidated financial and operating data for each of the five years ended December 31, 2013 from our audited consolidated financial statements. You should read the information below with our Consolidated Financial Statements, including the notes related thereto, and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SELECTED CONSOLIDATED FINANCIAL DATA

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(in millions, except share and per share data)				
Income Statement Data:					
Net sales	$ 9,223.8	$ 8,442.3	$ 8,134.7	$ 6,312.8	$ 5,318.1
Cost of sales (exclusive of depreciation and amortization expense included in operating expenses)	6,826.2	6,235.4	6,148.7	4,727.9	3,918.6
Gross profit[1]	2,397.6	2,206.9	1,986.0	1,584.9	1,399.5
Operating expenses[2]	1,845.7	1,547.7	1,413.2	1,224.2	1,149.1
Operating income	551.9	659.2	572.8	360.7	250.4
Other income (expense):					
Interest expense	(77.5)	(58.4)	(59.8)	(61.2)	(67.5)
Other income (expense), net	3.9	8.6	(1.4)	(3.0)	12.6
Income before income taxes	478.3	609.4	511.6	296.5	195.5
Provision for income taxes	153.6	201.1	162.4	98.6	46.3
Net income	324.7	408.3	349.2	197.9	149.2
Less: Net income attributable to noncontrolling interests	3.1	4.8	5.4	3.5	1.0
Net income attributable to Reliance	$ 321.6	$ 403.5	$ 343.8	$ 194.4	$ 148.2
Earnings per Share:					
Net income per share attributable to Reliance shareholders diluted	$ 4.14	$ 5.33	$ 4.58	$ 2.61	$ 2.01
Net income per share attributable to Reliance shareholders basic	$ 4.19	$ 5.36	$ 4.60	$ 2.62	$ 2.02
Weighted average common shares outstanding diluted	77,646,192	75,694,212	75,041,753	74,472,380	73,701,979
Weighted average common shares outstanding basic	76,844,912	75,216,955	74,767,988	74,230,452	73,445,583
Other Data:					
Cash flow provided by operations	$ 633.3	$ 601.9	$ 234.8	$ 214.1	$ 943.0
Capital expenditures	168.0	214.0	156.4	111.4	69.9
Cash dividends per share	1.26	0.80	0.48	0.40	0.40

Balance Sheet Data (December 31):

Working capital	$ 2,165.5	$ 1,699.2	$ 1,698.3	$ 1,192.3	$ 973.3
Total assets	7,341.0	5,857.7	5,605.9	4,668.9	4,306.8
Long-term debt[3]	2,072.5	1,124.0	1,320.5	857.8	852.6
Reliance shareholders' equity	3,874.6	3,558.4	3,143.9	2,823.7	2,606.4

(1) Gross profit, calculated as net sales less cost of sales, is a non-GAAP financial measure as it excludes depreciation and amortization expense associated with the corresponding sales. The majority of our orders are basic distribution with no processing services performed. For the remainder of our sales orders, we perform "first-stage" processing, which is generally not labor intensive as we are simply cutting the metal to size. Because of this, the amount of related labor and overhead, including depreciation and amortization, is not significant and is

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excluded from our cost of sales. Therefore, our cost of sales is primarily comprised of the cost of the material we sell. We use gross profit as shown above as a measure of operating performance. Gross profit is an important operating and financial measure, as fluctuations in our gross profit can have a significant impact on our earnings. Gross profit, as presented, is not necessarily comparable with similarly titled measures for other companies.

(2) Operating expenses include warehouse, delivery, selling, general and administrative expenses, depreciation and amortization expense, and impairment charge.

(3) Long-term debt includes the long-term portion of capital lease obligations.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Although we faced challenging market conditions in 2013, our teams in the field did an excellent job servicing their customers, allowing us to maintain our gross profit margins at 26%. We also completed our largest acquisition to-date in April 2013, with a transaction value of $1.25 billion, and generated strong cash flow to end the year with a healthy balance sheet and ample liquidity to continue our growth.

Our sales increased 9.3% from 2012 mainly due to our acquisition of Metals USA, with our tons sold up 21.4%. Unfortunately, however, metals pricing was 10% lower in 2013 which had a significant impact on our profitability, resulting in lower net income in 2013 from 2012 despite the meaningful contributions from Metals USA.

We did see slight improvement in our same-store tons sold in 2013, with more positive momentum in the second half that has continued into 2014. In 2013, our sales to the auto industry, mainly through our toll processing operations, were up from 2012 levels. Our sales into the aerospace and energy (oil and gas) end markets were strong in 2013, though down from prior periods. Non-residential construction remains our largest end market, and although we saw some indications of improving demand from some of our customers during 2013, overall activity levels in the non-residential construction end market remain well below the peak levels in 2006.

As mentioned, we acquired Metals USA in April 2013 which contributed $1.24 billion to our 2013 sales. We also acquired Haskins Steel in November 2013 and, also in April, we acquired a real estate holding company that owns 18 real estate properties that we had been leasing. We invested $168 million in capital expenditures in 2013, with the majority related to growth activities, including the expansion and relocation of existing facilities, enhancing and adding processing capabilities, penetrating new geographic markets and expanding product offerings at existing locations. We materially increased our return of cash to shareholders, with a 57.5% increase in our dividend paid per share in 2013 compared to 2012.

To fund these activities, we amended and extended our $1.5 billion revolving credit facility and added a $500 million term loan, both with five year terms and favorable pricing. We also issued $500 million of 4.5% senior notes due in 2023. In 2013, we repaid $330 million of borrowings subsequent to the $1.25 billion used to fund the Metals USA transaction.

As of December 31, 2013, our net debt-to-capital ratio was 34.3%, down from 39.4% upon funding the Metals USA acquisition in April 2013.

We believe we have significantly higher earnings capacity due to our exposure to industries that are poised for growth in the years ahead, our broad and diverse product base, and our wide geographic footprint. We are cautiously optimistic that the U.S. economy will continue its recovery throughout 2014, resulting in better demand and pricing for our products.

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

Effect of Demand and Pricing Changes on our Operating Results

Customer demand can have a significant impact on our results of operations. When volume increases our revenue dollars increase, which contributes to increased gross profit dollars. Variable costs also increase with volume including increases in our warehouse, delivery, selling, general and administrative expenses. Conversely, when volume declines, we typically produce fewer revenue dollars, which can reduce

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our gross profit dollars. We can reduce certain variable expenses when volumes decline, but we cannot easily reduce our fixed costs.

Pricing for our products can have a more significant impact on our results of operations than customer demand levels. As pricing increases, so do our revenue dollars. Our pricing usually increases when the cost of our materials increase. If prices increase and we maintain the same gross profit percentage, we generate higher levels of gross profit and pre-tax income dollars for the same operational efforts. Conversely, if pricing declines, we will typically generate lower levels of gross profit and pre-tax income dollars. Because changes in pricing do not require us to adjust our expense structure other than for profit-based compensation, the impact on our results of operations from changes in pricing is typically much greater than the effect of volume changes.

In addition, when volume or pricing increases, our working capital requirements typically increase, which may require us to increase our outstanding debt. This usually increases our interest expense. When our customer demand falls, we typically generate stronger levels of cash flow from operations as our working capital needs decrease.

2013 Acquisitions

On November 1, 2013, through our wholly-owned subsidiary American Metals Corporation, we acquired all of the issued and outstanding capital stock of Haskins Steel Co., Inc. ("Haskins Steel"), located in Spokane, Washington. Founded in 1955, Haskins Steel processes and distributes primarily carbon steel and aluminum products of various shapes and sizes to a diverse customer base in the Pacific Northwest. Their in-house processing capabilities include shearing, sawing, burning and forming. Net sales of Haskins Steel during the period from November 1, 2013 through December 31, 2013 were $4.3 million.

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

On April 12, 2013, we acquired all of the issued and outstanding capital stock of Metals USA Holdings Corp. ("Metals USA"). Metals USA is one of the largest metals service center businesses in the United States and a leading provider of value-added processed aluminum, brass, copper, carbon steel, stainless steel, manufactured metal components and inventory management services. Metals USA sells its products and services to a diverse customer base and broad range of end markets, including the aerospace, auto, defense, heavy equipment, marine transportation, commercial construction, office furniture manufacturing, energy and oilfield service industries, among several others. This acquisition added a total of 44 service centers strategically located throughout the United States to our existing operations and complements our existing customer base, product mix and geographic footprint. Net sales of Metals USA during the period from April 13, 2013 through December 31, 2013 were $1.24 billion.

2012 Acquisitions

On October 1, 2012, through our wholly owned subsidiary Feralloy Corporation ("Feralloy"), we acquired all of the issued and outstanding capital stock of GH Metal Solutions, Inc. (formerly known as The Gas House, Inc.) ("GH"), a value added processor and fabricator of carbon steel products located in Fort Payne, Alabama that will allow Feralloy to better serve the increasing demands of its diverse customer base. GH operates as a wholly owned subsidiary of Feralloy and had net sales of $59.1 million for the year ended December 31, 2013.

On October 1, 2012, we acquired all the outstanding limited liability company interests of Sunbelt Steel Texas, LLC ("Sunbelt"), a value added distributor of special alloy steel bar and heavy-wall tubing products to the oil and gas industry, headquartered in Houston, Texas with an additional location in Lafayette, Louisiana. Sunbelt had net sales of $43.2 million for the year ended December 31, 2013.

On July 6, 2012, we acquired substantially all of the assets of Airport Metals (Australia) Pty Ltd., a subsidiary of Samuel Son & Co., Limited, through our newly-formed subsidiary Bralco Metals (Australia) Pty Ltd. ("Airport Metals"). Airport Metals, based in Melbourne, operates as a stocking distributor of aircraft materials and supplies. Airport Metals had net sales of $2.8 million for the year ended December 31, 2013.

On April, 27, 2012, through our wholly owned subsidiary Precision Strip, Inc. ("PSI"), we acquired the assets of the Worthington Steel Vonore, Tennessee plant, a processing facility owned by Worthington Industries, Inc. The Vonore plant operates as a PSI location which processes and delivers carbon steel, aluminum and stainless steel products on a "toll" basis, processing the metal for a fee without taking ownership of the metal. The Vonore location had net sales of $2.7 million for the year ended December 31, 2013.

On April 3, 2012, we acquired all the issued and outstanding limited liability company interests of National Specialty Alloys, LLC ("NSA"), a global specialty alloy processor and distributor of premium stainless steel and nickel alloy bars and shapes, headquartered in Houston, Texas with additional locations in Anaheim, California; Buford, Georgia; Tulsa, Oklahoma and Mexico City, Mexico. NSA had net sales of $77.2 million for the year ended December 31, 2013.

On February 1, 2012, through our wholly owned subsidiary Diamond Manufacturing Company, we acquired McKey Perforating Co., Inc. ("McKey"), headquartered in New Berlin, Wisconsin and its subsidiary, McKey Perforated Products Co., Inc., located in Manchester, Tennessee. McKey provides a full range of metal perforating and fabrication services to customers located primarily in the U.S. McKey had net sales of $18.9 million for the year ended December 31, 2013.

Internal Growth Activities

We continued to maintain our focus on internal growth by opening new facilities, building or expanding existing facilities and adding processing equipment with total capital expenditures of $168.0 million in 2013, with the majority of this spent on growth activities. We added and upgraded processing equipment to enable us to provide higher quality services to our existing and potential customers. We also built or purchased 19 new facilities in 2013 and expanded and reconfigured certain other facilities. In addition to gaining market share from these growth activities, we also improved our operating efficiencies.

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Results of Operations

The following table sets forth certain income statement data for each of the three years ended December 31 (dollars are shown in millions and certain amounts may not calculate due to rounding):

	2013		2012		2011	
	$	% of Net Sales	$	% of Net Sales	$	% of Net Sales
Net sales	$ 9,223.8	100.0%	$ 8,442.3	100.0%	$ 8,134.7	100.0%
Cost of sales (exclusive of depreciation and amortization expense shown below)	6,826.2	74.0	6,235.4	73.9	6,148.7	75.6
Gross profit[1]	2,397.6	26.0	2,206.9	26.1	1,986.0	24.4
Warehouse, delivery, selling, general and administrative expense ("S,G&A")	1,638.4	17.8	1,396.2	16.5	1,280.1	15.7
Depreciation expense	137.5	1.5	106.1	1.3	97.3	1.2
Amortization expense	54.9	0.6	42.9	0.5	35.8	0.4
Impairment of intangible asset	14.9	0.2	2.5	0.0	0.0	0.0
Operating income	$ 551.9	6.0%	$ 659.2	7.8%	$ 572.8	7.0%

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

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Net Sales

	Year Ended December 31, 2013	Year Ended December 31, 2012	Dollar Change	Percentage Change
	(in millions)			
Net sales	$ 9,223.8	$ 8,442.3	$ 781.5	9.3%
Net sales, same-store	$ 7,777.8	$ 8,327.8	$ (550.0)	(6.6)%

	Year Ended December 31, 2013	Year Ended December 31, 2012	Tons Change	Percentage Change
	(in thousands)			
Tons sold	5,388.8	4,440.3	948.5	21.4%
Tons sold, same-store	4,458.8	4,420.0	38.8	0.9%

	Year Ended December 31, 2013	2012	Price Change	Percentage Change
Average selling price per ton sold	$ 1,712	$ 1,903	$ (191.0)	(10.0)%
Average selling price per ton sold, same-store	$ 1,745	$ 1,886	$ (141.0)	(7.5)%

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Tons sold and average selling price per ton sold amounts exclude our toll processing sales. Same-store amounts exclude the results of our 2013 and 2012 acquisitions.

Our consolidated sales and tons are up significantly in 2013 compared to 2012, mainly due to our acquisition of Metals USA in April of 2013. Metals USA contributed $1.24 billion of net sales. In general, business activity in most all of our end markets was flat in 2013 compared to 2012 as our same-store tons sold increased by only 0.9% in 2013 compared to 2012, consistent with industry data reported by the Metals Service Center Institute ("MSCI"), which was up 0.3% during the same period. During the 2013 fourth quarter we experienced a normal seasonal slowdown, however the fall-off from the 2013 third quarter was less than typical. One end market that grew for us in 2013 as compared to 2012 was auto, primarily through our toll processing businesses in the U.S. and Mexico. Our other major industries that performed reasonably well were aerospace and farm equipment. The energy (oil and gas) market, although down from 2012 and 2011 levels, still continues to be one of our strongest. Non-residential construction, our largest end market, exhibited slight improvement, although at significantly reduced demand levels from its peak in 2006.

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

Our 2013 average selling prices declined from 2012 mainly due to lower mill pricing as a result of lower raw material costs, increased imports and domestic increases in capacity for certain of the products we sell. Lower London Metal Exchange aluminum prices and reduced nickel surcharges were primarily responsible for the drop in common alloy aluminum and stainless steel prices, respectively.

As a result of decreasing mill prices during most of the year, we sold most products at lower average selling prices compared to 2012 levels. Our major product same-store selling prices decreased in 2013 from 2012 levels as follows: carbon steel down 7.8%; aluminum down 4.2%; stainless steel down 9.7%; and alloy down 8.2%. As carbon steel sales represent slightly more than 50% of our sales dollars, changes in carbon steel prices have a significant impact on changes in our overall average price per ton sold.

Our acquisition of Metals USA in 2013 contributed to the overall increase in our carbon steel products from 51% of total sales dollars in 2012 to 53% in 2013, which contributed to our company-wide average selling price per ton decline of 10.0% as compared to a 7.5% decline on a same-store basis.

Cost of Sales

	Year Ended December 31,					
	2013		2012			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Cost of sales	$ 6,826.2	74.0%	$ 6,235.4	73.9%	$ 590.8	9.5%

The increase in cost of sales in 2013 compared to 2012 is mainly due to increases in our tons sold resulting from our 2012 and 2013 acquisitions offset by lower mill pricing for most of our products. See *"Net Sales"* above for trends in both demand and costs of our products.

Our inventory LIFO valuation reserve adjustment, which is included in cost of sales and, in effect, reflects cost of sales at current replacement costs, resulted in a credit, or income, of $50.2 million in 2013 compared to a credit, or income, of $64.1 million in 2012. Our LIFO valuation reserve as of December 31, 2013 and 2012 was $88.6 million and $138.8 million, respectively. Lower metal costs across all our major products in 2013 as compared to December 31, 2012 levels resulted in LIFO income.

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Gross Profit

	Year Ended December 31,					
	2013		2012			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Gross profit	$ 2,397.6	26.0%	$ 2,206.9	26.1%	$ 190.7	8.6%

The increase in our gross profit is primarily due to the contribution from our acquisition of Metals USA on April 12, 2013 offseting the impact of the overall decline in our selling prices. See "*Net Sales*" and "*Cost of Sales*" for discussion on product pricing trends and our LIFO valuation reserve adjustments, respectively.

Our gross profit margin was consistent and in our historical range of 25% to 27%. Our local managers were able to maintain margins in a declining price environment by providing high quality products and customer service.

Expenses

	Year Ended December 31,					
	2013		2012			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
S,G&A expense	$ 1,638.4	17.8%	$ 1,396.2	16.5%	$ 242.2	17.3%
Depreciation & amortization expense	$ 192.4	2.1%	$ 149.0	1.8%	$ 43.4	29.1%
Impairment of intangible asset	$ 14.9	0.2%	$ 2.5	0.0%	$ 12.4	496.0%

Our expenses increased mainly due to the additional expenses of our 2013 and 2012 acquisitions and Metals USA acquisition related costs. The additional expenses provided by our 2013 and 2012 acquisitions were somewhat offset by lower variable costs, including profit-based compensation, as a result of lower levels of demand and profitability. Our S,G&A expense as a percent of net sales increased mainly due to reduced pricing in 2013.

The increase in depreciation and amortization expense was mainly due to our 2013 and 2012 acquisitions and depreciation expense from our recent capital expenditures.

We recorded impairment charges of $14.9 million and $2.5 million related to one of our trade name intangibles for the years ended December 31, 2013 and 2012, respectively. The 2013 impairment charge resulted from combining two of our operations to more efficiently service our customers in their markets, with the trade name associated with one of the operations no longer being used.

Operating Income

	Year Ended December 31,					
	2013		2012			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Operating income	$ 551.9	6.0%	$ 659.2	7.8%	$ (107.3)	(16.3)%

Our operating income was lower in 2013 due to declines in our average selling prices, which were offset by contributions of our 2013 and 2012 acquisitions. Our operating income margin declined in 2013 mainly due to declines in our selling prices along with non-recurring acquisition related expenses, restructuring costs, and an impairment charge.

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Other Income and Expense

	Year Ended December 31,					
	2013		2012			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Interest	$ (77.5)	(0.8)%	$ (58.4)	(0.7)%	$ (19.1)	32.7%
Other income (expense), net	$ 3.9	0.0%	$ 8.6	0.1%	$ (4.7)	(54.7)%

Interest expense increased in 2013 compared to 2012 primarily due to additional borrowings to fund our $1.25 billion acquisition of Metals USA in April 2013, including our new $500.0 million 4.5% senior notes. See discussion in the "Liquidity and Capital Resources" section of our "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The change in other income (expense), net in 2013 compared to 2012 was primarily due to foreign currency gains in 2012 on our intercompany balances with our Canadian operations that decreased significantly in 2013 due to positive cash flow from our Canadian operations.

Income Tax Rate

Our effective income tax rate in 2013 was 32.1% compared to our 2012 rate of 33.0%. Permanent items that lowered our effective income tax rates from the federal statutory rate were not materially different in amounts during both years and relate mainly to company-owned life insurance policies, domestic production activities deductions and foreign income levels that are taxed at rates lower than the U.S. statutory rate of 35%.

Net Income

	Year Ended December 31,					
	2013		2012			
	$	% of Net Sales	$	% of Net Sales	Dollar Change	Percentage Change
	(dollars in millions)					
Net income attributable to Reliance	$ 321.6	3.5%	$ 403.5	4.8%	$ (81.9)	(20.3)%

The decrease in our net income was primarily the result of lower gross profit dollars offset by contributions from our 2013 and 2012 acquisitions. The decline in our net income as a percentage of net sales is due to declines in our selling prices along with non-recurring acquisition related expenses, restructuring costs, and an impairment charge.

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Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Net Sales

	Year Ended December 31, 2012	Year Ended December 31, 2011	Dollar Change	Percentage Change
	(in millions)			
Net sales	$ 8,442.3	$ 8,134.7	$ 307.6	3.8%
Net sales, same-store	$ 7,885.4	$ 7,930.0	$ (44.6)	(0.6)%

Year Ended
December 31,