SIGNATURE GROUP HOLDINGS, INC.
Form 424B5
December 17, 2014
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-191020

PROSPECTUS SUPPLEMENT

(To Prospectus dated September 26, 2013, as amended by Post-Effective Amendment dated January 17, 2014)

SIGNATURE GROUP HOLDINGS, INC.

4,384,615 Shares

Common Stock

We are offering 4,384,615 shares of our common stock. Our common stock is traded on the OTCQX Marketplace under the symbol SGGH. On December 15, 2014, the last reported sale price of our common stock was $6.70 per share.

This offering is being conducted in connection with the pending acquisition (the GRSA Acquisition) by our wholly owned indirect subsidiary, Real Alloy Holding, Inc., of all of the equity interests of certain entities, which, together with their subsidiaries (the GRSA Entities), comprise the global recycling and specification alloys business (GRSA) of Aleris Corporation (Aleris).

We expect the consideration for the GRSA Acquisition to come from the financings described herein, including this offering, a rights offering and cash on hand. However, this offering is not conditioned upon, and will close prior to, the consummation of the GRSA Acquisition and the other financings described herein. There can be no assurance that the GRSA Acquisition or such financings will be consummated on the terms described herein, or at all. See The GRSA Acquisition and Financings. In the event that the GRSA Acquisition is not consummated, we will use the net proceeds of this offering for general corporate purposes, including potential future acquisitions.

This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any securities being offered in the rights offering or any debt being sold or placed in the other financings. For more information, see The GRSA Acquisition and Financings in this prospectus supplement.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should read the discussion of material risks of investing in our common stock under the caption Risk Factors on page S-24 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement, the accompanying prospectus or the post-effective amendment. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price*	$6.50	$ 28,499,997.50

Underwriting discount	$ 0.325	$1,424,999.88
Proceeds to us, before expenses	$ 6.175	$ 27,074,997.63

* We refer you to the Underwriting section beginning on page S-147 of this prospectus supplement for additional information regarding underwriting compensation.

The underwriter expects to deliver the common stock against payment in New York, New York on or about December 19, 2014.

Sole Bookrunning Manager

B. Riley & Co.

The date of this prospectus supplement is December 16, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in three parts. The first part is the prospectus supplement, which describes the specific terms of this offering of common stock, and also adds to and updates information contained in the accompanying prospectus, post-effective amendment and the documents incorporated by reference. The second part is the accompanying prospectus of our predecessor entity, Signature Group Holdings, Inc., a Nevada corporation (Signature Nevada), dated September 26, 2013.

The third part is a post-effective amendment to the accompanying prospectus, which amendment was declared effective by the Securities and Exchange Commission (SEC) on January 17, 2014, which was filed following a January 2, 2014 statutory merger effected for the purpose of changing Signature Nevada s state of incorporation to Delaware and creating a holding company structure. In the reincorporation, each share of Signature Nevada common stock was automatically converted to a share of Signature Group Holdings, Inc., a Delaware corporation, or us. In the accompanying post-effective amendment, we adopted the accompanying prospectus as our own prospectus for all purposes of the Securities Act of 1933, as amended (the Securities Act), and the Securities Exchange Act of 1934, as amended (the Exchange Act), and amended it as set forth therein.

Each of the accompanying prospectus and post-effective amendment provide more general information, some of which may not apply to this offering of our common stock.

This prospectus supplement, the post-effective amendment and the accompanying prospectus are part of a registration statement on Form S-3 that we filed on September 6, 2013, and which was declared effective by the SEC on September 26, 2013, using a shelf registration process with respect to up to $300,000,000 in securities that may be sold thereunder. Under the shelf process, we may, from time to time, offer or sell any combination of the securities described in the accompanying prospectus in one or more offerings.

Generally, when we refer to this prospectus, we are referring to all three parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, the accompanying post-effective amendment or in any document incorporated by reference that was filed with the SEC before the date of this prospectus supplement, on the other hand, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

The accompanying prospectus and post-effective amendment provide you with a general description of securities offered by us. Each time we use the accompanying prospectus and post-effective amendment to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to, update or change information contained in the prospectus and post-effective amendment. The purpose of this prospectus supplement is to provide supplemental information regarding us in connection with this offering of common stock.

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INDUSTRY AND MARKET DATA

The industry and market data and other statistical information used throughout this prospectus supplement are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some data is also based on our good faith estimates. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

Some information in this prospectus supplement concerning processing volumes, market demand, and other industry information, including general expectations concerning scrap processing and wrought, cast and specification or foundry alloy aluminum products and aluminum industries, are based on estimates prepared by GRSA using certain assumptions and their knowledge of these industries as well as data from third party sources. These estimates, in particular as they relate to our general expectations concerning the aluminum industry, involve risks and uncertainties and are subject to changes based on various factors, including those discussed under Risk Factors in this prospectus supplement.

TRADEMARKS

This prospectus supplement, the accompanying prospectus and the accompanying post-effective amendment and the information incorporated herein and thereby by reference include trademarks, service marks and trade names owned by us or other entities. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We have pending U.S. federal trademark registration applications for the name Signature and our logo. Aleris is a registered trademark of Aleris. All trademarks, service marks and trade names included or incorporated by reference in this prospectus supplement or the accompanying prospectus are the property of their respective owners. We do not intend our use or display of other companies trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entities.

NON-GAAP FINANCIAL INFORMATION

A non-GAAP financial measure is a numerical measure of historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP) in the balance sheets, statements of operations, or statements of cash flows; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measures so calculated and presented. Earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Standalone Adjusted EBITDA, Pro Forma Adjusted EBITDA, Pro Forma Adjusted Earnings (Loss) from Continuing Operations and contribution margin are not financial measures recognized under GAAP. These metrics are presented and discussed because management of each of the Company and GRSA believes they enhance the understanding of the financial performance of the Company s and GRSA s operations by investors and lenders. As a complement to financial measures recognized under GAAP,

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management believes that EBITDA, Adjusted EBITDA, Standalone Adjusted EBITDA, Pro Forma Adjusted EBITDA, Pro Forma Adjusted Earnings (Loss) from Continuing Operations and contribution margin assist investors who follow the practice of some investment analysts who adjust GAAP financial measures to exclude items that may obscure underlying performance and distort comparability. Because EBITDA, Adjusted EBITDA, Standalone Adjusted EBITDA, Pro Forma Adjusted EBITDA, Pro Forma Adjusted Earnings (Loss) from Continuing Operations and contribution margin are not measures recognized under GAAP, they are not intended to be presented herein as a substitute for earnings (loss) from continuing operations, net earnings (loss), net income attributable to Aleris or segment income, as an indicator of operating performance. EBITDA, Adjusted EBITDA and contribution margin are primarily performance measurements used by our senior management and Board of Directors (the Board) and GRSA s management to evaluate certain operating results.

We and GRSA calculate EBITDA as earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc. or net income attributable to Aleris, as applicable, before interest, taxes, depreciation and amortization, or EBITDA, which is then adjusted to remove or add back certain items in the calculation of Adjusted EBITDA, Standalone Adjusted EBITDA and Pro Forma Adjusted EBITDA. These items are identified below in the reconciliations of earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc. or net income attributable to Aleris, as applicable, to EBITDA, Adjusted EBITDA, Standalone Adjusted EBITDA and Pro Forma Adjusted EBITDA. Segment income is the GAAP measure most directly comparable to Segment Adjusted EBITDA and Segment Standalone Adjusted EBITDA. We calculate contribution margin as revenues less the cost of raw materials and freight expense included in sales.

Our calculation of EBITDA, Adjusted EBITDA, Standalone Adjusted EBITDA, Pro Forma Adjusted EBITDA, Pro Forma Adjusted Earnings (Loss) from Continuing Operations and contribution margin may be different from the calculation used by other companies for non-GAAP financial measures having the same or similar names; therefore, they may not be comparable to other companies. See Summary Summary Pro Forma Combined and Consolidated Historical Financial and Other Data of Signature and Summary Combined and Consolidated Historical Financial and Other Data of GRSA for reconciliations of EBITDA, Adjusted EBITDA, Standalone Adjusted EBITDA, Pro Forma Adjusted EBITDA, Pro Forma Adjusted Earnings (Loss) from Continuing Operations and contribution margin to the most comparable GAAP measure for each.

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FORWARD-LOOKING STATEMENTS

In addition to historical information, this prospectus supplement, the accompanying prospectus and post-effective amendment, the documents incorporated by reference in this prospectus supplement, the accompanying prospectus, the accompanying post-effective amendment, any issuer free writing prospectus and any other written or oral statement by or on our behalf contain forward-looking statements within the meaning and protections of Section 27A of the Securities Act and Section 21E of the Exchange Act, that are based on our management s beliefs and assumptions and on information currently available to our management. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. These forward-looking statements can be identified by the use of words such as believes, anticipates, expects, intends, plans, projects, strategy, target, indicates, e assumes, may, should, will, likely, could or other similar expressions.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements to differ materially from the forward-looking statements. These forward-looking statements are based on our current beliefs, intentions and expectations. These statements are neither guarantees nor indicative of future performance. Important assumptions and other important factors that could cause changes in our financial condition or results of operations or could cause actual results to differ materially from those forward-looking statements include, but are not limited to:

- the timing and completion of the GRSA Acquisition, the satisfaction or waiver of the closing conditions for the GRSA Acquisition, or any other failure to close the GRSA Acquisition;

- our ability to obtain the funding under the Financings (as defined below) necessary to complete the GRSA Acquisition or the terms of any such Financings or that, if the Financings are successful, any inability to utilize the funds raised efficiently;

- the incurrence of the indebtedness in the Financings, our high leverage, substantial debt, security interests in our assets and, in the case of such indebtedness and the Series B Preferred Stock comprising a portion of the Financings, restrictive covenants that restrict the operation of our business and the business of our subsidiaries;

- the fees, interest and other costs associated with the Financings borne by us and our affiliates while awaiting the completion of the GRSA Acquisition;

- the timing and completion of any sale of our wholly owned subsidiary, NABCO (as defined below), which comprises our principal operating segment, and the amount of proceeds of any such sale to contribute to the funding of the GRSA Acquisition;

- changes to our business, operations and organizational structure as a result of the GRSA Acquisition and our ability to successfully integrate the GRSA business;

- uncertainty regarding our expected financial performance following completion of the GRSA Acquisition;

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our ability to use federal and state net operating loss tax carryforwards (NOLs) and recognize future tax benefits, including in connection with the GRSA Acquisition and the Financings;

disruption in relationships with customers, employees and suppliers relating to our GRSA business and our non-GRSA business as a result of the GRSA Acquisition;

changes in domestic and international demand for recycled aluminum, including in the automotive, aerospace, building and construction, consumer packaging and steel and durable goods manufacturing industries;

the cyclical nature of the aluminum industry, material adverse changes in the aluminum industry or end-use segments, such as global and regional supply and demand conditions for aluminum and aluminum products, and changes in our customers industries;

commodity price fluctuations in the aluminum market and our ability to enter into effective commodity derivatives or arrangements to manage effectively our exposure to such commodity price fluctuations;

our ability to successfully identify, acquire and integrate additional companies and businesses that perform and meet expectations after completion of such acquisitions;

our ability to achieve future profitability;

our ability to control operating costs and other expenses;

our ability to service our debt including all indebtedness incurred in the Financings and secure additional financing;

our ability to obtain the expected benefits of our January 2014 holding company reincorporation from Nevada to Delaware;

our dependence, as a holding company, on funding from our operating subsidiaries;

general economic conditions may be worse than expected;

competition among other companies with whom we compete may increase significantly;

the loss of key personnel or the ability to cost-effectively attract, retain and motivate key personnel;

our ability to maintain disclosure controls and procedures and internal control over financial reporting to ensure timely, effective and accurate financial reporting, and to integrate GRSA into our disclosure controls and procedures and internal control over financial reporting;

changes in accounting policies and practices, as may be adopted by regulatory agencies and other organizations, including without limitation the SEC and the Financial Accounting Standards Board (FASB);

changes in laws or government regulations or policies affecting the legacy businesses related to residential mortgage lending and servicing, which are now a part of discontinued operations;

the impact of current or new litigation matters, or changes in litigation strategies brought against us in our current businesses, GRSA or our subsidiary SGGH, LLC s former businesses;

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- our ability to successfully defend against demands by investment banks for defense, indemnity and contribution where the banks have been sued in actions concerning their activities relating to securitizations involving loans originated by SGGH, LLC s former businesses; and

- changes in the financial condition or future prospects of issuers of debt or equity securities that we own.

Given these uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. All forward-looking statements set forth herein are qualified by these cautionary statements and are made only as of the date of this prospectus supplement. We undertake no obligation to update or revise the information contained herein including, without limitation, any forward-looking statements whether as a result of new information, subsequent events or circumstances, or otherwise, unless otherwise required by law.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information contained elsewhere in this prospectus supplement (including documents incorporated by reference herein). Because this is only a summary, it does not contain all of the information that may be important to you. For a complete understanding of this offering, we encourage you to read this entire prospectus supplement and the documents incorporated by reference herein. You should read the following summary together with the more detailed information and combined and consolidated financial statements of Signature and GRSA (each as defined below) and the notes to those statements included elsewhere in this prospectus supplement and the documents incorporated by reference herein, and together with the information contained herein under the caption Unaudited Pro Forma Condensed Combined Financial Information. Before making any investment decision, for a more complete understanding of our business and this offering, you should read the entire prospectus supplement carefully, including the sections entitled Risk Factors. Except where the context suggests otherwise, references in this prospectus supplement to the Company, we and our refer to Signature Group Holdings, Inc. and its consolidated subsidiaries, references to GRSA refer to the entities (collectively, the GRSA Entities) taken together, comprising the global recycling and specification alloys business of Aleris Corporation (Aleris), and references to Signature or the Issuer refer only to Signature Group Holdings, Inc., and not to any of its subsidiaries. All tonnage information is presented in metric tons. References in this prospectus supplement to pro forma refer to financial information for the applicable period (or as of the applicable date) that gives effect to the GRSA Acquisition, as defined below, and the Financings, as defined below, as if they had occurred on January 1, 2013 in the case of statements of operations data and as if the GRSA Acquisition and the Financings had occurred on September 30, 2014 in the case of balance sheet data. The pro forma financial information set forth in Unaudited Pro Forma Condensed Combined Financial Information is derived from the historical combined financial information of Signature and GRSA, and gives effect to the pro forma adjustments as described in the accompanying notes. We cannot assure you that the GRSA Acquisition or any of the Financings associated with the GRSA Acquisition will be consummated on the terms described herein, or at all. See Risk Factors Risks Related to this Offering, the GRSA Acquisition and the Financings.

Signature Group Holdings, Inc.

We are a holding company that owns all of the outstanding interests of our operating company, SGGH, LLC. Our current operations are largely concentrated in one operating segment, Industrial Supply. This segment, which includes one of the largest independent circuit breaker suppliers in the United States, North American Breaker Co., LLC (NABCO), focuses on the replacement market for commercial and industrial circuit breakers where replacement time is extremely important, and also supplies residential circuit breakers in order to provide its customers with a single source solution for their circuit breaker needs. Industrial Supply sells from nine warehouse locations across North America to facilitate next day ground shipping service to a broad section of its customer base. We are presently evaluating strategic alternatives for NABCO, including a potential sale. In the event of a sale of NABCO prior to the closing of the GRSA Acquisition, we intend to use some or all of the proceeds to fund a portion of the purchase price for the GRSA Acquisition. Further, we may negotiate with the parties to the financing and backstop arrangements to allow us to reduce the size of the Rights Offering (as defined below) by the amount of some or all of the net proceeds from any such NABCO transaction.

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Our business strategy is to acquire controlling interests in operating companies that leverage the strengths of our platform, including our status as a public company, our sizable tax assets, and the experience of our executive management team. A key element to our business strategy is using our federal and state net operating loss tax carryforwards (NOLs). As of December 31, 2013, we reported federal NOLs of approximately $932.8 million, which will begin to expire if not used by 2027. We strive to acquire companies that are consistently profitable and accretive to earnings. In considering acquisition opportunities, we prefer businesses and management teams that have shown success through the business cycle, generate strong margins, and have defensible market positions. We have entered into a definitive agreement for the acquisition of GRSA, which we believe is consistent with our strategy and which will represent a transformative acquisition for us if it is consummated.

The GRSA Acquisition

On October 17, 2014, our wholly owned indirect acquisition subsidiary, Real Alloy Holding, Inc. (Real Alloy and formerly SGH Acquisition Holdco, Inc.), entered into a definitive Purchase and Sale Agreement (the Purchase Agreement) to acquire certain subsidiaries of Aleris comprising Aleris s global recycling and specification alloys business for $525 million, subject to adjustments for the cash, indebtedness, transaction expenses and net working capital of the GRSA Entities. This purchase price is comprised of $495 million in cash and up to $30 million in a new series of non-participating preferred stock (the Series B Preferred Stock).

The Purchase Agreement contains customary representations, warranties and covenants of the parties, non-competition and non-solicitation provisions, as well as indemnification provisions subject to certain specified thresholds and other limitations. Aleris and its selling subsidiaries may not solicit or discuss alternative transactions for GRSA. Real Alloy will be required to pay Aleris a $26.25 million termination fee if the Purchase Agreement is terminated under certain circumstances. Signature has guaranteed all of Real Alloy s obligations under the Purchase Agreement, including the termination fee obligation.

The closing of the proposed transaction is subject to the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act) and certain Mexican competition laws, the transfer of certain discontinued real property locations by Aleris to a non-GRSA subsidiary, the release of certain liens, guarantees and liabilities related to certain Aleris debt, and other customary closing conditions. The GRSA Acquisition is not contingent upon the consummation by us or any of our subsidiaries of any financing arrangement. Following submission of their required initial filings under the HSR Act and Mexican competition laws on October 31, 2014, Signature and Aleris received notice of early termination under the HSR Act on November 10, 2014 and under Mexican law on November 25, 2014. The GRSA Acquisition is expected to close by January 31, 2015.

There can be no assurance that the GRSA Acquisition will be consummated. The Purchase Agreement has been filed as an exhibit to our Current Report on Form 8-K, filed with the SEC on October 21, 2014, which is incorporated by reference herein. See The GRSA Acquisition and Financings The Purchase Agreement and Risk Factors Risks Related to this Offering, the GRSA Acquisition and the Financings.

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The Financings and Offerings

We currently intend to finance the $495 million cash portion of the purchase price for the GRSA Acquisition as well as costs associated with the GRSA Acquisition using a combination of cash, equity and debt as follows: (i) $45 million of our cash, (ii) the net proceeds of the $3 million October 2014 issuance of 300,000 shares of our common stock in a private placement (the October 2014 Private Placement), (iii) the net proceeds of this offering (the Equity Offering), (iv) the net proceeds of any other registered equity offering prior to the closing of the GRSA Acquisition (any such offering, an Additional Equity Offering), (v) the rights offering that is intended to generate net proceeds of not less than $125 million (less the amount raised in this Equity Offering, any Additional Equity Offering and the October 2014 Private Placement) (the Rights Offering), (vi) the net proceeds of the private placement of senior secured notes yielding $300 million in net proceeds (determined after giving effect to original issue discount, but without giving effect to related fees and expenses) (the Senior Secured Notes) by Real Alloy or another wholly owned subsidiary to qualified institutional buyers and certain non-U.S. persons (the Senior Secured Notes Offering), (vii) $70 million in opening draws on the combination of an asset-based lending facility (the Asset-Based Facility) provided by General Electric Capital Corporation and GE Capital Markets, Inc. (collectively, GE Capital) and a German factoring facility (the Factoring Facility) provided by GE Capital Bank AG (all such transactions in clauses (ii) (vii), the Financings), and (viii) some or all of the net proceeds of any sale of NABCO prior to the consummation of the GRSA Acquisition.

If the Rights Offering is fully subscribed, we would receive more than $125 million in aggregate net proceeds from this Equity Offering and the Rights Offering and intend to use any such excess for general corporate purposes, which could include additional investments in GRSA. In the event this Equity Offering, the Rights Offering and any Additional Equity Offering fail to raise aggregate net proceeds of at least $125 million (less the net proceeds of the October 2014 Private Placement), we have entered into (x) a commitment letter (the Backstop Commitment Letter) with Zell Credit Opportunities Master Fund L.P. (ZCOF) and funds managed by another institutional investor for up to $50 million in senior notes (the Backstop Notes) and a purchase of up to $45 million of our common stock (the Equity Backstop) and (y) an agreement with Aleris to purchase up to an additional $30 million of our Series B Preferred Stock (the Backstop Agreement). In the event we utilize the Backstop Notes or issue additional Series B Preferred Stock under the Backstop Agreement, we expect the funds required for the repayment of the debt incurred in connection with such Backstop Notes and additional Series B Preferred Stock to be provided by a combination of distributions from Real Alloy and, as applicable, NABCO, borrowings under future debt and/or other financing transactions, which could include the issuance of additional shares of our common stock.

In the event the Senior Secured Notes Offering fails to generate net proceeds to Real Alloy or another wholly owned subsidiary of $300 million (determined after giving effect to original issue discount, but without giving effect to related fees and expenses), we have entered into commitment letters with Goldman Sachs Bank USA (Goldman Sachs), Deutsche Bank Securities Inc. (DBSI) and Deutsche Bank AG Cayman Islands Branch (together with DBSI, Deutsche Bank) for up to $300 million of senior secured bridge loans to be provided to Real Alloy.

In the event of a sale of NABCO, if any, prior to the closing of the GRSA Acquisition, we intend to use some or all of the proceeds to fund a portion of the purchase price for the GRSA Acquisition. Further, we may negotiate with the parties to the Financings and backstop

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arrangements to allow us to reduce the size of the Rights Offering by the amount of some or all of the net proceeds from any such disposition of NABCO. There can be no assurance that any such parties would agree to reduce the size of the Rights Offering.

There can be no assurance that we or Real Alloy will undertake or complete any such Financings, and the closing of the Rights Offering and certain of the other Financings is expected to be conditioned on the closing of the GRSA Acquisition. The final structure and terms of the Financings will be subject to market conditions, and may be materially different than current expectations. See The GRSA Acquisition and Financings The Backstop Agreement and The Financing Arrangements, as well as Risk Factors Risks Related to This Offering, the GRSA Acquisition and the Financings. The completion of this Equity Offering is not conditioned upon the completion of any other Financing or the consummation of the GRSA Acquisition.

On October 28, 2014, we completed the October 2014 Private Placement in which we privately placed 300,000 shares of common stock at a price of $10.00 per share with Kettle Hill Partners, LP and Kettle Hill Partners II, LP. We plan to use the proceeds for general corporate purposes, including to fund a portion of the purchase price in the GRSA Acquisition. We have agreed to file a resale registration statement for these shares and use our best efforts to cause such registration statement to become effective within three months of such filing; however, we are under no obligation to file a registration statement prior to the earlier of January 1, 2015 or such later date as agreed to by the parties.

On December 1, 2014, our indirect wholly owned subsidiary, SGH Escrow Corporation (SGH Escrow , which we intend to merge into Real Alloy upon consummation of the GRSA Acquisition), launched the Senior Secured Notes Offering to issue an aggregate amount of $300 million of Senior Secured Notes, with a five year maturity. This Senior Secured Notes Offering has not yet been completed, and there can be no assurance that such offering will be completed. For purposes of presentation herein, we have assumed the Senior Secured Notes will be issued at a discount to their face value, which we anticipate will yield net proceeds of $300 million (determined after giving effect to original issue discount, but without giving effect to related fees and expenses). We currently anticipate that the Senior Secured Notes Offering will close into escrow, and the release of such funds to us from escrow is contingent on consummation on the GRSA Acquisition.

The Global Recycling and Specification Alloys Business

GRSA is a global leader in third-party aluminum recycling, which includes the processing of scrap aluminum and by-products and the manufacturing of wrought, cast and specification or foundry alloys. GRSA offers a broad range of products and services to wrought alloy processors, automotive original equipment manufacturers (or OEMs) and foundries and casters. Industries served include automotive, consumer packaging, steel and durable goods, aerospace and building and construction. It processes scrap aluminum and by-products and delivers the recycled metal in liquid or solid form according to its customers specifications. Its facilities are capable of processing industrial (new) scrap, post-consumer (old/obsolete) scrap, and various aluminum by-products, giving it a great degree of flexibility in reclaiming high-quality recycled aluminum for its customers. GRSA currently operates 24 facilities strategically located throughout North America and Europe and had approximately 1,600 employees as of December 31, 2013. For the twelve months ended September 30, 2014, its revenues were $1.5 billion, its Standalone Adjusted EBITDA was $84.1 million, its net income attributable to Aleris was $33.6 million and its volume was 1,204 kilotons (kt).

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Value Chain

GRSA conducts business with its customers primarily through tolling arrangements and buy/sell arrangements. Under tolling arrangements, customers pay GRSA a fee to convert aluminum scrap or by-products into usable recycled metal. Tolling arrangements, whether with manufacturing customers or broker customers, benefit GRSA by providing commodity price risk reduction, earnings stability, and consistent returns on invested capital given the reduced associated working capital needs. Under buy/sell arrangements, GRSA buys scrap units in the open market, including from scrap dealers, its customers and other producers, then processes them and sells wrought or cast alloys produced to the customers specifications. GRSA processed approximately 450 kt in North America and 190 kt in Europe through tolling arrangements, which represented 53% of GRSA s overall volume for the twelve months ended September 30, 2014. In addition, GRSA processed approximately 380 kt in North America and 180 kt in Europe through buy/sell arrangements, which represented 47% of its overall volume for the twelve months ended September 30, 2014.

GRSA is a trusted partner in the aluminum recycling industry and has long-standing relationships with a diverse customer base, including many blue-chip multinational companies. Many of its customers, and all of its top 10 customers, have closed-loop arrangements with GRSA. Under these types of arrangements, customers provide GRSA with aluminum scrap and by-products generated by their operations, and GRSA converts the scrap and by-products into

usable recycled aluminum metal that is returned to the customers. Typically, these closed-loop arrangements are done through tolling arrangements, though they can also be done through buy/sell arrangements. Closed-loop arrangements benefit GRSA s customers by enabling them to maximize utilization of their own metal (which is usually their lowest cost alternative), optimize operational efficiencies and minimize by-product waste. The closed-loop business model also allows GRSA to be highly integrated into its manufacturing customers supply chains, further strengthening its relationships with such customers. GRSA believes that it is a leader in closed-loop arrangements.

The ability to use diverse types of scrap and source such scrap effectively allows GRSA to improve its business performance. Its centralized purchasing function within each of its operating regions, combined with its broad geographic footprint, allows GRSA to leverage its purchasing expertise and scale to secure the lowest cost aluminum scrap available for its buy/sell operations. Its well-maintained facilities have been equipped with a broad range of pre-processing equipment such as shredders, dryers and mills, thereby increasing their flexibility and enabling the processing of multiple grades of scrap and by-products to optimize metal purchases and minimize input costs. This increased flexibility in raw material input mix improves margins and helps to insulate GRSA in periods of unfavorable market conditions while creating significant benefits during upcycles.

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With its extensive footprint and strategically located facilities in North America and Europe, GRSA is able to effectively serve its global blue-chip customers as well as its regional and local customers. Most of GRSA s operations are located near its customers facilities, allowing for closed-loop arrangements and making GRSA an integral part of its customers supply chain. At 12 of its facilities, this close proximity allows GRSA to deliver just-in-time molten metal for direct use in customers operations, which differentiates GRSA from many of its competitors. In 2013, a significant portion of GRSA s volume was delivered in molten metal form. This capability provides savings by maximizing production efficiency, reducing costs, and reinforcing the integrated nature of GRSA s relationships with its customers. With its multi-location operation, GRSA is able to process a portion of its volume under swap arrangements, under which GRSA takes scrap or by-products from its customer in one location and delivers recycled metal back to that customer in a different location and/or alloy.

As a leader in third-party aluminum recycling, GRSA s scale, broad geographic footprint across two continents and comprehensive product and service offerings positions GRSA to capitalize on favorable industry trends. Unlike other metals, aluminum is infinitely recyclable without any loss of quality, thus making recycled or secondary aluminum just as desirable and usable as primary aluminum. This characteristic, coupled with increasing global demand for aluminum and long-term secular growth in key end markets, provides a positive macro environment for GRSA s growth plans. According to the Freedonia Group, global aluminum demand is projected to grow at 5.4% per year from 2012 to 2022. More specifically, in the automotive sector, which represented approximately 62% of GRSA s volumes for the year ended December 31, 2013, aluminum consumption is expected to grow by over 17% per year from 2012 to 2017, largely driven by the lightweighting of vehicles to meet new regulatory standards. In addition to growing demand in GRSA s key end markets, demand for recycled aluminum is expected to grow at a faster rate than primary aluminum production in North America and Europe, which is largely driven by the cost and energy efficiency of recycling aluminum. By 2022, secondary aluminum production is expected to comprise nearly 50% of all aluminum production in North America and Europe.

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GRSA Business Unit Overview

GRSA has historically operated through two segments (referred to herein as business units): Recycling and Specification Alloys North America (RSAA) and Recycling and Specification Alloys Europe (RSEU). Signature has not determined whether to report these as separate segments in the future. The following data show GRSA s volume invoiced (1,222 kt) by key end markets for the year ended December 31, 2013 as well as summarize GRSA s key operating metrics for the twelve months ended September 30, 2014.

Volume Invoiced by End Market

For the year ended December 31, 2013

(For the last twelve months September 30, 2014, $ in millions except per ton amounts, volume in kt)	**RSAA**	**RSEU**
Volume Invoiced	831 kt	373 kt
% of Volume Tolled	*54%*	*51%*
Revenues	$974	$556
Contribution Margin(1)	$272	$172
Contribution Margin per ton invoiced	*$327*	*$461*
Standalone Adjusted EBITDA(2)	$63	$22
Standalone Adjusted EBITDA per ton invoiced	*$75*	*$58*
Products	Molten, sows, ingots, deox, slag conditioners, desulfurizers	Molten, ingots, sows, deox, oxides
Facilities	18	6
Selected Customers	Alcoa, Kaiser Aluminum, Sapa, Hydro, Aleris, Chrysler, General Motors, Honda, Nemak	Daimler, Volkswagen, Hydro, Novelis, Nemak

(1) For an explanation of how GRSA calculates contribution margin, see note (3) to Summary Combined and Consolidated Historical Financial and Other Data of GRSA.

(2) For a reconciliation to segment income, the most comparable GAAP measure, see note (4) to Summary Combined and Consolidated Historical Financial and Other Data of GRSA.

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GRSA Competitive Strengths

Global Leader in Aluminum Recycling. GRSA is a global leader in third-party aluminum recycling, which includes the processing of scrap aluminum and by-products and the manufacturing of wrought, cast and specification or foundry alloys. GRSA operates 24 facilities strategically located in six countries across North America and Europe, supporting a diverse customer and revenue base and making it the leader on both continents. GRSA s extensive footprint allows it to serve global as well as regional and local customers and creates significant benefits of scale where it can optimize sales and purchasing decisions. GRSA has the highest production capacity within the fragmented third-party recycling industry in North America and Europe (which excludes in-sourced recyclers), with 59 rotary and reverberatory furnaces capable of processing 1.9 million tons of recycled aluminum and specification alloys per year.

Stable Cash Flow Through Tolling, Hedging and Contractual Cost Pass-Throughs. GRSA believes that a significant portion of its margin is protected from commodity price swings by tolling arrangements, hedging arrangements, and contractual pass-throughs of key input costs. For the twelve months ended September 30, 2014, approximately two-thirds of GRSA s volume was sold under tolling arrangements or was hedged to mitigate metal price risk. The tolling arrangements also generate consistent returns on invested capital given the minimal associated working capital needs and the direct pass-through of other costs. Exposure to commodity price fluctuations is further limited by a significant focus by management on commercial positions and high inventory turns.

Increased Operational Flexibility Provides Ability to Optimize Performance Through Market Cycles. GRSA believes that it is one of the lowest cost operators in the aluminum recycling industry with significant flexibility to shift input and product mix and manage costs. GRSA has benefitted from investments in many of its facilities over the last three years. Since 2011, GRSA has invested $14 million to upgrade and expand its pre-processing equipment, which allows it to process a wide range of aluminum scrap. These investments have increased pre-processing capacity by 56% since 2011 and enhanced GRSA s profitability. The increased flexibility also helps to insulate GRSA in periods of unfavorable market conditions.

GRSA has also made significant investments to upgrade its melting capabilities. Since 2011, GRSA has invested $20 million in its melting operations, which has further allowed it to increase operational efficiency. GRSA s melting operations use rotary and reverberatory furnaces which can be used to produce different alloys, improving GRSA s efficiency and utilization rates in variable market conditions. GRSA further enhances its processing flexibility and cost advantages with a centralized purchasing function within each region that leverages its purchasing expertise and knowledge of regional dynamics to secure the lowest cost aluminum scrap available for its operations.

Wide Range of Products and Services. GRSA has a leading ability to process a wide range of aluminum materials and deliver products in numerous forms for a variety of end uses. Its broad portfolio of products and services enables it to address virtually all of the aluminum recycling and alloy needs of its customers. These products include molten aluminum, aluminum ingots, sows, deox granules and cones, slag conditioners, desulfurizers and magnesium products. GRSA believes its products and services differentiate it from its competitors.

Molten Metal Delivery Provides Further Integration with Customers. GRSA has significant capabilities and capacity to deliver molten metal for direct use in customers operations. Molten aluminum is delivered in crucibles on customized trucks, and poured directly into a customer s furnaces or casting operations. This process improves the customer s productivity by reducing costs, energy requirements and time associated with re-melting metal from a solid form. In some instances, this capability has allowed GRSA s customers to effectively eliminate their own melting operations. GRSA has the unique ability to service multiple key manufacturing corridors in North America and Europe from 12 facilities that are equipped to ship molten metal. GRSA s sophisticated logistics planning and strategic footprint help to optimize the molten metal delivery process to its customers, which, in some cases, includes hourly deliveries. Molten metal delivery requires a sophisticated supply chain because, on average, molten metal cools by approximately 80 degrees Fahrenheit for every hour out of the furnace, which limits time and transport distance (approximately 250 miles) for shipments. In 2013, approximately 40% of its volume was delivered in a molten state, making GRSA a global leader in just-in-time molten aluminum delivery. Delivering molten metal not only reinforces the integrated nature of its relationship with its customers, but also provides GRSA with a significant competitive advantage.

High Quality and Diversified Customer Base. GRSA is a trusted partner in the aluminum recycling industry and has long-standing relationships with many blue-chip multinational companies, which include leading global wrought alloy processors, automotive OEMs, as well as leading foundries and casters. GRSA believes that its customers choose GRSA for its unmatched scale, breadth of capabilities, full range of product and service offerings, high quality product, consistently excellent customer service and ability to supply qualified material from multiple locations. As a result of its highly integrated supply model, GRSA s average customer relationship spans more than 10 years, and GRSA has renewal rates of approximately 95% with its top customers since 2010. In addition, the knowledge gained from long-term customer relationships has helped GRSA to better serve its customers and anticipate industry trends. GRSA s relationships with both recycling and specification alloys customers, along with its flexible operations, allow it to shift its production mix between these groups based on prevailing market conditions.

Significant Market Opportunities Driving Growth. According to the Freedonia Group, the global demand for aluminum is projected to grow at 5.4% per year from 2012 through 2022, driven by rapid demand growth in several end uses such as automotive, aerospace and building and construction. More specifically in the automotive sector, which represented 61% of GRSA s volumes in 2013, aluminum consumption is expected to grow by over 17% per year from 2012 to 2017, largely driven by the lightweighting of vehicles to meet new regulatory standards. In recent years, several of GRSA s customers have announced capacity expansion plans in their rolled products businesses in both North America and Europe, and in some cases have already begun production at new facilities. These customers will likely need additional recycling services going forward. It is estimated that global secondary aluminum demand will grow at 6.7% per year between 2012 and 2022. GRSA has significant capacity, which positions it well to capture this future growth. GRSA believes that it will be able to capture incremental volumes from many of its existing customers without material incremental capital expenditures.

Experienced and Proven Management Team. GRSA has a team of seasoned senior management that is well recognized in the aluminum recycling industry and has collectively more than 175 years of industry experience. This management team has streamlined business operations and has experience operating through different business cycles. With the development and introduction of new products and the demonstrated ability to evaluate and execute opportunistic acquisitions, the management team has positioned GRSA to achieve growth alongside its customers. Since 2011, they have improved productivity through targeted capital expenditures and operational programs.

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GRSA Strategic Objectives

Continue To Drive Productivity. GRSA s culture is built on maintaining its industry leading facilities and operating capability to best service its customers. GRSA focuses on continuous improvement, attention to potential impacts on cost and margin, and optimizing the use of capital resources. Key operating metrics are evaluated on a plant by plant basis, and GRSA strives to achieve best practices both internally and in comparison with external benchmarks. GRSA utilizes various tools and systems, to drive sustainable productivity improvements. GRSA s productivity programs generated approximately $17 million and $18 million, respectively, of productivity improvements during the years ended December 31, 2013 and 2012. GRSA believes that there are opportunities to further reduce its manufacturing and other input costs, which will continue to improve profitability. GRSA further believes that these initiatives will generate productivity gains, with a target of, at a minimum, offsetting base inflation within its operations.

Maximize Operating Flexibility. GRSA has invested approximately $34 million in its plants since 2011 to enhance its pre-processing and melting capabilities. These investments have allowed GRSA to upgrade its product portfolio and increase its operational flexibility to quickly adjust its product and service offerings to maximize profit. These investments, coupled with its extensive global footprint, allow GRSA to efficiently serve all portions of the third-party recycling space while maintaining the flexibility to remain profitable in challenging market environments. GRSA intends to leverage these existing investments and the resulting enhanced flexibility as well as pursue new opportunities to increase optionality in its business.

Grow With Key Customers. GRSA intends to continue to pursue global expansion opportunities with key customers in a disciplined, deliberate manner. Additionally GRSA management believes that the combination of efficient furnaces, processing techniques and global customer base provides GRSA with a highly cost-competitive business model that is capable of operating in emerging economies. Further**,** as a non-affiliated operator after the proposed GRSA Acquisition, GRSA believes it will be well positioned to gain additional business from its larger customers that currently compete with its current parent, Aleris.

Limit Exposure to Commodity Price Fluctuations. GRSA continuously seeks to reduce the impact of aluminum price fluctuations on its business by:

- Pursuing tolling arrangements that reduce exposure to aluminum and other commodity price fluctuations where customer metal is available and which accounted for approximately 53% of the total metric tons invoiced for the year ended December 31, 2013;

- Hedging fixed price forward sales with the use of financial and commodity derivatives to protect transaction margins, which are margins associated with the sale of products and the conversion fees GRSA earns on such sales; and

- Maximizing alignment between metal purchase prices and pricing on finished products GRSA produces for its customers.

These techniques minimize both transactional margin and inventory valuation risk. Additionally, GRSA seeks to reduce the effects of commodity input price volatility primarily through the use of price escalators and contractual cost pass-throughs.

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Opportunistically Pursue Acquisitions. Since 2005, GRSA has grown significantly through the successful completion of six strategic acquisitions targeted at broadening product offerings and geographic presence, diversifying its end-use customer base and increasing its scale and scope. GRSA believes that a number of additional acquisition opportunities exist in the industries in which it operates. GRSA focuses on acquisitions that it believes would allow it to increase earnings and help it realize significant operational efficiencies within 12 to 24 months of the integration process. GRSA evaluates these opportunities as potential enhancements to its existing operating platforms. GRSA also considers strategic alliances, where appropriate, to achieve operational efficiencies or expand its product offerings.

GRSA Industry Overview

Aluminum Market Fundamentals. Demand for aluminum is experiencing a long-term secular growth trend in automotive, building and construction, aerospace and consumer packaging end markets, augmented by the substitution of aluminum for steel across a range of end products. According to the Freedonia Group, global aluminum demand is projected to grow at a compounded rate of approximately 5.4% per annum, from approximately 62.2 million tons in 2012 to approximately 104.9 million tons in 2022. China is expected to continue to drive global aluminum consumption and account for approximately 43% of the overall demand by 2017. North America and Europe are projected to account for approximately 32% of the overall demand by 2017.

A number of the aluminum end markets in North America and Europe are expected to deliver strong growth over the period of 2012 to 2017, according to industry sources. Aluminum demand from the automotive, building and construction, aerospace and consumer packaging end-uses are expected to grow at an estimated 17.6%, 4.7%, 4.2% and 1.9%, respectively.

Source: Freedonia Group, CRU

Note: Automotive and aerospace data is for aluminum flat-rolled products.

The supply and demand position of the global aluminum market is expected to tighten from a net surplus position of approximately 1.6 million tons in 2011 to a net surplus position of approximately 0.1 million tons by 2014, according to Wood Mackenzie. Prices for physical aluminum have responded positively to such shifts in supply and demand, with both the Mid-

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West Premium (U.S.) and Rotterdam Premium (Europe) increasing from an average of $0.11 and $0.12 per pound, respectively, in 2013 to $0.19 and $0.17 per pound, respectively, for year-to-date September 30, 2014.

Aluminum Recycling Sector. Aluminum is unique in that recycled aluminum is identical in quality to primary aluminum and can be infinitely recycled. If effectively sorted and processed, aluminum products can be recycled for use in most aluminum applications with no degradation in quality.

Production of secondary aluminum is expected to grow at approximately 6.7% between 2012 and 2022, faster than that of primary aluminum, which is expected to grow at approximately 4.5% over the same period. The growth in aluminum recycling and secondary aluminum production is mainly driven by favorable economics relative to primary aluminum production and a movement toward sustainability.

The largest non-raw material input cost when producing primary aluminum is electricity. Most of the energy required for the production of primary aluminum is embodied in the metal itself, and thus, in the scrap. Consequently, aluminum produced from recycling requires approximately 10% of the energy required to produce primary aluminum. In addition, scrap aluminum generally contains other alloying agents, which reduces the need to purchase other primary metals. In aggregate, the aforementioned reusability and cost savings of secondary aluminum relative to primary aluminum are expected to drive increased recycling rates. In addition, as the aggregate amount of aluminum in circulation is expected to grow from approximately 600 million tons today to approximately 1,000 million tons by 2020, the aluminum recycling industry is expected to grow as well and supply up to nearly half of all aluminum production by 2022.

Source: Freedonia Group, October 2013

Aluminum Scrap Sector. Aluminum scrap possesses the same metal qualities as the fabricated or semi-fabricated product from which it was generated. Scrap types include both new scrap, or scrap created in the industrial manufacturing process and old scrap (i.e. post-consumer aluminum-based products such as used beverage cans). Old scrap also includes twitch (i.e. shredded car parts); old cast (i.e. engine blocks); and old sheet, among others. Depending on the type of scrap, the material may require pre-processing to remove contaminants before it can be melted in a furnace.

Demand from China has been a significant driver of the growth in U.S. aluminum scrap exports over the past decade. As a result of China s increased consumption, the global supply of scrap tightened, leading to higher scrap costs and lower recycling margins, particularly between 2011 and 2013. In February 2013, China launched Operation Green Fence , an initiative to prevent the importation of solid waste-contaminated shipments. With the implementation of Operation Green Fence, the demand for aluminum scrap exported from the U.S. to China eased, which translated into better availability of aluminum scrap and more favorable economics for domestic U.S. aluminum recyclers. GRSA s capital investment program has focused on adding pre-processing capacity that is specifically suited to process lower quality scrap and, as a result, GRSA believes its business has benefitted from this dynamic.

GRSA Competition

The third-party aluminum recycling industry is highly fragmented, with a few participants in North America and in Europe operating multiple facilities, and many smaller aluminum recyclers that are single plant, family-owned businesses. GRSA believes that it is the largest third-party aluminum recycler in North America and Europe. Historically, GRSA has been able to compete effectively because of its extensive global footprint, significant production flexibility, superior range of products and services, operational efficiency and flexibility, knowledgeable and experienced management team, well-invested and strategically located facilities, and operational economies of scale. GRSA s main competitors for its RSAA unit are Scepter Inc., Smelter Service Corporation, Tennessee Aluminum Processors, Inc., Owl s Head Alloys Inc., Imperial Aluminum, Superior Aluminum Alloys, LLC, Allied Metal Company, Audubon Metals LLC, Spectro Alloys Corporation, Beck Aluminum Corporation, Bermco Aluminum, and Timco, a division of TST, Inc. GRSA s main competitors for its RSEU business are Oetinger Aluminum, AMAG Austria Metall AG, Raffmetal SpA, Trimet Aluminum and Befesa. Many of GRSA s customers also recycle their own scrap. In the future, such customers may increase the amount of scrap they recycle, and other customers may recycle their own scrap, in lieu of using third party recycling services.

Corporate Information

Signature s address is 15301 Ventura Boulevard, Suite 400, Sherman Oaks, California 91403 and our telephone number is 805-435-1255.

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The Offering

Shares of common stock offered(1)	4,384,615 shares
Common stock outstanding before this offering(2)	12,704,649 shares
Common stock to be outstanding after this offering(2)	17,089,264 shares
Use of Proceeds	We intend to use the net proceeds from this offering as partial payment for the purchase price of the GRSA Acquisition. If the GRSA Acquisition is not consummated, we intend to use the net proceeds of this offering for other general corporate purposes, including, in certain circumstances, any necessary payment of the $26.25 million termination fee in connection with the GRSA Acquisition and other fees and expenses, as well as potential future acquisitions. This offering is not conditioned on the consummation of the GRSA Acquisition of the consummation of any of the other Financings. See Use of Proceeds.
Quotation	Our common stock is quoted on the OTCQX Marketplace under the symbol SGGH. Following the consummation of the GRSA Acquisition, we intend to seek to list our common stock on the New York Stock Exchange or NASDAQ. There can be no assurance any such listing will be approved or otherwise occur.
Dividend Policy	We are a holding company that does not operate any business that is separate from our subsidiaries, primarily SGGH, LLC and the subsidiaries of SGGH, LLC. We are therefore dependent upon the cash flow of SGGH, LLC for any funds from which to pay dividends. The predecessor businesses of SGGH, LLC have not paid a dividend to stockholders since the fourth quarter of 2006. We do not expect to pay any cash dividends on our common stock in the foreseeable future.
	The Series B Preferred Stock to be issued in connection with the GRSA Acquisition will pay quarterly dividends, which will be prior and in preference to any dividend on any of our common stock. In addition, without the consent of the holders of a majority of the Series B Preferred Stock, we are prohibited from paying dividends on our common stock for a period of two years after the Series B Preferred Stock is issued.

	The payment of future cash dividends may be further limited by the terms of the Financings discussed in this prospectus supplement. See The GRSA Acquisition and Financings The Financing Arrangements.
NOL Preservation Strategy	As of December 31, 2013, we had federal net operating losses (NOLs) of approximately $932.8 million, which will begin to expire if not used by 2027. If we were to experience an ownership change as determined under Section 382 of the Internal Revenue Code of 1986, as amended (the Tax Code), Section 382 of the Tax Code would impose an annual limit on the amount of taxable income that could be offset using these NOLs, which could result in a material amount of the NOLs expiring unused and, therefore, significantly impair the value of these important tax assets. A key element to our business strategy is using our federal and state NOLs. To preserve the availability of our NOLs, our bylaws impose certain restrictions on the transfer of our common stock and other equity securities (the Tax Benefit Preservation Provision). These restrictions impose trading restrictions on any persons who own, or as a result of a transaction would own, 4.9 percent or more of our common stock in order to reduce the risk that any change in ownership might limit our ability to utilize the NOLs under Section 382 of the Tax Code and thereby suffer limitations on our future ability to utilize our federal and state NOLs. Nevertheless, it is possible that we could undergo a future ownership change, either by events within or outside of our control. For more information on the Tax Benefit Preservation Provision, see Risk Factors Risks Related to Our Business Our ability to use our U.S. federal NOLs to offset future taxable income may be limited as a result of past events, the GRSA Acquisition or the Financings, or as the result of future acquisitions or other issuances or transfers of our common stock.
Risk Factors	Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-24 of this prospectus supplement.

(1) Each share of our common stock is accompanied by ten associated rights (the Rights) to purchase shares of our Series A Junior Participating Preferred Stock, par value $0.001 per share, of the Company (the Series A Preferred Stock) at a purchase price of $12.00 per unit, subject to adjustment. The Rights were created by that certain Rights Agreement, dated October 23, 2007, as amended, between our predecessor, Fremont General Corporation, a Nevada corporation and Mellon Investor Services LLC, as Rights Agent (the Rights Agreement). The rights do not become exercisable until the earlier to occur of:

10 business days following a public announcement that a person or group has acquired beneficial ownership of 5% or more of our outstanding common stock (any such person or group is referred to as an acquiring person), or

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10 business days (or a later date as determined by our Board of Directors) following the commencement of a tender offer or exchange offer that would result in a person or entity becoming an acquiring person.

The rights will expire on November 2, 2017, unless they are redeemed or exchanged by us before that time.

(2) The number of shares of common stock to be outstanding immediately before and after this offering as shown above is based on 12,704,649 shares of common stock outstanding as of December 12, 2014 and excludes an aggregate of 1,067,700 shares of common stock subject to outstanding options, 528,387 shares of common stock reserved for future issuance under our equity incentive plans as of September 30, 2014, and 1,500,000 shares of common stock issuable upon exercise of outstanding warrants as of December 12, 2014. Additionally, the number of shares of common stock set forth above does not reflect any shares that may be issued after the closing of this offering in the Rights Offering, any additional Equity Offering or in the Equity Backstop, or additional shares issuable to our warrantholders at the same price per share as the shares issued under the Rights Offering. See Capitalization and Description of Capital Stock Warrants.

Summary Pro Forma Financial and Other Data of Signature

The following summary unaudited pro forma financial and other data presents our pro forma financial position and results of operations derived from historical information after giving effect to the GRSA Acquisition and the pro forma adjustments as set forth in Unaudited Pro Forma Condensed Combined Financial Information with balance sheet data presented as if the transaction was completed on September 30, 2014 and the statements of operations data for the year ended December 31, 2013 and the nine months ended September 30, 2013 and 2014 presented as if the GRSA Acquisition was completed on January 1, 2013. This pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of what the operating results actually would have been had the GRSA Acquisition been completed on the date indicated. In addition, the pro forma information does not purport to project our future operating results.

This pro forma financial information should be read in conjunction with our historical financial statements for the year ended December 31, 2013 and the related notes in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, each incorporated by reference in this prospectus supplement, GRSA s combined and consolidated financial statements for each of the three years in the period ended December 31, 2013 and the nine months ended September 30, 2014, each together with the related notes, included elsewhere in this prospectus supplement, Use of Proceeds, Capitalization, Unaudited Pro Forma Condensed Combined Financial Information, Management s Discussion and Analysis of Financial Condition and Results of Operations of GRSA and our Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the nine months ended September 30, 2014, each incorporated by reference in this prospectus supplement.

(Dollars and shares in millions, except per share amounts)	Year ended December 31, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2014
Statements of operations data:			
Net sales	$ 1,536.4	$ 1,163.4	$ 1,195.0
Gross profit	90.3	68.4	70.7
Operating loss	(29.9)	(23.1)	(14.9)
Loss from continuing operations attributable to Signature Group Holdings, Inc.	(44.4)	(38.0)	(12.8)
Loss per share of common stock:			
Basic and diluted earnings (loss) per share	$ (1.20)	$ (1.02)	$ (0.38)
Weighted average shares outstanding during the period	37.1	37.1	37.4
Balance sheet data:			
Cash and cash equivalents			$ 11.5
Property, plant and equipment, net			282.0
Total assets			858.2
Total debt			398.8
Other financial data(1):			
Pro Forma Adjusted EBITDA(2)	$ 71.6	$ 52.2	$ 67.2
Pro Forma Adjusted Earnings (loss) from continuing operations(3)	(25.9)	(24.4)	4.7

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(1) Neither Signature s Pro Forma Adjusted EBITDA nor Signature s Pro Forma Adjusted Earnings (loss) from continuing operations reflect any adjustments to costs to reflect additional expenses that GRSA expects to incur post-separation from Aleris as a stand-alone business. This amount, estimated to be approximately $1.2 million for twelve months, represents a management estimate of the annualized additional expense, such amount is subject to change, and such changes may be material. See Risk Factors Risks Related to this Offering, the GRSA Acquisition and the Financings. If we consummate the GRSA Acquisition, we and GRSA may incur significant cost, time, effort and attention on integration and the development of necessary support. These may hinder our ability to realize the expected benefits of the GRSA Acquisition.

(2) The following table sets forth a reconciliation of Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc. to Pro Forma Adjusted EBITDA:

	Year Ended December 31,	Nine months ended September 30,	
	2013	2013	2014
		(in millions)	
Loss from continuing operations attributable to Signature Group Holdings, Inc.	**$ (44.4)**	**$ (38.0)**	**$ (12.8)**
Interest	43.0	32.3	30.2
Income tax expense (benefit)	2.3	2.2	(4.0)
Depreciation and amortization	40.7	29.8	31.5
EBITDA	41.6	26.3	44.9
Change in fair value of Signature common stock warrant liability(a)	6.0	7.5	(3.4)
Stock-based compensation expense related to Signature employees	2.1	1.5	1.0
Other items related to Signature(b)	(2.7)	(2.7)	0.9
Restructuring charges(c)	3.3	3.2	2.0
Unrealized losses (gains) on derivative financial instruments(d)	(0.8)	0.2	0.6
Earnings (loss) attributable to noncontrolling interest(e)	1.0	0.8	0.9
Loss/(gain) on disposal of assets(f)	1.3	0.7	1.7
Stock-based compensation expense related to GRSA employees(g)	1.0	0.9	0.9
Stock-based compensation expense related to non-GRSA employees(h)	3.8	2.8	2.7
Selling, general and administrative expenses allocated from Aleris not directly associated with the business(i)	12.6	8.6	9.5
Excluded facilities(j)	(3.3)	(2.2)	
Medical expense adjustment(k)	4.3	3.5	2.3
Extreme winter weather(l)			2.1
Other items related to GRSA(m)	1.4	1.1	1.1
Pro Forma Adjusted EBITDA	**$ 71.6**	**$ 52.2**	**$ 67.2**

(a) Represents the change in the estimated fair value of Signature s common stock warrant liability, which includes a pro forma adjustment of $0.9 million for the twelve months ended December 31, 2013 and the nine months ended September 20, 2013, based on the price per share assumption of the Rights Offering. See The Financing Arrangements The Rights Offering and Description of Capital Stock Warrants .

(b) These adjustments include from Signature: $5 million gain on sale of loans held for sale offset by $1.9 million in incremental fees related to a proxy contest in 2013 and $0.4 million of other expense for the year ended December 31, 2013; $5 million gain on sale of loans held for sale offset by $1.9 million in incremental fees related to a proxy contest in 2013 and $0.4 million of other expense for the nine months ended September 30, 2013; $0.8 million impairment of goodwill and intangibles associated with our subsidiary Cosmed, Inc. and $0.1 million of other expense for the nine months ended September 30, 2014.

(c) Represents GRSA s costs related to the closure of certain facilities and the reduction of corporate overhead costs.

(d) Represents the change in the fair value of GRSA s derivative financial instruments that have not settled as well as the reversal of previously recorded unrealized gains or losses that settled during the period.

(e) Represents the portion of net earnings earned by the minority partner of GRSA s Goodyear, Arizona facility.

(f) Represents the gain or loss on sale of GRSA assets.

(g) Represents expense related to certain employees of GRSA who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation .

(h) Represents an allocation of costs from Aleris pertaining to non-GRSA employees who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation ; refer to notes 10 and 15 to the audited combined and consolidated financial statements of GRSA included elsewhere in this prospectus supplement for further discussion.

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(i) Represents selling, general and administrative expenses allocated from Aleris that will not directly relate to the GRSA business following the GRSA Acquisition, including costs for corporate executives and other corporate functions.

(j) Represents the adjustments to exclude earnings of the GRSA operations that are now closed, or in the case of GRSA s Saginaw, Michigan facility, substantially idled.

(k) Represents an adjustment to employer medical expenses related to GRSA employees. Historically Aleris has allocated total medical expense in the U.S. (including non-GRSA operations) based on headcount. The adjustment was calculated based on actual costs incurred by GRSA employees compared to the allocation method described above.

(l) Represents an adjustment for the natural gas costs related to the severe winter weather in the Mid-western U.S. during the first quarter of 2014.

(m) These adjustments include from GRSA: $0.7 million related to foreign currency losses, $0.4 million of legal and advisory fees associated with potential acquisition targets and $0.3 million of other items for the year ended December 31, 2013; $0.5 million related to foreign currency losses, $0.3 million of legal and advisory fees associated with potential acquisition targets and $0.3 million of other items for the nine months ended September 30, 2013; and $0.5 million related to inventory theft losses, $0.2 million of legal and advisory fees associated with potential acquisition targets, $0.1 million of foreign currency losses and $0.3 million of other items for the nine months ended September 30, 2014.

(3) The following table sets forth a reconciliation of Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc. to Pro Forma Adjusted Earnings (loss) from continuing operations. Except where noted, all adjustments to Earnings (loss) from continuing operations are attributable to U.S. operations and not expected to be taxable under the U.S. federal corporate tax rate as a result of Signature s NOL.

	Year Ended December 31,	**Nine months ended September 30,**	
	2013	**2013**	**2014**
		(in millions)	
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	**$ (44.4)**	**$ (38.0)**	**$ (12.8)**
Stock-based compensation expense related to non-GRSA employees(a)	3.8	2.8	2.7
Selling, general and administrative expenses allocated from Aleris not directly associated with the business(b)	12.3	8.4	9.3
Excluded facilities(c)	(3.3)	(2.2)	
Medical expense adjustment(d)	4.3	3.5	2.3
Extreme winter weather(e)			2.1
Other items(f)	1.4	1.1	1.1
Pro Forma Adjusted Earnings (loss) from continuing operations	**$ (25.9)**	**$ (24.4)**	**$ 4.7**

(a) Represents an allocation of costs from Aleris pertaining to non-GRSA employees who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation ; refer to notes 10 and 15 to the audited combined and consolidated financial statements of GRSA included elsewhere in this prospectus supplement for further discussion.

(b) Represents selling, general and administrative expenses allocated from Aleris that will not directly relate to the GRSA business following the GRSA Acquisition, including costs for corporate executives and other corporate functions. For purposes of this adjustment, GRSA s Mexico operations are expected to be fully taxable under the Mexico corporate tax rate.

(c) Represents the adjustment to exclude earnings of the GRSA operations that are now closed, or in the case of GRSA s Saginaw, Michigan facility, substantially idled.

(d) Represents an adjustment to employer medical expenses related to GRSA employees. Historically Aleris has allocated total medical expense in the U.S. (including non-GRSA operations) based on headcount. The adjustment was calculated based on actual costs incurred by GRSA employees compared to the allocation method described above.

(e) Represents an adjustment for the natural gas costs related to the severe winter weather in the Mid-western U.S. during the first quarter of 2014.

(f) These adjustments include: $0.7 million related to foreign currency losses, $0.4 million of legal and advisory fees associated with potential acquisition targets and $0.3 million of other items for the year ended December 31, 2013; $0.5 million related to foreign currency losses, $0.3 million of legal and advisory fees associated with potential acquisition targets and $0.3 million of other items for the nine months ended September 30, 2013; and $0.5 million related to inventory theft losses, $0.2 million of legal and advisory fees associated with potential acquisition targets, $0.1 million of foreign currency losses and $0.3 million of other items for the nine months ended September 30, 2014.

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Summary Combined and Consolidated Historical Financial and Other Data of GRSA

The following table sets forth the summary historical financial and other data of GRSA (carve-out of certain operations of Aleris) as of and for the periods indicated. The summary statements of operations data for the years ended December 31, 2011, 2012 and 2013 and the summary balance sheet data as of December 31, 2012 and 2013 have been derived from and should be read in conjunction with GRSA s audited combined and consolidated financial statements and the notes thereto included elsewhere in this prospectus supplement. The summary statements of operations data for the nine months ended September 30, 2013 and 2014 and the summary balance sheet data as of September 30, 2014 have been derived from and should be read in conjunction with GRSA s unaudited combined and consolidated financial statements and the notes thereto included elsewhere in this prospectus supplement. The summary balance sheet data as of December 31, 2011 and September 30, 2013 have been derived from GRSA s unaudited combined and consolidated financial statements not included in this prospectus supplement. The unaudited combined and consolidated financial statements have been prepared on the same basis as GRSA s audited combined and consolidated financial statements and, in the opinion of GRSA s management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. The summary historical financial and other data for the twelve months ended September 30, 2014 are derived by adding the applicable financial and other data for the year ended December 31, 2013 with the applicable financial and other data for the nine months ended September 30, 2014 and subtracting the applicable financial and other data for the nine months ended September 30, 2013. Amounts may not foot in the following tables as they represent the calculated totals based on actual amounts and not the rounded amounts presented in the tables.

The information presented below should be read in conjunction with Use of Proceeds, Capitalization, Unaudited Pro Forma Condensed Combined Financial Information and Management s Discussion and Analysis of Financial Condition and Results of Operations of GRSA and the combined and consolidated financial statements and the related notes included elsewhere in this prospectus supplement.

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(Dollars and shares in millions, except per ton amounts, tons in thousands of metric tons)	Year ended December 31, 2011	2012	2013	Nine months ended September 30, 2013	2014	Twelve months ended September 30, 2014
Statements of operations data:						
Revenues	$ 1,669.1	$ 1,549.4	$ 1,499.5	$ 1,135.3	$ 1,165.7	$ 1,529.9
Gross profit	142.7	101.5	82.2	61.0	69.5	90.7
Income before income taxes	84.3	39.6	24.3	16.5	26.2	34.0
Net income	69.7	27.7	20.0	12.2	26.9	34.7
Net income attributable to Aleris	68.7	26.4	19.0	11.4	26.0	33.6
Balance sheet data:						
Cash and cash equivalents	$ 11.0	$ 9.2	$ 7.6	$ 7.8	$ 11.7	$ 11.7
Property, plant and equipment, net	138.1	174.0	191.0	181.8	188.9	188.9
Total assets	458.4	483.6	496.8	497.0	538.6	538.6
Total debt(1)	0.2	0.7	2.9	0.6	4.3	4.3
Other financial data:						
Net trade working capital(2)	$ 169.3	$ 155.6	$ 134.3	$ 140.2	$ 155.2	$ 155.2
Capital expenditures	49.8	55.7	37.4	23.1	19.3	33.6
Depreciation and amortization	11.0	15.8	21.6	15.4	17.4	23.6
Contribution margin(3)	481.1	426.6	418.8	313.8	338.9	443.9
Adjusted EBITDA(4)	105.4	68.9	69.5	50.7	66.5	85.3
Standalone Adjusted EBITDA(4)						84.1
Volume and per ton data:						
Tons invoiced	1,281.9	1,253.2	1,221.8	926.7	908.8	1,203.9
Tolling	723.0	677.4	649.9	494.1	486.2	642.0
Buy/Sell	558.9	575.8	571.9	432.6	422.6	561.9
Contribution margin per ton invoiced	$ 375	$ 340	$ 343	$ 339	$ 373	$ 369
Adjusted EBITDA per ton invoiced	$ 82	$ 55	$ 57	$ 55	$ 73	$ 71

(1) Includes only capital lease obligations
(2) GRSA defines net trade working capital as accounts receivable plus inventory less accounts payable and toll liability (customer owned inventory)
(3) GRSA defines contribution margin as revenues less the cost of raw materials and freight expense included in cost of sales, the reconciliation of which is presented below

	Year ended December 31, 2011	2012	2013	Nine months ended September 30, 2013	2014	Twelve months ended September 30, 2014
	(in millions)					
Revenues	$ 1,669.1	$ 1,549.4	$ 1,499.5	$ 1,135.3	$ 1,165.7	$ 1,529.9
Cost of metal and freight	(1,188.0)	(1,122.8)	(1,080.7)	(821.5)	(826.8)	(1,086.0)
Contribution margin	$ 481.1	$ 426.6	$ 418.8	$ 313.8	$ 338.9	$ 443.9

	Twelve months ended September 30, 2014 RSAA	RSEU
Revenues	$ 974.0	$ 555.9
Cost of metal and freight	(702.5)	(383.5)
Contribution margin	$ 271.5	$ 172.4

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(4) GRSA calculates EBITDA as net income attributable to Aleris before interest, taxes, depreciation and amortization, which is then adjusted to remove or add back certain items to calculate Adjusted EBITDA and Standalone Adjusted EBITDA. See Non-GAAP Financial Measures. The following table sets forth the reconciliation of Adjusted EBITDA and Standalone Adjusted EBITDA to net income attributable to Aleris, the most directly comparable GAAP measure:

	Year Ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2011	2012	2013	2013	2014	2014
	(in millions)					
Net income attributable to Aleris	$ 68.7	$ 26.4	$ 19.0	$ 11.4	$ 26.0	$ 33.6
Interest						
Provision for (benefit from) income taxes	14.6	11.9	4.3	4.3	(0.7)	(0.7)
Depreciation and amortization	11.0	15.8	21.6	15.4	17.4	23.6
EBITDA	94.3	54.1	44.9	31.1	42.7	56.5
Restructuring charges(a)	0.2	2.4	3.3	3.2	2.0	2.1
Unrealized losses (gains) on derivative financial instruments(b)	3.2	(1.5)	(0.8)	0.2	0.6	(0.4)
Net income attributable to noncontrolling interest(c)	1.0	1.3	1.0	0.8	0.9	1.1
Loss/(gain) on disposal of assets(d)	0.1	0.8	1.3	0.7	1.7	2.3
Stock-based compensation expense related to GRSA employees(e)	0.8	1.8	1.0	0.9	0.9	1.0
Stock-based compensation expense related to non-GRSA employees(f)	2.2	2.4	3.8	2.8	2.7	3.7
Selling, general and administrative expenses allocated from Aleris not directly associated with GRSA(g)	13.6	12.0	12.6	8.6	9.5	13.5
Excluded facilities(h)	(6.7)	(3.6)	(3.3)	(2.2)		(1.1)
Medical expense adjustment(i)			4.3	3.5	2.3	3.1
Extreme winter weather(j)					2.1	2.1
Other(k)	(3.3)	(0.8)	1.4	1.1	1.1	1.4
Adjusted EBITDA(l)	$ 105.4	$ 68.9	$ 69.5	$ 50.7	$ 66.5	$ 85.3
Estimated increase in costs due to separation from Aleris(m)						(1.2)
Standalone Adjusted EBITDA						$ 84.1

(a) Represents costs related to the closure of facilities or the reduction of corporate overhead costs
(b) Represents the change in the fair value of derivative financial instruments that have not settled as well as the reversal of previously recorded unrealized gains or losses that settled during the period
(c) Represents the portion of net income earned by the minority partner of GRSA s Goodyear, Arizona facility
(d) Represents the gain or loss on the sale of assets
(e) Represents expense related to certain employees of GRSA who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation
(f) Represents an allocation of costs from Aleris pertaining to non-GRSA employees who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation; refer to notes 10 and 15 to the audited combined and consolidated financial statements of GRSA included elsewhere in this prospectus supplement for further discussion
(g) Represents selling, general and administrative expenses allocated from Aleris that will not directly relate to the GRSA business following the GRSA Acquisition, including costs for corporate executives and other corporate functions
(h) Represents the adjustment to exclude earnings of the GRSA operations that are now closed, or in the case of GRSA s Saginaw, Michigan facility, substantially idled
(i) Represents an adjustment to employer medical expenses related to GRSA employees. Historically Aleris has allocated total medical expense in the US (including non-GRSA operations) based on headcount. The adjustment was calculated based on actual costs incurred by GRSA employees compared to the allocation method described above
(j) Represents an adjustment for the natural gas costs related to the severe winter weather in the Mid-western U.S. during the first quarter of 2014

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(k) These adjustments include: ($2.0) million related to insurance proceeds, ($2.0) million related to a reversal of bad debt expense, $0.5 million of other items and $0.2 million related to foreign currency losses for the year ended December 31, 2011; ($0.5) million related to a reversal of bad debt expense, ($0.4) million related to foreign currency gains, and $0.1 million of legal and advisory fees associated with potential acquisition targets for the year ended December 31, 2012; $0.7 million related to foreign currency losses, $0.4 million of legal and advisory fees associated with potential acquisition targets and $0.3 million of other items for the year ended December 31, 2013; $0.5 million related to foreign currency losses, $0.3 million of legal and advisory fees associated with potential acquisition targets and $0.3 million of other items for the nine months ended September 30, 2013; and $0.5 million related to inventory theft losses, $0.2 million of legal and advisory fees associated with potential acquisition targets, $0.1 million of foreign currency losses and $0.3 million of other items for the nine months ended September 30, 2014.

(l) The following table sets forth a reconciliation of segment income to Adjusted EBITDA for each of RSAA and RSEU:

	Twelve months ended September 30, 2014	
	RSAA	RSEU
	(in millions)	
Segment income	$ 68.2	$ 23.7
Items excluded from segment income and included in Adjusted EBITDA:		
Selling, general and administrative expenses allocated from Aleris directly associated with GRSA(i)	(7.1)	(4.3)
Items included in segment income and excluded from Adjusted EBITDA:		
Excluded facilities(ii)	(1.1)	
Medical expense adjustment(iii)	3.1	
Extreme winter weather(iv)	2.1	
Other(v)	0.7	
Adjusted EBITDA	$ 65.9	$ 19.4
Estimated increase in costs due to separation from Aleris(vi)	(3.4)	2.2
Standalone Adjusted EBITDA	$ 62.5	$ 21.6

(i) Represents the adjustment to include in Adjusted EBITDA, selling, general and administrative expenses allocated from Aleris primarily related to information technology, purchasing, human resources, credit and collections, treasury, and certain other corporate and infrastructure services.

(ii) Represents the adjustment to exclude earnings of the GRSA operations that are now closed, or in the case of GRSA s Saginaw, Michigan facility, substantially idled.

(iii) Represents an adjustment to employer medical expenses related to GRSA employees. Historically Aleris has allocated total medical expense in the US (including non-GRSA operations) based on headcount. The adjustment was calculated based on actual costs incurred by GRSA employees compared to the allocation method described above.

(iv) Represents an adjustment for the natural gas costs related to the severe winter weather in the Mid-western U.S. during the first quarter of 2014.

(v) Represents the adjustment of $0.5 million related to an inventory theft at a GRSA facility and $0.2 million of other items.

(vi) Represents the adjustment to costs described in footnote (m) below to reflect management s estimate of these costs post separation.

(m) Represents adjustments to costs to reflect management s estimate of additional expenses that GRSA expects to incur post-separation from Aleris as a stand-alone business. This amount represents a management estimate of the annualized additional expense, based on management s estimate of what such additional expense would have been in 2014, such amount is subject to change, and such changes may be material. See Risk Factors Risks Related to this Offering, the GRSA Acquisition and the Financings If we consummate the GRSA Acquisition, we and GRSA may incur significant cost, time, effort and attention on integration and the development of necessary support. These may hinder our ability to realize the expected benefits of the GRSA Acquisition.

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RISK FACTORS

An investment in our common stock involves risks. Prior to making a decision about investing in our common stock, and in consultation with your own financial and legal advisors, you should carefully consider the risk factors set forth below. The occurrence of any of these risks might cause you to lose all or part of your investment in our common stock.

Risks Related to this Offering, the GRSA Acquisition and the Financings

This offering is not contingent upon the consummation of the GRSA Acquisition or on the success of the Rights Offering and the other Financings. Whether or not the GRSA Acquisition closes or we raise all or any portion of the funds under the Rights Offering and other Financings, you will still own shares in the Company.

Unlike the Rights Offering and the debt portions of the Financings , the closing of which is expected to be conditioned upon the closing of the GRSA Acquisition, this offering is not contingent upon our successfully selling shares in connection with the Rights Offering, raising all or any part of the funds under the other Financings, or the consummation of the GRSA Acquisition. If this offering closes on the timeline we anticipate, you will purchase shares before the closing of any of those transactions. If we do not close the GRSA Acquisition, or if we choose not to apply the net proceeds of this offering to the purchase price of GRSA, we will use the net proceeds of this offering in other ways, including general corporate purposes, which could include, among other things, payment of termination fees and other expenses relating to the GRSA Acquisition and other Financings, financing future acquisition opportunities, working capital and capital expenditures. Further, if we do not close the GRSA Acquisition, the future of our business, operations and financial results could vary greatly from our business, operations and financial results if the GRSA Acquisition and other Financings are consummated.

The GRSA Acquisition may not be consummated in a timely manner or at all, including if we are unable to raise sufficient funds from the Financings to pay the purchase price under the Purchase Agreement. Failure to consummate the GRSA Acquisition may subject us to a significant termination fee, in addition to having a negative impact on our stock price, business and financial results.

The closing of the GRSA Acquisition is subject to certain customary closing conditions, including, Aleris s transfer of certain discontinued property locations, the absence of legal impediments to the transaction or a material adverse effect on GRSA, the parties performance of their respective obligations under the Purchase Agreement, the accuracy of the representations and warranties in the Purchase Agreement, and the release of certain liens, guarantees and liabilities on certain Aleris debt. While the GRSA Acquisition is not contingent upon the consummation of any financing arrangement by us or our subsidiaries, we presently intend to use our currently available cash to fund only a portion of the $495 million cash purchase price. We plan to finance the remainder of the cash purchase price through a combination of the proceeds from this Equity Offering, any Additional Equity Offering, the October 2014 Private Placement, the Rights Offering, the Senior Secured Notes Offering, the Asset-Based Facility and the Factoring Facility, with the potential to use various backstops from Aleris and two institutional investors. We have commitments in place for certain of these Financings, as well as the backstop arrangements with Aleris and the two institutional investors, in order to fund the GRSA Acquisition purchase price. However, we may fail to meet the conditions of the necessary financing or we may fail to raise sufficient proceeds to fund the full cash purchase price. Therefore, there can be no assurance that we will be able to raise the necessary funds in a timely fashion in order to close the GRSA Acquisition, or at all.

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In the event that we or our subsidiaries fail to perform our obligations under the Purchase Agreement or meet the other closing conditions, the GRSA Acquisition will not be consummated, and we could be required to pay Aleris a termination fee of $26.25 million. Further, if the GRSA Acquisition fails to close, in addition to the diversion of time, effort and attention in preparation for the GRSA Acquisition, the Financings and integrated businesses, we may owe certain transaction and financing costs and fees to the parties with whom we explored certain of the other Financings, we may owe redemption premiums and accrued interest under the Senior Secured Notes if SGH Escrow issues such notes prior to the closing of the GRSA Acquisition, we may face potential litigation for damages or equitable relief in respect of the failed transactions, and we may experience a material decrease in our stock price, loss of future business opportunities, a negative impact on our financial results and financial condition, and a loss of important business and employee relationships.

If we consummate the GRSA Acquisition, we and GRSA may incur significant cost, time, effort and attention on integration and the development of necessary support. These may hinder our ability to realize the expected benefits of the GRSA Acquisition.

We are a holding company whose continuing operations currently consist of one primary operating segment. GRSA represents a significantly larger operating business than the Company. GRSA operates substantially on a stand-alone basis from Aleris and maintains its own sales, marketing, product development, manufacturing and other administrative teams, while receiving support from Aleris with respect to legal, purchasing, information technology (IT), tax and certain other financial and operating services such as human resources (HR), insurance and treasury. GRSA will continue to operate as part of Aleris until closing of the GRSA Acquisition.

While we intend to operate GRSA predominantly as a stand-alone business with substantially the same organizational structure, operations, management team, employees and locations as are presently used in GRSA, the success of the GRSA Acquisition will substantially depend on our ability to incorporate GRSA into the Company and support its business needs, as well as to effectively manage this significantly larger business. Such challenges include (i) the integration of GRSA into our accounting reporting system and functions, (ii) the development, adaptation and maintenance of the operating and administrative support systems historically provided by Aleris on which GRSA has relied, including legal, purchasing, IT, tax, HR, insurance and treasury, and (iii) the ability of GRSA and management to adapt to our policies, procedures and support systems.

If the GRSA Acquisition is consummated, incorporation of, and development of the necessary support for, GRSA could be a lengthy process, requiring substantial expenditures by the Company, as well as significant time, effort and attention from the management teams and key employees of both the Company and GRSA. Such demands could divert needed resources from both businesses. Further, these challenges could result in the loss of key employees, disruption of the ongoing businesses and relationships with customers, suppliers and other third parties, diversion of management and corporate attention to integration issues, tax costs and inefficiencies, and inconsistencies in standards, controls, IT systems, accounting systems, procedures, policies, Sarbanes-Oxley controls and other administrative systems. If any of these factors limit our ability to integrate GRSA successfully or on a timely basis, we may not achieve the strategic, operational, financial and other benefits anticipated to result from the GRSA Acquisition to the fullest extent or on a timely basis.

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Beyond integration and development costs, potential termination penalties, and the cost of our diligence and preparation for the GRSA Acquisition, we will incur significant transaction and integration costs in connection with the GRSA Acquisition and significant fees in connection with any delays in closing.

In addition to the $525 million purchase price, we will incur significant transaction costs in connection with the GRSA Acquisition and the Financings. Among these costs are fees or reimbursement of expenses under each of the Financings, including, notably, commitment, funding, duration, agency, and administration fees to the initial purchasers of the Senior Secured Notes and the parties providing the Term Loan Commitment (as defined below) and the Backstop Commitment Letters, the Asset-Based Facility and the Factoring Facility. Significant costs have been incurred and are expected to be incurred prior to any closing of the GRSA Acquisition.

We presently anticipate that the GRSA Acquisition will be completed prior to, and many of our Financings are based upon a closing of the GRSA Acquisition or our Financings on or before, January 31, 2015. The commitments of the parties under the Backstop Commitment Letters, including provisions of the Backstop Notes and Equity Backstop, expire on January 31, 2015. If we have not consummated the Rights Offering by such date, we have the option to extend the availability of the Equity Backstop for up to three additional 30-day periods, upon written notice and the payment of a $112,500 fee per 30-day extension. In contrast, the Backstop Commitment Letter does not provide for an automatic option to extend the availability of the Backstop Notes following January 31, 2015, and any such extension would require us to negotiate with the parties to the Backstop Commitment Letter. In addition, the obligations of Goldman Sachs and Deutsche Bank to provide up to $300 million of senior secured bridge loans to Real Alloy in support of the Senior Secured Notes Offering expire on January 31, 2015 (if not earlier terminated) unless the Asset-Based Facility, the Equity Backstop, the Backstop Notes, the Senior Secured Notes Offering and any bridge loan backstop of the Senior Secured Notes Offering have been consummated on or before such date. Any extension of the Asset-Based Facility beyond January 31, 2015 requires the consent of GE Capital.

In addition, while ultimately conditioned on the consummation of the GRSA Acquisition, purchases of the Senior Secured Notes, if any, in the Senior Secured Notes Offering will close into an escrow account. The Senior Secured Notes will bear interest while in the escrow account pending the GRSA Acquisition, and our affiliates will be required to redeem the Senior Secured Notes, plus a 1% redemption fee, and accrued and unpaid interest if the GRSA Acquisition has not been consummated before February 15, 2015, or May 5, 2015 if extended pursuant to an escrow agreement related to the Senior Secured Notes.

There can be no assurance that the conditions to closing set forth in the Purchase Agreement or each of the Financings will be met or waived on the applicable timelines, or at all. As a result, we or our affiliates may incur significant costs or interests associated with any delays. Further, any delay in the closing of the GRSA Acquisition will increase the related transaction costs. The substantial majority of these costs will be nonrecurring expenses related to the GRSA Acquisition.

While we satisfy the closing conditions and pursue the Financings for the GRSA Acquisition, we and GRSA will be subject to business uncertainties that could adversely affect our and their businesses. Delays in closing the GRSA Acquisition could exacerbate these uncertainties and adverse effects.

Uncertainty about the effect of the GRSA Acquisition on the employees and customers of both the Company and GRSA may have an adverse effect on us and GRSA and, consequently,

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on the combined company. Although we and Aleris intend to take actions to reduce any adverse effects during the time period before closing, these uncertainties may impair our and their ability to attract, retain and motivate key personnel until the GRSA Acquisition is completed and for a period of time thereafter. These uncertainties could cause customers, suppliers and others that deal with GRSA, and to a lesser degree, our business, to seek to change existing business relationships with the two companies. Alternately, it could cause third parties who are considering doing business with us or GRSA to delay taking action until the outcome of the GRSA Acquisition or the Financings is known. Employee retention could be reduced during the pendency of the GRSA Acquisition, as employees of the Company or GRSA may experience uncertainty about their future roles with the combined company. If, despite retention and business partner management efforts, we or GRSA lose key employees or customer/supplier relationships because of concerns relating to the uncertainty and difficulty of the integration process or a desire not to remain with the combined company, the business, operations, prospects and financial results of the combined company could be harmed.

If the GRSA Acquisition is completed, as owner, we will operate a substantially larger entity in an industry and locations in which we do not currently operate, subject to additional regulations, risks and uncertainties that we have not previously faced. These could exceed our expectations and have a negative impact on our financial condition and results of operations.

If the GRSA Acquisition is consummated, the size of the Company and our primary operating segment following the transaction will change substantially compared with our current operations. As a result, any risk or uncertainty that is significant to GRSA, including those discussed below under Risks Related to GRSA, will also be significant to us and have a negative effect on our financial condition and results of operations.

If GRSA is unable to maintain compliance with U.S. federal, state and non-U.S. regulatory requirements, we could incur substantial costs, including fines, civil penalties and criminal sanctions, or costs associated with upgrades to improve facilities or changes in manufacturing processes in order to achieve and maintain regulatory compliance. While we intend to operate GRSA largely as a stand-alone business, our results of operations, financial condition and stock price will largely depend on how GRSA can handle its business risks and uncertainties. These risks and uncertainties may exceed our expectations, and it may take time for us to mitigate them.

The market price of our common stock after the GRSA Acquisition may be affected by factors different from those affecting our shares currently.

Our current business differs significantly from GRSA in several ways, including size, industry, geographic area, and applicable regulations. As a result, if the GRSA Acquisition is consummated, the results of operations of the combined company and the market price of our shares of common stock may be affected by factors different from those currently affecting our independent results of operations.

The GRSA Acquisition may not be accretive to earnings and if not accretive, may cause dilution to our earnings per share.

We currently anticipate that the GRSA Acquisition will be accretive to our adjusted earnings per share in the first complete fiscal year following its consummation. This expectation is based on our preliminary estimates, which may change materially. We may encounter additional or unforeseen transaction and integration-related costs, we may fail to realize all of the anticipated benefits of the GRSA Acquisition. Any of these factors could cause a decrease in our earnings per share or decrease or delay the expected accretive effect of the GRSA Acquisition and contribute to a decrease in the price of our common stock.

Our acquisition of GRSA may expose us to unknown or contingent liabilities for which we will not be adequately indemnified.

The entities that we will acquire in the GRSA Acquisition may have unknown or contingent liabilities, including liabilities for failure to comply with environmental and other laws and regulations, and for litigation or other claims. While the Purchase Agreement includes indemnification provisions, the total amount of indemnification related to breaches of representations, warranties and covenants is generally capped at $67 million, excluding breaches of certain fundamental representations, and representations relating to taxes and Title IV of ERISA, and, generally, Aleris will not be obligated to indemnify us until the aggregate amount of all losses exceeds a deductible of $3 million, and then only to the extent that the losses exceed such deductible. However, certain scheduled environmental matters are subject to a deductible of approximately $23.9 million. Based on these provisions we may incur material liabilities for the past activities of GRSA. Such liabilities and related legal or other costs and/or resulting reputational damage could negatively impact our business, financial condition and results of operations.

We will issue at least $25 million in Series B Preferred Stock if we consummate the GRSA Acquisition, which will have superior rights to our common stock.

In connection with the GRSA Acquisition, we have agreed to create and issue $30 million in Series B Preferred Stock to Aleris to be held in an escrow in order to secure Aleris s indemnification obligations under the Purchase Agreement; this amount will be reduced to $25 million in Series B Preferred Stock and $5 million in cash if the aggregate net proceeds of this Equity Offering and the Rights Offering are at least $112.5 million. In addition, under the Backstop Agreement, Aleris is required to purchase up to an additional $30 million of Series B Preferred Stock under certain circumstances. If we consummate the GRSA Acquisition and issue the Series B Preferred Stock, it could have a material impact on the rights of our common stockholders in terms of dividends, repurchases and redemptions by, or in the event of a liquidation of, the Company.

We will pay quarterly dividends on the Series B Preferred Stock, increasing from 7% after eighteen months after the issue date, to 8% for twelve months, to 9% thereafter, with dividends payable in kind for the first two years, and thereafter in cash. Other than dividends or distributions payable on our common stock in shares of common stock, the Series B Preferred Stock will rank superior to our common stock in the payment of accrued and accumulated dividends, declaration and payment of new dividends and distributions, and making of redemptions. In addition, without the consent of the holders of a majority of the Series B Preferred Stock, we are prohibited from paying dividends on our common stock for a period of two years after the Series B Preferred Stock is issued.

The Series B Preferred Stock will generally have no voting rights, except, among other customary matters, for any merger (unless the Series B Preferred Stock remains outstanding or is purchased at the liquidation preference), for any acquisition valued at more than 5% of the consolidated assets of the Company (so long as at least $10 million in aggregate principal amount of Series B Preferred Stock remain outstanding), or (for the first two years of the Series B Preferred Stock) for the declaration or payment of cash dividends on the common stock or generally the

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purchase, redemption or acquisition of common stock (outside of shares issued to the parties to the Backstop Commitment Letters and certain employee issuances). For more information on the Series B Preferred Stock, see Description of Capital Stock Series B Preferred Stock.

Our current debt agreements, the proposed Financings in connection with the GRSA Acquisition and future debt financing arrangements that we or our subsidiaries may enter into otherwise, may contain various covenants that limit our ability to take certain actions and also require us to meet financial maintenance tests. Failure to comply with these limits could have a material adverse effect on our operations, business and financial results.

As of September 30, 2014, we had approximately $15.8 million of indebtedness outstanding. Our outstanding indebtedness, including the indebtedness of Real Alloy, would have been approximately $398.8 million had the GRSA Acquisition and the proposed Financings occurred as of September 30, 2014. Further, GRSA will have additional borrowing capacity under the Asset-Based Facility and Factoring Facility and, in certain circumstances, we may issue up to $50 million of Backstop Notes to finance a portion of the GRSA Acquisition. Interest costs related to this indebtedness, together with the dividends on the Series B Preferred Stock we expect to issue, will be substantial. The Senior Secured Notes, the Asset-Based Facility, the Factoring Facility, the Backstop Notes (if funded) and the Series B Preferred Stock, and the instruments governing our other indebtedness contain, or will contain, certain customary restrictions, covenants, provisions for mandatory repayment upon the occurrence of certain events, and provisions for events of default that will require us or GRSA (through Real Alloy) to satisfy certain financial tests and maintain certain financial ratios, restrict our or GRSA s ability to engage in specified types of transactions, and otherwise limit the distributions of funds from GRSA to us. This overall leverage and the terms of our financing arrangements could:

- limit the ability to pay dividends, especially from Real Alloy and its subsidiaries, to us in respect of GRSA;
- make it more difficult to satisfy obligations under the terms of this indebtedness;
- limit the ability to refinance this indebtedness on terms acceptable to GRSA or us, or at all;
- limit the flexibility to plan for and adjust to changing business and market conditions in the industries in which we or GRSA operate and increase the vulnerability to general adverse economic and industry conditions;
- require the dedication of a substantial portion of cash flow to make interest and principal payments on this debt, thereby limiting the availability of cash flow to distribute to us or to fund future acquisitions, working capital, business activities, and other general corporate requirements;
- restrict sales of key assets;
- limit the ability to substantially change our business or enter into new lines of business;
- limit the ability to obtain additional financing for working capital, to fund growth or acquisitions or for general corporate purposes, even when necessary to maintain adequate liquidity, particularly if any ratings assigned to our debt securities by rating organizations were revised downward; or
- subject us to higher levels of indebtedness than our competitors, which may cause a competitive disadvantage and may reduce our flexibility in responding to increased competition.

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In addition, the restrictive covenants in the Asset-Based Facility and the Factoring Facility and certain other indebtedness would or could require us to maintain specified financial ratios and satisfy other financial conditions and tests. Our ability to meet those financial ratios, conditions and tests will depend on our ongoing financial and operating performance, which, in turn, will be subject to economic conditions and to financial, market, and competitive factors, many of which are beyond our control. A breach of any of these covenants could result in a default under the instruments governing our indebtedness.

With respect to the GRSA Acquisition, if consummated, challenges with integration, the industry, operations and other business, market and acquisition-related risks, as well as various uncertainties and events beyond our control, could affect our ability to comply with such restrictions and covenants. Failure to comply with any of the restrictions and covenants in our existing or future financing arrangements could result in a default under those arrangements and under other arrangements containing cross-default provisions.

Upon the occurrence of an event of default under any such financing arrangement, the relevant lenders could assess increased interest rates, accelerate the maturity of the debt and foreclose upon any collateral securing the debt. In this event, we may lack sufficient funds or other resources to satisfy all of our obligations. In addition, any limitations imposed by financing agreements on our ability to incur additional debt or to take other actions could significantly impair our ability to obtain other financing.

We do not currently control GRSA and will not control GRSA until the completion of the GRSA Acquisition.

We do not currently control GRSA and will not control GRSA until the completion of the GRSA Acquisition. The Purchase Agreement imposes certain customary limitations on how GRSA may be managed while the GRSA Acquisition is pending, but we cannot assure you that GRSA will be operated in the same way as it would be under our control.

We may invest or spend the proceeds in this offering in our discretion, which may include ways with which you may not agree and in ways that may not earn a profit.

We intend to use the net proceeds from this Equity Offering, the Rights Offering and the other Financings to pay expenses incurred in connection with the GRSA Acquisition and to pay the purchase price under the Purchase Agreement, if the GRSA Acquisition is consummated. However, we will retain discretion over the use of the net proceeds from this offering and, in the event that we do not consummate the GRSA Acquisition, we may use such proceeds for, among other things, payment of termination fees and other expenses related to the GRSA Acquisition and the other Financings, financing future acquisition opportunities, working capital and capital expenditures. You may not agree with the ways we decide to use these proceeds, and our use of the proceeds may not yield any profits.

The unaudited pro forma condensed combined financial information included in this prospectus supplement is presented for illustrative purposes only and does not represent what the financial position or results of operations of the combined company would have been had the GRSA Acquisition or the Financings been consummated on the dates assumed for purposes of that pro forma information nor does it represent our actual financial position or results of operations following the GRSA Acquisition or the Financings.

The unaudited pro forma condensed combined financial information contained in this prospectus supplement is presented for illustrative purposes only, contains a variety of

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adjustments, assumptions and preliminary estimates, is subject to numerous other uncertainties and does not reflect what our financial position or results of operations would have been had the GRSA Acquisition or the Financings been consummated as of the dates assumed for purposes of that pro forma financial information nor does it reflect our financial position or results of operation following the GRSA Acquisition or the Financings. The pro forma adjustments are based on the preliminary information available to our management at the time of the preparation of this document. For purposes of the unaudited pro forma condensed combined financial information, the estimated purchase price under the Purchase Agreement has been preliminarily allocated to the assets acquired and liabilities assumed based on limited information presently available to us to estimate fair values. The purchase price will be allocated among the relative fair values of the assets acquired and liabilities assumed based on their estimated fair values as of the closing of the GRSA Acquisition. The final allocation is dependent upon certain valuations and other analyses that cannot be completed prior to closing of the GRSA Acquisition. The actual amounts may differ materially from the information presented in the accompanying unaudited pro forma condensed combined financial information.

Additionally, the unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities nor does it include any other items not expected to have a continuing impact on the consolidated results of operations. Further, the unaudited pro forma condensed combined financial information does not reflect any increases to our selling, general and administrative (SG&A) expenses that may result from our ownership of GRSA. The unaudited pro forma condensed combined financial information has also been prepared on the assumption that the GRSA Acquisition and the Financings will be completed on the terms and in accordance with the assumptions set forth under Unaudited Pro Forma Condensed Combined Financial Information included in this prospectus supplement. The purchase price and the terms of the GRSA Acquisition and the terms of the Financings may change, perhaps substantially, from those reflected in this prospectus supplement and, because this offering and certain of the other Financings are not contingent upon completion other Financings, it is possible that one or more of the Financings will not be completed. See Unaudited Pro Forma Condensed Combined and Consolidated Financial Information in this prospectus supplement and the consolidated financial statements of the Company and the combined and consolidated financial statements of GRSA included elsewhere in this prospectus supplement.

The actual financial position and results of operations of each of the Company and GRSA prior to the GRSA Acquisition and that of the Company following the GRSA Acquisition may not be consistent with, or evident from, the unaudited pro forma condensed combined financial statements included in this prospectus supplement. In addition, the assumptions or estimates used in preparing the unaudited pro forma condensed combined financial statements included in this prospectus supplement may not prove to be accurate and may be affected by other factors. Any significant changes in the market or assumed public offering price of our common stock, the size of any of the Financings, the assumed interest rates on each of the Senior Secured Notes, the Asset-Based Facility, the Factoring Facility or the Backstop Notes, the assumed dividend rate on the Series B Preferred Stock, the amount of net proceeds generated by this Equity Offering, the Rights Offering and each of the other Financings, or the cost of the GRSA Acquisition (whether as a result of contractual purchase price adjustments or otherwise) from those assumed for purposes of preparing the pro forma condensed combined and consolidated financial statements may cause a significant change in the pro forma financial information. The pro forma adjustments for the GRSA Acquisition do not include any adjustments to the purchase price that may occur pursuant to the Purchase Agreement, and any such adjustments may be material.

Although the unaudited pro forma condensed combined and consolidated financial statements included in this prospectus supplement include disclosures that are intended to assist you in quantifying the impact of changes in the assumed market price and number of shares of our common stock that may be issued in this offering, the assumed dividend rate on the Series B Preferred Stock, the amount of the Backstop Notes and Series B Preferred Stock being issued, and the assumed interest rate on each of the Senior Secured Notes, the Asset-Based Facility, the Factoring Facility or the Backstop Notes on that pro forma information, those disclosures do not address any changes in the size of this offering or any of the other Financings and therefore may not be adequate to allow you to quantify the impact of all of the changes that may occur in the terms of this offering or the other Financings.

We may have contingent liability arising out of possible violations of the Securities Act of 1933 in connection with email communications to certain potential investors.

In advance of signing the Purchase Agreement, we communicated privately under nondisclosure agreements with a limited number of investors whom we believed were potentially interested in participating in this offering, including Kettle Hill Partners LLP and Kettle Hill Partners II LLP. In that connection, we sent certain emails that made references to potential equity offerings. Those emails may have constituted a violation of Section 5 of the Securities Act of 1933.

We could have contingent liability arising out of the possible violations of the Securities Act in connection with these emails. In particular, if a court were to conclude that the sending of those emails constituted a violation of Section 5 of the Securities Act, we could be required to repurchase the shares of common stock sold to the recipients of those emails at the original purchase price, plus statutory interest from the date of purchase, for claims brought during a period of one year from the date of their purchase of common stock.

We would contest vigorously any claim that a violation of the Securities Act occurred. However, we could incur considerable expense in contesting any such claim, in payment of any successful claims and otherwise in the resolution of such matter. In light of such potential risk, we do not expect to allow such investors to participate in this offering.

Risks Related to Our Business

We have engaged a financial advisor to explore strategic alternatives, including the possible sale of our wholly owned subsidiary, NABCO. If we sell NABCO and we do not consummate the GRSA Acquisition, you may own shares only in a holding company largely without operations.

In October 2014, we engaged a financial advisor to evaluate possible strategic alternatives for NABCO, a wholly owned subsidiary of SGGH, LLC that comprises Industrial Supply, our principal operating segment. These strategic alternatives include a potential sale of NABCO. It is possible that we could receive an attractive offer for this business and that we could sell the stock or assets of NABCO prior to the consummation of the GRSA Acquisition. If we sell NABCO and we do not consummate the GRSA Acquisition, you may own shares only in a holding company largely without operations. In that circumstance we may not generate taxable income sufficient to utilize the tax benefits related to our NOLs prior to their expiration. For more information on the ability to utilize our NOLs, see Risk Factors Risks Related to Our Business Our ability to use our U.S. federal NOLs to offset future taxable income may be limited as a result of past events, this Offering, the Rights Offering, the GRSA Acquisition or the other Financings, or as the result of future acquisitions or other issuances or transfers of our common stock.

Our financial condition and results of operations will depend on our ability to acquire and integrate businesses that perform and meet expectations after closing.

A key element of our business strategy involves the acquisition and integration of profitable operating businesses. We may experience challenges identifying, financing, consummating and integrating such acquisitions. While we have reviewed various acquisition opportunities and completed efforts since the fall of 2013 to facilitate such growth, competition exists in the market for the acquisition of profitable operating companies. We may not be able to find suitable acquisition opportunities that are available at attractive valuations, if at all. Even if we do find suitable acquisition opportunities, we may not be able to consummate the acquisitions on commercially acceptable terms, as suitable financing arrangements may not be available on acceptable terms, on a timely basis, or at all.

Even if we are successful in completing additional acquisitions, acquisitions could require significant investments of capital, management attention, and integration effort. We may also encounter difficulties in assimilating and integrating the operations, personnel, technologies, products and information systems of acquired companies, and retaining key personnel. We may also incur significant goodwill impairment charges in the future. Acquisitions could disrupt relationships with existing customers, suppliers and strategic partners of the newly acquired entities and may create other contractual, intellectual property or employment issues. The acquisition of another company or business may also require us to enter into a business or geographic market in which we have little or no prior experience. These challenges could disrupt our ongoing business, distract our management and employees, harm our reputation and increase our operating costs, and these challenges could be magnified as the size of the acquisition increases.

We cannot assure you that we will be able to consummate any future acquisitions or that, if consummated, we will realize the benefits anticipated from these acquisitions. Even if we are able to grow and build our operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have experienced substantial losses and may continue to experience losses for the foreseeable future.

For the years ended December 31, 2013 and 2012, we had net losses of $10 million and $7.5 million, respectively. Our net loss increased in 2013, and we cannot assure you that our efforts to increase operating revenues and reduce our operating costs will improve our financial performance or that we will be able to achieve profitability on a quarterly or annual basis in the foreseeable future. Since emerging from bankruptcy, we continue to have significant operating costs, including compensation, legal, professional and other outside services expenses, occupancy, interest expense, and other general and administrative expenses. While we believe we made significant progress in reducing our operating costs since summer 2013, we may continue to experience operating losses and net losses for the foreseeable future, which could make it difficult to fund our operations, finance acquisitions and achieve our business plan, any of which could cause the market price of our common stock to decline.

Our ability to use our U.S. federal NOLs to offset future taxable income may be limited as a result of past events, this Equity Offering, the Rights Offering, the GRSA Acquisition or the other Financings, or as the result of future acquisitions or other issuances or transfers of our common stock.

As of December 31, 2013, we had U.S. federal NOLs of approximately $932.8 million, which will begin to expire if not used by December 31, 2027. For accounting purposes, a valuation allowance is required to reduce our potential deferred tax assets if it is determined that it is more likely than not that all or some portion of such assets will not be realized due to the lack of sufficient taxable income. Our financial statements currently provide a full valuation allowance against all of our federal NOLs.

Our ability to fully utilize our existing NOLs could be limited or eliminated as a result of changes in federal tax laws and regulations or should we: (i) be found by the Internal Revenue Service (IRS) not to be able to avail ourselves of Section 382(l)(5) of the Tax Code in connection with the Plan of Reorganization in 2010; (ii) undergo an ownership change as described under Section 382 of the Tax Code; or (iii) not return to profitability or be only marginally profitable in the future.

The Company was incorporated as Fremont General Corporation (Fremont) in 1972. On June 11, 2010, Fremont completed the Plan of Reorganization and emerged from Chapter 11 bankruptcy proceedings with the Company s present name, Signature Group Holdings, Inc. Although we cannot assure you that the IRS will agree with our position, we believe that, as of the Company s emergence from bankruptcy proceedings, the Company met the criteria under Section 382(l)(5) of the Tax Code to be able to utilize our NOLs to offset future income generated by the Company, if any.

Our ability to utilize our NOLs, however, will be subject to significant limitation for federal and California state income tax purposes if the Company undergoes an ownership change as defined in Section 382 of the Tax Code. For this purpose, an ownership change is generally defined as greater than a 50% change in equity ownership by value over a rolling three-year period. We may experience an ownership change in the future as a result of changes in our common stock ownership, which would result in a limitation on our ability to utilize our NOLs. Separately, any changes to tax rules or the interpretation of tax rules could negatively impact our ability to recognize benefits from our NOLs.

While there is no guarantee that the IRS will agree with our position, we believe that this Equity Offering, the Rights Offering, the other Financings and the GRSA Acquisition, as presently contemplated, should not result in an ownership change for purposes of Section 382 of the Tax Code. Certain limitations will be imposed on the exercise of subscription rights in the Rights Offering (including transfer restrictions on the subscription rights), in the Backstop Commitment Letter and the Backstop Agreement and on the structure of the GRSA Acquisition in order to minimize the impact of these transactions on our ownership shift calculation (the Structure Limitations). Additionally, the Company adopted the Tax Benefit Preservation Provision in order to protect stockholder value by preserving our NOLs. See The Offering NOL Preservation Strategy. There is no guarantee, however, that the Structure Limitations and the Tax Benefit Preservation Provisions will be effective in protecting our NOLs and other tax assets.

In the event that this Equity Offering, the Rights Offering, the other Financings and the GRSA Acquisition occur in the manner currently contemplated, the Company expects to receive an opinion letter (the Section 382 Opinion Letter) from its U.S. tax counsel, Blank Rome LLP, substantially to the effect that these transactions should not result in an ownership change for U.S. federal income tax purposes and that the Company may use its NOLs to offset future U.S. taxable income generated by the GRSA Business. The Company s receipt of the Section 382 Opinion Letter will be dependent upon, among other things, the continuing validity of various IRS rulings and various assumptions (including assumptions regarding the terms of this Equity Offering, the Rights Offering, the GRSA Acquisition and the other Financings) and the receipt of representations to be made by us as to certain factual matters which, if inaccurate or incomplete or fail to materialize in any respect, would jeopardize any conclusions reached in the Section 382 Opinion Letter. Our receipt of the Section 382 Opinion Letter is conditioned in part on our offering our shares for purchase in the Rights Offering at a price of $3.75 or higher; accordingly, if the minimum ten-day volume weighted average price is below $5.00 per share, we will not receive the Section 382 Opinion Letter. There can be no assurance that: (i) the Company will receive the Section 382 Opinion Letter prior to either (a) the GRSA Acquisition, or (b) Blank Rome LLP s receipt of the representations to be made by us; or (ii) Blank Rome LLP will be able to render the Section 382 Opinion Letter at all. In addition, the completion of this offering is not conditioned upon or receipt of the Section 382 Opinion Letter. Moreover, the Section 382 Opinion Letter will be restricted to the precise terms described therein and the Company or its shareholders may engage in subsequent transactions that would result in an ownership change. We do not intend to close the GRSA Acquisition, and therefore the other Financings that will be conditioned on the closing of the GRSA Acquisition, if we do not receive the Section 382 Opinion Letter or if we otherwise determine that the GRSA Acquisition or such other financings, if completed, will materially threaten the use of our NOLs.

The amount of our NOLs has not been audited or otherwise validated by the IRS. The IRS could challenge the amount of our NOLs and other tax assets, which could result in an increase in our liability in the future for income taxes. Further, our NOLs only have value to the extent we generate taxable income. If we are unable to generate taxable income prior to the expiration of the NOLs, or if we are only marginally profitable during such period, we will be limited in our ability to utilize the tax benefits related to our NOLs. There can be no assurance that we will have sufficient taxable income to be able to utilize our NOLs prior to their expiration.

Finally, the use of federal and state NOLs is subject to various tax laws and regulations and the changes in such or the interpretations thereof. In California, for example, during 2011, we were unable to utilize any of our state NOLs due to a state moratorium on the usage of NOLs. While the moratorium expired on December 31, 2011, no assurance can be made that we will be able to use our California state NOLs in the future.

We may need to raise additional capital to fund future opportunities or repay our indebtedness, which funding may not be available on terms acceptable to us, or at all.

We currently have a limited capital base and have generated net losses of $10 million and $7.5 million in the years ended December 31, 2013 and 2012, respectively. We have experienced volatility in our cash flows from operations ranging from positive cash flows from operating activities of $23 million in the year ended December 31, 2013, to negative cash flows from operating activities of $15.6 million in the year ended December 31, 2011. Beyond the GRSA Acquisition and Financings, in order to make future acquisitions of businesses, we may need to raise capital through debt or equity financing, sell the stock or assets of our subsidiary businesses, offer debt or equity to the sellers of target businesses, or by undertaking a combination of any of the above. To avoid limiting the use of our NOLs, we may choose to fund some or all of those acquisitions with an offering of rights to existing stockholders. In addition, acquired companies may also require us to make significant capital infusions.

Further, since the timing and size of prospective transactions cannot be readily predicted, in addition to conducting a rights offering, offering of common stock, convertible debt securities or other securities under our effective shelf registration statement, we may require funding from other sources on short notice to fully benefit from attractive opportunities. Such funding or such securities offerings may not be available on acceptable terms, on a timely basis, or at all. In addition, the level of our indebtedness may impact our ability to borrow further. Our ability to raise equity capital is also subject to market conditions and investor demand for the shares at

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prices we consider being in the best interests of our stockholders. These challenges may materially adversely affect our ability to pursue our business strategy successfully and may materially adversely affect our business, financial condition and results of operations. If adequate funds are not available or are not available on acceptable terms, we may be unable to continue our operations as planned, pursue acquisitions, expand our sales and marketing programs, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on the Company s business, financial condition and results of operations.

Funding for our future acquisitions and operations could increase our liabilities, trigger negative tax consequences or dilute, or rank preferentially to, our stockholders.

We intend to fund any future acquisition through a mix of our available cash, the sale of equity securities in private placements or in registered offerings under our shelf registration statement (declared effective on September 26, 2013), rights offerings to existing stockholders, and debt financings. As disclosed in this prospectus supplement, we intend to use all those financing sources to finance the GRSA Acquisition. Utilizing these funding sources can result in increased debt or contingent liabilities, adverse tax consequences or substantial capital commitments. Any of these events could negatively impact our financial condition and results of operations and could cause the price of our common stock to decline.

We currently have 10,000,000 shares of blank check preferred stock available for issuance and an effective shelf registration statement, although we expect to use a portion of the capacity thereunder for financing the GRSA Acquisition. In order to fund our future operations or acquisitions, we may sell equity securities or convertible debt securities, which securities could have rights, preferences and privileges senior to our existing stockholders. In such event, future security holders could be entitled to dividends, liquidation or other transaction preferences, or voting rights that are not provided to our existing common stockholders. Further, with or without preferential terms, future issuances of securities could result in dilution to our stockholders.

Our pending legal proceedings and other contingent liabilities may impact our financial condition and results of operations, lowering our stock price, and limiting our ability to use our common stock as consideration in future transactions.

We are subject to a number of lawsuits seeking monetary damages or injunctive relief and have potential other contingent liabilities, including repurchase claims, which relate to the discontinued operations of SGGH, LLC. For a summary of our material legal proceedings, see Legal Proceedings in Note 19 Commitments and Contingencies in the Notes to Consolidated Financial Statements, included in Part IV, Item 15 of Annual Report on Form 10-K for the year ended December 31, 2013 and Note 14 Commitments and Contingencies in the Notes to Consolidated Financial Statements, included in Part I, Item 1 of the Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2014. See Where You Can Find More Information and Information Incorporated By Reference. Additional litigation may be filed against us or disputes may arise in the future concerning matters involving the discontinued operations. We have been and intend to continue to vigorously defend ourselves in all legal proceedings in which we are involved, however, the outcome of litigation and other legal matters is always uncertain and could materially adversely affect our liquidity, financial condition and results of operations. Furthermore, the costs to defend the Company in these matters may be significant. In turn, these could have a material impact on the price of our common stock. In addition, a decline in our stock price may limit our ability to utilize our common stock as consideration for potential future acquisitions and other transactions in which we may engage.

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SGGH, LLC has received repurchase claims relating to certain residential mortgage loans sold by our discontinued operations. SGGH, LLC may receive additional claims in the future that, unless withdrawn or settled within the limits of the established repurchase reserve, could adversely affect our financial condition and results of operations.

As of September 30, 2014 and December 31, 2013, SGGH, LLC had $101.7 million of outstanding repurchase claims associated with claims of breaches of certain representations and warranties related to the residential real estate mortgages sold by Fremont Investment & Loan (FIL), the primary operating subsidiary of our predecessor Fremont General Corporation. SGGH, LLC maintains a repurchase reserve for the estimated losses it may experience from repurchase claims, both known and unknown, based on the representations and warranties FIL provided to counterparties that purchased the residential real estate loans, largely from 2002 through 2007. While management believes the $6.5 million repurchase reserve liability was sufficient as of December 31, 2013, and the $5.8 million repurchase reserve liability is sufficient as of September 30, 2014, the reserve is subjective and is based on management s current expectations based on facts currently known. Although the last mortgage loan purchase agreement was executed in mid-2007, there is no certainty that other claims will not also be asserted against SGGH, LLC or us. Changing or new facts and circumstances could cause us to increase the repurchase reserve in future periods or may cause us to experience losses in excess of the repurchase reserve liability. Any material increase in, or change in the nature of, repurchase claim activity and payout amounts, the repurchase reserve, or changes in our ability to object to, defend or settle such claims, could have a material adverse effect on our financial condition and results of operations. See Critical Accounting Policies in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2013 for additional information related to our repurchase reserve. See Where You Can Find More Information and Information Incorporated By Reference.

SGGH, LLC is subject to residential mortgage-backed securities defense, indemnity and contribution claims.

In connection with residential mortgage-backed securities offerings (RMBS Offerings) involving loans originated by FIL, either or both of FIL and its subsidiary entered into mortgage loan purchase agreements, underwriting agreements and indemnification and contribution agreements, which contained various representations and warranties relating to the loans. Investment banks involved in these RMBS Offerings have been sued in a number of actions concerning their activities related to subprime mortgages (RMBS Actions), where neither FIL, nor its subsidiary, are a named defendant. FIL and its subsidiary have received demands for defense, indemnity and contribution from defendants in various RMBS Actions. Each of these demands has been rejected as we believe the demanding parties are being sued for conduct not chargeable to FIL or its subsidiary. There is no assurance that FIL or its subsidiary will not be named as a defendant in additional RMBS Actions or receive additional demands for defense, indemnity and contribution. We intend to vigorously defend any claims seeking defense, indemnity or contribution, but we cannot presently predict whether such claims will be pursued or what the outcome would be. However, if the investment banks suffer losses in connection with RMBS Actions and successfully pursue claims against FIL, its subsidiary or us, this could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

We depend on key personnel to achieve our business and strategic objectives.

We depend on the members of our senior management team, particularly Craig Bouchard, Kyle Ross and Chris Manderson, to execute our business plan and strategy and to manage our business and day-to-day operations, including identifying, structuring, closing and monitoring

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business acquisitions. These members of our senior management team have critical industry experience and relationships that we rely upon to implement our business plan. If we lose the services of one or more of these individuals, it may take us significant time, effort and cost to identify and hire suitable executives with the appropriate experience and expertise to join the Company, and in the meantime, we may not be able to operate our business or identify and manage our business as we planned. As a result, our ability to compete could be harmed. All of these consequences could have a material adverse effect on our business, financial condition and results of operations.

We have experienced significant changes in our management team, Board of Directors and business strategy during our recent operating history.

Our predecessor company emerged from bankruptcy proceedings in June 2010 with a new management team and Board, as well as a new business plan and strategy. Since then, we have experienced changes in our Board and management in each of 2011, 2012 and 2013. Additionally, in the future, we may have turnover in the members of our management team or the Board. Any such future turnover may require time, effort and cost and may divert the attention of the management team and Board away from our operations and business objectives.

Impairment of our intangible assets could result in significant charges that could adversely impact our future operating results.

We have significant intangible assets, including goodwill, which are susceptible to impairment charges as a result of changes in various factors or conditions. The most significant intangible assets on our balance sheet are goodwill, customer relationships and trade names, all of which are related to business combinations. We assess the potential impairment of goodwill and indefinite-lived intangible assets on an annual basis, as well as whenever events or changes in circumstances indicate that the carrying value may exceed fair value. We assess finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value may exceed fair value.

As of September 30, 2014, we had identifiable intangible assets with a carrying value of $2.0 million, and goodwill of $17.8 million in our consolidated balance sheets within continuing operations and no identifiable intangible assets, and no goodwill within discontinued operations. Adverse changes in the operations of our businesses or other unforeseeable factors could result in an impairment charge in future periods that could adversely impact our results of operations and financial position in that period.

Our current principal operating subsidiary, Industrial Supply, does not have long-term contracts with customers and the loss of a significant number of key customers could materially adversely affect our business, financial condition and results of operations.

Our Industrial Supply segment operates primarily based on individual orders and sales with customers and it did not have any significant backlog as of December 31, 2013. Historically, our Industrial Supply segment has not included long-term supply contracts with its customers. As such, customers could cease buying circuit breakers and related products from Industrial Supply at any time and for any reason, without any penalty or notice. During the years ended December 31, 2013 and 2012, three of Industrial Supply s customers under common ownership represented more than 10% of our consolidated operating revenues. In 2013 and 2012, these customers accounted for 43.4% and 40.3% of our consolidated operating revenues, respectively, and represented 51.7% and 55.3% of trade accounts receivable at December 31, 2013 and 2012, respectively. If a significant number of customers elected not to purchase Industrial Supply products, it could materially adversely affect our business, financial condition and results of operations.

SGGH, LLC has $5.1 million in remaining unpaid bankruptcy claims that could have a material adverse effect on our capital resources and distract our management team if we are unsuccessful in objecting to, litigating or settling these matters in the near future.

SGGH, LLC has two open unpaid claims filed with the United States Bankruptcy Court for the Central District of California, Santa Ana Division totaling $5.1 million. SGGH, LLC plans to continue to litigate those claims, which litigation has been costly both in terms of legal fees, as well as management s time in addressing these matters. If SGGH, LLC is unsuccessful in resolving such litigation in the near future, or is unable to negotiate substantially reduced settlements for the remaining claims, and SGGH, LLC is obligated to pay these amounts, it could have a material adverse effect on our financial condition and results of operations. See Note 19 Commitments and Contingencies in the Notes to Consolidated Financial Statements included in Part IV, Item 15 of our Annual Report on Form 10-K for additional information about the Colburn and Walker matters.

Our operations may not perform as expected and we may not realize full value for assets we sell.

Based on any number of factors, our operations may not perform as expected. Further, in the ordinary course of business, we review whether it is appropriate to characterize certain portions of our operations as discontinued operations. As a result, we may from time to time decide to sell operating subsidiaries or assets. As discussed above, in October 2014, we engaged a financial advisor to advise on possible strategic alternatives for NABCO. There can be no assurance that we will be successful in completing any such transactions. If such a transaction is completed, including a sale of NABCO, they may reduce the size of our business. There is also no assurance that we will receive adequate consideration in the disposition of any operating subsidiary or asset. As a result, our future disposition of operating subsidiaries or assets could have a material adverse effect on our business, financial condition, and results of operations.

If we fail to maintain an effective system of internal control over financial reporting or experience material weaknesses in our system of internal control, we may not be able to report our financial results accurately or on a timely basis and may not be able to detect fraud, any of which could materially and adversely affect our business and our stock price.

As of December 31, 2013, our management believes that our disclosure controls and procedures and internal control over financial reporting are operating effectively. However, management has previously identified a material weakness in our system of internal controls. As determined as of December 31, 2011, we had a material weakness related to our inability to maintain a sufficient number of financial and accounting personnel with the appropriate level of accounting knowledge and experience in order to provide timely, accurate and reliable financial statements in accordance with GAAP. Under the supervision and with the participation of our CEO and CFO, our management (a) acquired accounting and financial reporting resources with the appropriate accounting knowledge and experience, and (b) implemented new disclosure controls and procedures, which, we believe, remediated the material weakness as of September 30, 2012.

If we fail to maintain or enhance our internal control over financial reporting or fail to properly maintain an effective system of internal control over financial reporting, we may be unable to detect fraud or to report our financial results accurately and on a timely basis. The existence of any such deficiencies and/or weaknesses, even if cured, could also lead to the loss of investor confidence in the reliability of our financial statements, which could negatively impact the price of our common stock. Such deficiencies or material weaknesses may also subject us to lawsuits, investigations and other penalties.

We have a lean operations staff that we believe is appropriate for our current business. In addition, our business strategy contemplates the acquisition of businesses and the operation of subsidiaries whose financial results will be consolidated into our financial statements and reporting. As a result of these business activities and our future growth, the scope of our internal control over financial reporting will have to expand, which may subject us to increased internal control risks, especially as new businesses are integrated into our processes. Effective internal control over financial reporting must be established and maintained in connection with these acquisitions, if any, in order for us to produce accurate and timely financial reports. Failure to do so would result in our inability to report our financial results accurately and on a timely basis, and possibly lead to other deficiencies, which would likely have a negative impact on the market value of our common stock.

Furthermore, Section 404 of the Sarbanes-Oxley Act currently requires us to evaluate the effectiveness of our internal control over financial reporting at the end of each fiscal year and to include a management report assessing the effectiveness of our internal control over financial reporting in our Annual Report. We are also subject to the auditor attestation requirement under Section 404(b) of the Sarbanes-Oxley Act. We may not be able to complete the work required for such attestations on a timely basis and, even if we timely complete such requirements, we cannot assure you that our independent registered public accounting firm will conclude that our internal control over financial reporting is effective. The inability to obtain such attestation could lead to the loss of investor confidence in the reliability of our financial statements, which could negatively impact the price of our common stock and may impair our ability to raise capital under our shelf registration statement.

We may not obtain the expected benefits of the reincorporation from a Nevada corporation to a Delaware corporation.

We completed a holding company reincorporation to take advantage of the benefits of Delaware law and provide us with additional flexibility as we pursue our goal of growth through acquisitions. These expected benefits may not be obtained if we fail to complete acquisitions or if market conditions or other circumstances prevent us from taking advantage of the strategic, business and financing flexibility that it affords us. In addition, our holding company structure may not keep the assets and liabilities of the Company and any new businesses we acquire legally separate. As a result, we may have incurred the costs of implementing the reincorporation without realizing the possible benefits. These costs include the increased administrative costs and expenses associated with keeping separate records, and in some cases making separate regulatory filings for the Company and SGGH, LLC.

As a holding company, Signature will depend in large part on funding from its operating subsidiaries.

Signature is a holding company with no current business operations of its own. Until it has either formed or acquired other companies, its only significant asset is the 100% interest in SGGH, LLC. As a result, it relies on funding from SGGH, LLC to meet its obligations. If SGGH, LLC needs to retain its funds to meet its financial obligations or experiences other restrictions on its ability to fund Signature, that may limit Signature s access to funds and ability to pursue its acquisition strategy or other strategic objectives.

Our data and information systems and network infrastructure may be subject to hacking or other cyber-security threats, giving unauthorized persons access to, and the ability to misappropriate, our customer data and proprietary business information.

In our operations, we store and transmit our proprietary information and that of our customers. We have offices, warehouses and employees throughout North America. Our operations are dependent upon the connectivity and continuity of our facilities and operations. Further, as our present principal business, Industrial Supply does not have long-term contracts with any customer, its business and revenues are dependent upon the trust and satisfaction of its customers.

Despite our security measures, our information systems and network infrastructure may be vulnerable to cyber-attacks or could be breached due to an employee error or other disruption that could result in unauthorized disclosure of sensitive information that has the potential to significantly interfere with our business operations. Breaches of our security measures could expose us to a risk of loss or misuse of this information, litigation and potential liability. Since techniques used to obtain unauthorized access or to sabotage information systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures in advance of such an attack on our systems. In addition, if we select a vendor that uses cyber or cloud storage of information as part of their service or product offerings, despite our attempts to validate the security of such services, our proprietary information may be misappropriated by third parties. In the event of an actual or perceived breach of our security, or the security of one of our vendors, the market perception of the effectiveness of our security measures and our attractiveness as a business partner could be harmed and we could suffer damage to our reputation or our business, or lose existing customers and lose our ability to obtain new customers. Additionally, misappropriation of our proprietary business information could prove competitively harmful to our business.

Changes in, and compliance with, laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We are subject to regulation at the federal, state and local level, as may be any entity we acquire. Further, new legislation may be enacted or new interpretations, rulings or regulations could be adopted, potentially with retroactive effect, any of which could harm us, our operations, our plans and our stockholders. Changes to laws and regulations may cause us to alter our business strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences in the strategies and plans set forth in our Annual Report. Thus, any such changes, if they occur, could have a material adverse effect on our financial condition and results of operations. In addition, our inability to comply with the federal, state and local statutes and regulations in the business segments, geographic regions and jurisdictions in which we operate could have a material adverse impact on our financial condition, results of operations and our stock price.

Risks Related to GRSA

If we consummate the GRSA Acquisition, GRSA will be integrated into the Company. As a result we will be subject to the following additional risks and uncertainties relating to GRSA. Any risk or uncertainty that could have a negative impact on GRSA, operations and financial condition could also have a negative impact on the Company s business, operations and financial condition.

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The cyclical nature of the metals industry, GRSA s end-use segments and the industries of GRSA s customers could limit the operating flexibility of GRSA and could negatively affect its financial condition and results of operations.

The metals industry in general is cyclical in nature. It tends to reflect and be amplified by changes in general macro and local economic conditions. These conditions include, but are not limited to, the level of economic growth, financing availability, the availability of affordable energy sources, employment levels, interest rates, consumer confidence, demand for automobiles and housing demand. Historically, in periods of recession or periods of minimal economic growth, metals companies have often tended to underperform other sectors. GRSA is particularly sensitive to trends in the transportation industry, which is seasonal, highly cyclical and dependent upon general economic conditions. For example, during recessions or periods of low growth, the transportation industry typically experiences major cutbacks in production, resulting in decreased demand for inputs such as aluminum. This may lead to significant fluctuations in demand and pricing for GRSA s products and services. Because GRSA generally has some fixed costs, its near-term profitability can be significantly affected by decreased processing volume. Accordingly, reduced demand and pricing pressures may significantly reduce its profitability and adversely affect its financial condition. Economic downturns in regional and global economies or a prolonged recession in its principal industry segments have had a negative impact on the operations of GRSA in the past and could have a negative impact on its future financial condition or results of operations. In addition, in recent years global economic and commodity trends have been increasingly correlated. Although GRSA will continue to seek to diversify its business on a geographic and industry end-use basis, there can be no assurance that diversification will significantly mitigate the effect of cyclical downturns.

Changes in the market price of aluminum scrap impact the selling prices of GRSA s products and the margins it makes from selling its products and services. Market prices are dependent upon supply and demand and a variety of factors over which GRSA has minimal or no control, including:

- regional and global economic conditions;
- availability and relative pricing of metal substitutes;
- labor costs;
- energy prices;
- environmental and conservation regulations;
- seasonal factors and weather; and
- import and export levels and/or restrictions.

GRSA requires substantial amounts of capital to operate; failure to maintain sufficient liquidity will have a material adverse effect on its financial condition and results of operations.

GRSA requires substantial amounts of cash to operate and its liquidity can be adversely affected by a number of factors outside its control. Fluctuations in aluminum prices may result in increased cash costs for metal scrap and increase our working capital needs. In addition, if aluminum price movements result in a negative valuation of its current financial derivative positions, our counterparties may require posting of cash collateral. Furthermore, in an environment of falling aluminum prices, the borrowing base and availability under GRSA s then-current borrowing facilities may shrink and constrain GRSA s liquidity.

GRSA requires substantial capital investments that it may be unable to fulfill.

The operations of GRSA are capital intensive. Its total capital expenditures were $50 million, $56 million, $37 million, $19 million and $23 million for the years ended December 31, 2011, 2012, 2013 and the nine months ended September 30, 2014 and 2013, respectively. GRSA may not generate sufficient operating cash flows and its external financing sources may not be available in an amount sufficient to enable it to make anticipated capital expenditures, service or refinance indebtedness or fund other liquidity needs. If GRSA is unable to make upgrades or purchase new equipment, its financial condition and results of operations could be affected by higher maintenance costs, lower sales volumes due to the impact of reduced product quality, and other competitive influences.

The loss of certain members of the management team of GRSA may have an adverse effect on its operating results.

The success of GRSA will depend, in part, on the efforts of senior management and other key employees. These individuals possess sales, marketing, engineering, manufacturing, financial and administrative skills that are critical to the operation of its business. If GRSA loses or suffers an extended interruption in the services of one or more of its senior officers, its financial condition and results of operations may be negatively affected. Moreover, the pool of qualified individuals may be highly competitive and GRSA may not be able to attract and retain qualified personnel to replace or succeed members of senior management or other key employees, should the need arise.

GRSA may be unable to manage effectively its exposure to commodity price fluctuations, and its hedging activities may affect profitability in a changing metals price environment and subject its earnings to greater volatility from period-to-period.

Significant increases in the price of primary aluminum, aluminum scrap, alloys, hardeners, commodity inputs, or energy would cause the cost of sales for GRSA to increase significantly and, if not offset by product price increases, would negatively affect its financial condition and results of operations. GRSA is a substantial consumer of raw materials, and by far the largest input cost in producing its goods is the cost of aluminum and aluminum scrap. The cost of energy used, however, is also substantial. In the case of buy / sell arrangements, customers pay for the products of GRSA based on the indexed prices or based on a fixed price. For tolling services customers pay GRSA a processing fee. In general, GRSA uses these pricing mechanisms to pass changes in the price of aluminum and scrap, and, sometimes, commodities, through to its customers. Buy / sell arrangements may require GRSA to purchase raw materials in the future, exposing it to the risk that increased aluminum or energy prices will increase the cost of its products, thereby reducing or eliminating the margin GRSA receives when it delivers the product. These risks may be exacerbated by the failure of customers to pay for products on a timely basis, or at all.

Similarly, as GRSA maintains substantial quantities of raw material and finished goods inventories, significant decreases in the price of aluminum and scrap would reduce the realizable value of its inventory, negatively affecting its financial condition and results of operations. In addition, a drop in aluminum prices between the date of purchase and the final settlement date on derivative contracts used to mitigate the risk of price fluctuations may require it to post additional margin, which, in turn, can be a significant demand on liquidity.

In Europe, GRSA purchases and sells LME forwards, futures and options contracts to seek to reduce its exposure to changes in aluminum prices. The ability to realize the benefit of this hedging program is dependent upon factors beyond its control such as counterparty risk as well as its customers making timely payment for product. In addition, at certain times, hedging options may be unavailable or not available on terms acceptable to GRSA. In certain scenarios when market price movements result in a decline in value of its current derivatives position, its mark-to-market expense may exceed its credit line and counterparties may request the posting of cash collateral. Despite the use of LME forwards, futures and options contracts, GRSA remains exposed to the variability in prices of aluminum scrap. While aluminum scrap is typically priced in relation to prevailing aluminum index prices (LME, Platts 380, Metal Bulletin 226, etc.), certain scrap types used in the GRSA operations are not highly correlated to an underlying LME price and, therefore, are not hedged. Scrap is also priced at a discount to selling prices. This discount is referred to in the industry as the scrap spread and fluctuates depending upon industry conditions. In addition, GRSA purchases forwards, futures or options contracts to reduce exposure to changes in natural gas prices. It does not account for forwards, futures, or options contracts as hedges of the underlying risks. As a result, unrealized gains and losses on these derivative financial instruments must be reported in the consolidated results of operations. The inclusion of such unrealized gains and losses in earnings may produce significant period to period earnings volatility that is not necessarily reflective of underlying operating performance.

GRSA may encounter increases in the cost, or limited availability, of raw materials and energy, which could cause the cost of goods sold to increase thereby reducing operating results and limiting operating flexibility.

GRSA requires substantial amounts of raw materials and energy in its business, consisting principally of aluminum scrap, primary-based aluminum, alloys and other materials, and natural gas. Any substantial increases in the cost of raw materials or energy could cause operating costs to increase and negatively affect GRSA s financial condition and results of operations.

Aluminum scrap, primary aluminum, and hardener prices are subject to significant cyclical price fluctuations. Metallics (primary aluminum metal, aluminum scrap and aluminum dross) represent the largest component of the costs of sales. GRSA purchases aluminum primarily from aluminum scrap dealers, primary aluminum producers and other intermediaries. GRSA has limited control over the price or availability of these supplies in the future.

The availability and price of aluminum scrap depends on a number of factors outside of the control of GRSA, including general economic conditions, international demand for metallics and internal recycling activities by primary aluminum producers and other consumers of aluminum. Increased regional and global demand for aluminum scrap can have the effect of increasing the prices that GRSA pays for these raw materials thereby increasing the cost of sales. GRSA may not be able to adjust the selling prices for its products to recover the increases in scrap prices. If scrap and dross prices were to increase significantly without a commensurate increase in the traded value of the primary metals or of the indices on which sales are made, the future financial condition and results of operations of GRSA could be affected by higher costs and lower profitability. In addition, a significant decrease in the pricing spread between aluminum scrap and primary aluminum could make recycling less attractive compared to primary production, and thereby reduce customer demand for the GRSA s recycling services.

After raw material and labor costs, utilities represent the third largest component of the cost of sales. The price of natural gas, and therefore the costs, can be particularly volatile. Price, and volatility, can differ by global region based on supply and demand, political issues and government regulation, among other things. As a result, GRSA s natural gas costs may fluctuate dramatically, and it may not be able to reduce the effect of higher natural gas costs on its cost of sales. If natural gas costs increase, its financial condition and results of operations may be

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adversely affected. Although GRSA attempts to mitigate volatility in natural gas costs through the use of hedging and the inclusion of price escalators and pass through mechanisms in certain of its long-term sales contracts, it may not be able to eliminate the effects of such cost volatility. Furthermore, in an effort to offset the effect of increasing costs, it may have also limited its potential benefit from declining costs.

If GRSA were to lose order volumes from any of its largest customers, its sales volumes, revenues and cash flows could be reduced.

GRSA is exposed to risks related to customer concentration. Its ten largest customers were responsible for approximately 50% of its volume invoiced for the twelve months ended September 30, 2014. No one customer accounted for more than 15% of those volumes. A loss of order volumes from, or a loss of industry share by, any major customer could negatively affect the financial condition and results of operations of GRSA by lowering sales volumes and lowering profitability. In addition, GRSA s strategy of having dedicated facilities and arrangements with customers subject it to the inherent risk of increased dependence on a single or a few customers with respect to these facilities. In such cases, the loss of such a customer, or the reduction of that customer s business at one or more of its facilities, could negatively affect its financial condition and results of operations, and GRSA may be unable to timely replace, or replace at all, lost order volumes. In addition, several of GRSA s customers have become involved in bankruptcy or insolvency proceedings and have defaulted on their obligations to GRSA in recent years. Similar incidents in the future would adversely impact the financial conditions and results of operations of GRSA.

GRSA does not have long-term contractual arrangements with a substantial number of its customers, and sales volumes and revenues could be reduced if those customers switch their suppliers.

A substantial amount of GRSA s volumes is sold to customers under contractual arrangements of one year or less or on a purchase order basis. Customers may choose not to continue to purchase products and services from GRSA. Any significant loss of these customers or a significant reduction in their purchase orders could have a material negative impact on the sales volume and business of GRSA.

GRSA may not be able to compete successfully in the industry segments it serves and aluminum may become less competitive with alternative materials, which could reduce GRSA s share of industry sales, sales volumes and selling prices.

Aluminum competes with other materials such as steel, plastic, composite materials and glass for various applications. Higher aluminum prices tend to make aluminum products less competitive with these alternative materials.

GRSA competes with other aluminum recyclers in segments that are highly fragmented and characterized by smaller, regional operators. The principal factors of competition in the aluminum recycling business include price, metal recovery rates, proximity to customers, customer service, molten metal delivery capability, environmental and safety regulatory compliance and types of services offered. Many of the customers of GRSA also have the capability to recycle scrap and may choose to bring more of their volumes within their own operations.

With its international business, GRSA encounters the risk that non-U.S. governments could take actions to enhance local production or local ownership at its expense.

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Additional competition could result in a reduced share of industry sales or reduced prices for the products and services of GRSA, which could decrease revenues or reduce volumes, either of which could have a negative effect on financial condition and results of operations.

GRSA has been shaped by acquisition and divestiture, and it will continue to evaluate future acquisitions and divestitures. Past and future acquisitions or divestitures may not be successful, which could adversely affect GRSA s financial condition.

The future financial performance and success of GRSA will depend in part on its ability to successfully implement its business strategy on a stand-alone basis. Part of the business strategy for GRSA has been, and will continue to be, the opportunistic pursuit of strategic acquisitions and dispositions. However, there can be no assurance that any such growth efforts will be successful, or that if successful, GRSA will be able to effectively manage expanded or acquired operations. The ability of GRSA to achieve its expansion and acquisition needs and objectives and to effectively manage its growth depends on numerous risks commonly encountered in business combinations, including the following:

- its ability to identify appropriate acquisition targets and to negotiate acceptable terms for their acquisition;
- the ability to integrate new business into GRSA s operations;
- the availability of capital on acceptable terms to finance acquisitions (including in light of the terms of the indebtedness under the Financings);
- the ability to generate the cost savings or synergies anticipated;
- the inaccurate assessment of undisclosed liabilities;
- increasing demands on GRSA s operational systems; and
- the amortization of acquired intangible assets.

In addition, the process of integrating new businesses could cause the interruption of, or loss of momentum in, the activities of the existing GRSA business and the diversion of management s attention. Any delays or difficulties encountered in connection with the integration of new businesses or divestiture of existing businesses could negatively impact GRSA and results of operations. Furthermore, any acquisition could result in significant increases in outstanding indebtedness and debt service requirements. The terms of this indebtedness may further limit the acquisitions that GRSA can pursue.

Further aluminum industry consolidation could impact GRSA.

The aluminum industry has experienced consolidation over the past several years, and there may be further industry consolidation in the future. Although current industry consolidation has not negatively impacted GRSA, further consolidation in the aluminum industry could possibly have negative impacts that it cannot reliably predict.

A portion of the sales of GRSA is derived from its international operations, which exposes GRSA to certain risks inherent in doing business abroad.

GRSA has aluminum recycling operations in Germany, the United Kingdom, Mexico, Norway and Canada and magnesium recycling operations in Germany. GRSA continues to explore opportunities to expand its international operations. GRSA s international operations generally are subject to risks, including:

changes in U.S. and international governmental regulations, trade restrictions and laws, including tax laws and regulations;

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- compliance with U.S. and foreign anti-corruption and trade control laws, such as the Foreign Corrupt Practices Act and U.K. Anti-Bribery Act, export controls and economic sanction programs, including those administered by the U.S. Treasury Department s Office of Foreign Assets Control;
- currency exchange rate fluctuations;
- tariffs and other trade barriers;
- the potential for nationalization of enterprises or government policies favoring local production;
- interest rate fluctuations;
- high rates of inflation;
- currency restrictions and limitations on repatriation of profits;
- differing protections for intellectual property and enforcement thereof;
- divergent environmental laws and regulations; and
- political, economic and social instability.

The occurrence of any of these events could cause costs to rise, limit growth opportunities or have a negative effect on GRSA s operations and ability to plan for future periods, and subject it to risks not generally prevalent in the United States.

The financial condition and results of operations of some of the operating entities of GRSA are reported in various currencies and then translated into U.S. dollars at the applicable exchange rate for inclusion in its audited and unaudited consolidated financial statements. As a result, appreciation of the U.S. dollar against these currencies may have a negative impact on reported revenues and operating profit, and the resulting accounts receivable, while depreciation of the U.S. dollar against these currencies may generally have a positive effect on reported revenues and operating profit. In addition, a portion of the revenues generated by its international operations are denominated in U.S. dollars, while the majority of costs incurred are denominated in local currencies. As a result, appreciation in the U.S. dollar may have a positive impact on earnings while depreciation of the U.S. dollar may have a negative impact on earnings.

Current environmental liabilities as well as the cost of compliance with, and liabilities under, health and safety laws could increase the operating costs of GRSA and negatively affect its financial condition and results of operations.

GRSA s operations are subject to federal, state, local and foreign environmental laws and regulations, which govern, among other things, air emissions, wastewater discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites and employee health and safety. Future environmental regulations could impose stricter compliance requirements on the industries in which it operates. Additional pollution control equipment, process changes, or other environmental control measures may be needed at some of its facilities to meet future requirements.

Financial responsibility for contaminated property can be imposed on GRSA where current operations have had an environmental impact. Such liability can include the cost of investigating and remediating contaminated soil or ground water, fines and penalties sought by environmental authorities, and damages arising out of personal injury, contaminated property and other toxic tort claims, as well as lost or impaired natural resources. Certain environmental

laws impose strict, and in certain circumstances joint and several, liability for certain kinds of matters, such that a person can be held liable without regard to fault for all of the costs of a matter even though others were also involved or responsible. Future remedial requirements at currently owned or operated properties or adjacent areas could result in significant liabilities.

Changes in environmental requirements or changes in their enforcement could materially increase costs. For example, if salt cake, a by-product from some of its recycling operations, were to become classified as a hazardous waste in the United States, the costs to manage and dispose of it would increase and could result in significant increased expenditures.

GRSA could experience labor disputes that could disrupt its business.

Approximately 25% of the employees in North America and substantially all of the employees located in Europe where union membership is common, of GRSA are represented by unions or equivalent bodies and are covered by collective bargaining or similar agreements which are subject to periodic renegotiation. Although GRSA believes that they will successfully negotiate new collective bargaining agreements when the current agreements expire, these negotiations may not prove successful, may result in a significant increase in the cost of labor, or may break down and result in the disruption or cessation of its operations.

Labor negotiations may not conclude successfully, and, in that case, work stoppages or labor disturbances may occur. Any such stoppages or disturbances may have a negative impact on its financial condition and results of operations by limiting plant production, sales volumes and profitability.

New government regulation of greenhouse gas emissions may subject the GRSA Business to significant new costs and restrictions on its operations.

Climate change is receiving increasing attention worldwide, including recently-announced, long-term greenhouse gas emission reduction commitments by the U.S. and China. Many scientists, legislators and others attribute climate change to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. There are legislative and regulatory initiatives in various jurisdictions that would institute a cap-and-trade system, covering various sectors of the economy, under which emitters would be required to buy allowances to offset emissions of greenhouse gas. In addition, several states, including states where GRSA has manufacturing plants, are considering greenhouse gas registration and reduction programs. Certain of these plants use significant amounts of energy, including electricity derived from various sources, and natural gas. Greenhouse gas regulation could increase the price of the electricity that GRSA purchases, increase the cost of its use of natural gas, restrict access to, or the use of, natural gas, require GRSA to purchase allowances to offset its emissions or result in an overall increase in its costs of raw materials. Any one of these developments could significantly increase GRSA s costs, reduce its competitiveness in a global economy or otherwise negatively affect its business, operations or financial results. While future emission regulation appears likely, it is too early to predict specifically how such regulation might affect GRSA s business, operations or financial results.

The profitability of GRSA depends, in part, on the availability of an adequate source of supplies.

GRSA depends on scrap for its operations and acquires its scrap inventory from numerous sources. These suppliers generally are not bound by long-term contracts and have no obligation to sell scrap metals to us. In periods of low industry prices, suppliers may elect to hold scrap waiting for higher prices. In addition, the slowdown in industrial production and consumer consumption in the U.S. and Europe during past economic crises may have reduced the supply of scrap metal available to GRSA. In addition, exports of scrap out of North America and Europe can negatively impact scrap availability and scrap spreads. If an adequate supply of scrap metal is not available, GRSA would be unable to recycle metals at desired volumes and its results of operations and financial condition would be materially and adversely affected.

The operations of GRSA present significant risk of injury or death. It may be subject to claims that are not covered by or exceed its insurance.

Because of the heavy industrial activities conducted at its facilities, there exists a risk of injury or death to employees or other visitors of GRSA, notwithstanding the safety precautions taken. These operations are subject to regulation by various federal, state and local agencies responsible for employee health and safety, including the Occupational Safety and Health Administration. While GRSA has in place policies to minimize such risks, it may nevertheless be unable to avoid material liabilities for any employee death or injury that may occur in the future. These types of incidents may not be covered by or may exceed its insurance coverage and may have a material adverse effect on its results of operations and financial condition.

Recent derivatives legislation could have an adverse impact on the ability to hedge risks associated with GRSA and on the cost of its hedging activities.

GRSA uses over-the-counter (OTC) derivatives products to hedge its medal commodity and natural gas risks and, historically, currency risks. Legislation in Europe and the U.S. has been adopted to increase the regulatory oversight of the OTC derivatives markets and impose restrictions on certain derivative transactions, which could affect the use of derivatives in hedging transactions. A significant number of the final rules and regulations pursuant to this legislation have not been adopted and not all compliance dates have been reached. If future rules and regulations subject GRSA to additional capital or margin requirements, reduce the number of eligible derivatives counterparties, or impose other restrictions on its trading and commodity positions, they could have an adverse effect on the ability to hedge risks associated with GRSA and on the costs of its hedging activities.

Certain German pension and benefit obligations of GRSA are currently underfunded.

The GRSA Entities may have to make significant cash payments to certain German pension plans, which would reduce the cash available for its business and have an adverse effect on its business financial condition, results of operations, prospects and ability to satisfy its obligations under its indebtedness.

Risks Related to Our Common Stock

The market price of our common stock may fluctuate significantly.

Since the predecessor entity of Signature Nevada emerged from Chapter 11 bankruptcy in June 2010, the market price and liquidity of the market for shares of our common stock has varied significantly, from a low closing sales price per share of $2.31 per share in the second quarter of 2012, to a high closing price per share of $14.10 in the third quarter of 2013. The market price of our common stock may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to:

- changes or variations in earnings and/or operating results;

- our ability to complete acquisitions on a timely and cost-effective basis, and generate the expected benefits from such acquisitions;

- challenges to our NOLs or any inability to fully utilize our NOLs prior to their expiration;

- shortfalls in operating revenues or net income or any increase in losses from levels expected by investors or securities analysts;

- changes in the value of our assets;

- changes in accounting principles or changes in interpretations of existing accounting principles, which could affect our financial results;

- changes in legislation or regulatory policies, practices, or actions;

- the commencement or outcome of material litigation involving the Company, our subsidiaries, or the industries in which we have exposure, or both;

- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;

- actual or expected sales of our common stock by our stockholders;

- departure of key personnel; and

- general market volatility, economic trends and other external factors.

We and our predecessors have not paid cash dividends since 2006 and do not intend to pay cash dividends on our common stock in the foreseeable future.

We are a holding company that does not operate any business that is separate from those of SGGH, LLC and the subsidiaries of SGGH, LLC. We are therefore dependent on SGGH, LLC for any funds from which to pay dividends. We and our predecessors have not paid a dividend since the fourth quarter of 2006, and we do not expect to pay any cash dividends on our common stock in the foreseeable future, but rather expect to retain earnings to finance the growth of our business.

In addition, our future cash dividends would be limited by the terms of certain of the Financings and the proposed Series B Preferred Stock, in each case, if issued. Because we do not anticipate paying cash dividends for the foreseeable future, holders of our common stock will not realize a return on their investment unless the trading price of our common stock appreciates, which we cannot assure.

Certain provisions of our Amended and Restated Bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

Our amended and restated bylaws (the Amended and Restated Bylaws) contain provisions to protect the value of our NOLs. Such provisions may have the effect of discouraging a third party from making an acquisition proposal for us, which may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See The Offering Tax Benefit Preservation Provision and Risk Factors Risks Related to Our Business Our ability to use our NOLs to offset future taxable income may be limited as a result of past events, this Equity Offering, the Rights Offering, the GRSA Acquisition or the other

Financings, or as a result of future acquisition or other issuances or transfers of our common stock.

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Our Rights Agreement could discourage, delay or prevent takeover attempts.

Attempts to acquire control of the Company may be discouraged, delayed or prevented by our Rights Agreement which was adopted to protect the value of our NOLs and continues to remain in effect. The Rights Agreement provides for a dividend distribution of ten rights for each outstanding share of our common stock. The Rights Agreement also provides that, in the event that (i) we engage in a merger or other business combination transaction in which we are not the surviving corporation; (ii) we engage in a merger or other business combination transaction in which we are the surviving corporation and our common stock is changed or exchanged; or (iii) 50% or more of our assets, cash flow or earning power is sold or transferred, each holder of a Right (except Rights that have previously been voided because they were held by the acquiring person or entity) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company as set forth in the Rights Agreement. The existence of the Rights Agreement may discourage, delay or prevent a third party from effecting a change of control or takeover of the Company in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price of our common stock.

Our common stock is quoted on the OTCQX Marketplace, which may not provide investors with a meaningful degree of liquidity.

Bid quotations for our common stock are available on the OTCQX Marketplace (the OTCQX), an electronic quotation service for securities traded over-the-counter. Bid quotations can be sporadic and may not provide any meaningful liquidity to investors. There can be no assurance that an active market will develop for our common stock or that a stockholder will ever be able to liquidate its shares of common stock without considerable delay, if at all. Many brokerage firms may not be willing to effect transactions in our securities. Even if a purchaser finds a broker willing to effect a transaction in these securities, the combination of brokerage commissions, state transfer taxes, if any, and any other selling costs may exceed the selling price.

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THE GRSA ACQUISITION AND FINANCINGS

The Purchase Agreement

On October 17, 2014, we, Real Alloy (as buyer), and certain of our other subsidiaries, entered into the Purchase Agreement to acquire certain of Aleris s subsidiaries (the GRSA Entities) comprising Aleris s global recycling and specification alloys business for $525 million. The purchase price consists of $495 million in cash and $30 million in a new series of our non-participating Series B Preferred Stock that we will issue to Aleris upon consummation of the GRSA Acquisition. The amount of the purchase price is subject to certain post-closing adjustments, including that GRSA will have a net working capital at closing of approximately $139 million and adjustments based on GRSA s closing date cash and indebtedness. The GRSA Acquisition is not contingent upon our obtaining any financing. The Series B Preferred Stock is described below under the heading Description of Capital Stock Series B Preferred Stock.

The Purchase Agreement contains customary representations, warranties and covenants made by Signature, Real Alloy, Aleris and certain of its subsidiaries (such subsidiaries, the Sellers). Among other covenants, Aleris and the Sellers have agreed to operate the GRSA business in the ordinary course of business until the closing of the transactions under the Purchase Agreement, to not solicit proposals or enter into discussions concerning any proposals for alternative business combination transactions relating to GRSA, and to not engage in activities competitive with GRSA and its business for the five years following the closing of the GRSA Acquisition. In addition, Aleris and the Sellers, on one hand, and Real Alloy, on the other hand, have agreed not to solicit each other s employees for a two year period following the closing of the GRSA Acquisition.

Under the Purchase Agreement, we have agreed to commence an equity offering and the Rights Offering that, if successfully consummated, would generate aggregate net proceeds to the Company of not less than $125 million. Real Alloy has agreed to use its reasonable best efforts to consummate the Senior Secured Notes Offering and the transactions contemplated by the Backstop Commitment Letter, and Aleris and the Sellers have agreed to cooperate with Real Alloy and us in connection with the Financings.

The closing of the GRSA Acquisition is subject to certain customary closing conditions, including: (i) the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and certain Mexican competition laws, (ii) the transfer of certain discontinued real property locations to a non-GRSA subsidiary of Aleris, (iii) the absence of certain legal impediments to the closing, (iv) the absence of a material adverse effect on GRSA s business, (v) the performance of each party s respective obligations under the Purchase Agreement in all material respects, (vi) the accuracy of each party s respective representations and warranties, and (vii) the release of certain liens, guarantees and liabilities related to certain Aleris debt. Each of the Company and Aleris made their required initial filings under the HSR Act and Mexican competition laws on October 31, 2014 and received notice of early termination under the HSR Act on November 10, 2014 and under Mexican law on November 25, 2014.

The Purchase Agreement may be terminated at any time prior to closing of the transactions contemplated by the Purchase Agreement: (i) by mutual written agreement of Aleris and Real Alloy, (ii) by Aleris or Real Alloy if closing is prohibited by a governmental authority, (iii) by Aleris or Real Alloy if the closing conditions have not been satisfied or waived by April 30, 2015 (or extended to May 31, 2015, at the option of Aleris or Real Alloy if the only remaining closing condition relates to satisfaction of competition law requirements), (iv) by Real Alloy, in the event of certain material incurable breaches of representations, warranties or covenants by Aleris, (v) by Aleris, in the event of certain material incurable breaches of representations, warranties or covenants by Real Alloy, or (vi) if Real Alloy fails to consummate the closing within five business days after all conditions have been satisfied or waived (other than conditions that have not been satisfied as a result of Real Alloy s breach of the Purchase Agreement, the Term Loan Commitment Letter (as defined below) or the Backstop Commitment Letter). Under the Purchase Agreement, the purchase price to be paid at closing for the GRSA Acquisition is calculated as follows: $495 million, *plus* the cash and *minus* the indebtedness (each as defined in the Purchase Agreement) of the GRSA Entities as of 11:59 p.m. immediately preceding the closing, *minus* the costs and expenses of the GRSA Entities associated with the transactions under the Purchase Agreement, including the payment of any retention or stay bonuses or severance arrangements (whether before or after closing), *plus* or *minus*, as applicable, the amount by which the net working capital (as defined in the Purchase Agreement) as of 11:59 p.m. immediately preceding the closing exceeds or is less than $139.2 million. In addition, we will issue 30,000 shares of our Series B Preferred Stock at $1,000 per share for a total issuance price of $30 million to Aleris, which shares of Series B Preferred Stock will be placed into an escrow account to satisfy the indemnification obligations of Aleris under the Purchase Agreement. In the event that the net proceeds of this Equity Offering, any Additional Equity Offering and the Rights Offering equal or exceed $112.5 million, we will instead issue 25,000 shares of our Series B Preferred Stock for a total issuance price of $25 million to Aleris, and place such shares and $5 million in cash into the escrow account.

Real Alloy is required to pay Aleris a $26.25 million termination fee if Aleris terminates the Purchase Agreement: (i) due to Real Alloy s incurable breach or a failure to perform any representation, warranty, covenant or agreement contained in the Purchase Agreement; (ii) due to Real Alloy failing to consummate the transaction within five business days after all conditions have been satisfied or waived (other than conditions that have not been satisfied as a result of Real Alloy s breach of the Purchase Agreement or the Term Loan Commitment Letter or the Backstop Commitment Letter); or (iii) because the transaction has not closed by April 30, 2015, and, in the case of the circumstances described in this clause (iii), the Purchase Agreement is also terminable by Aleris due to Real Alloy s incurable breach or a failure to perform any representation, warranty, covenant or agreement contained in the Purchase Agreement.

We have guaranteed all of Real Alloy s obligations under the Purchase Agreement, including payment of the termination fee.

At closing, we will deposit shares of Series B Preferred Stock with a liquidation value of $30 million into an indemnity escrow account in favor of Aleris in order to secure certain of Aleris s indemnification obligations. In the event that this Equity Offering, any Additional Equity Offering and the Rights Offering raise at least an aggregate $112.5 million of net proceeds, we will instead deposit $5 million in cash and shares of Series B Preferred Stock with a liquidation value of $25 million into an indemnity escrow account in favor of Aleris.

Aleris has agreed to indemnify Real Alloy and its affiliates for claims and losses arising out of or related to, among others: (i) breaches of representations, warranties and covenants of Aleris and the Sellers, (ii) liability arising from business retained by Aleris or the discontinued real property locations, (iii) certain litigation matters, (iv) certain transaction expenses and (v) certain costs related to the closure or operation of the GRSA facility in Goodyear, Arizona. Real Alloy has agreed to indemnify Aleris, the Sellers and their affiliates for claims and losses arising out of or related to breaches of representations, warranties and covenants of Real Alloy in the Purchase Agreement and liability arising in connection to the operation of GRSA following the closing.

Aleris s aggregate indemnity obligations related to breaches of representations, warranties and covenants are generally capped at $67 million, except for certain fundamental representations, and representations related to taxes and Title IV of ERISA, which are subject to a cap equal to the purchase price. In general, Aleris will not be required to pay any amounts in respect of its indemnification obligations until the aggregate amount of all losses exceeds a deductible of $3 million, in which case Aleris will be required to indemnify only for such losses in excess of such deductible. The deductible will not apply to losses to the extent such losses arise from or relate to certain fundamental representations, taxes and Title IV of ERISA. In addition, certain scheduled environmental matters are subject to a deductible of approximately $23.9 million.

At the closing of the GRSA Acquisition will enter into a customary transition services agreement with Aleris, under which Aleris will provide certain post-closing transition services to GRSA. Transition services are expected to include: information technology services, treasury services (including accounts payable, cash management and payroll), credit/collection services, environmental services and human resource services. We currently expect Aleris to provide these services for between six and 24 months following closing of the GRSA Acquisition.

The Backstop Agreement

Simultaneously with entering into the Purchase Agreement, on October 17, 2014, we entered into a Backstop Agreement with Aleris, whereby Aleris agreed to purchase additional shares of our Series B Preferred Stock having a liquidation value of up to $30 million in the event that this Equity Offering, any Additional Equity Offering and the Rights Offering do not generate at least an aggregate of $125 million in net proceeds for us. To the extent this Equity Offering, any Additional Equity Offering and the Rights Offering raise more than $45 million in net proceeds to us, Aleris s commitment to purchase shares of Series B Preferred Stock under the Backstop Agreement will be reduced pro rata with the Backstop Notes discussed below.

The closing of the transactions contemplated by the Backstop Agreement is subject to satisfaction or waiver of certain conditions, including, among others: (i) the consummation or conclusion of this Equity Offering, any Additional Equity Offering and the Rights Offering, (ii) the consummation (which may occur concurrently) of the transactions contemplated by the Purchase Agreement, and (iii) the concurrent consummation of the transactions contemplated by the Backstop Commitment Letter. The Backstop Agreement may be terminated at any time prior to the consummation of the transactions contemplated by the Backstop Agreement (i) by mutual written consent of Aleris and Signature, (ii) by Aleris or Signature, if closing is prohibited by a governmental authority, or (iii) automatically, if the Purchase Agreement is terminated.

The holders of the shares of Series B Preferred Stock issued under the Backstop Agreement (the Backstop Preferred Stock) are entitled to appoint a nonvoting observer to our Board if we have not declared and paid dividends on the Backstop Preferred Stock paid for four consecutive quarters. The right to appoint a nonvoting observer ceases once dividends have been paid in full for at least one quarterly dividend period.

To the extent we are required to prepay any of the Backstop Notes from the proceeds of our future equity offerings, we are required to redeem a pro rata portion of the then outstanding shares of Backstop Preferred Stock equal to the liquidation preference of the Backstop Preferred Stock divided by the value of Backstop Notes and liquidation preference on the then outstanding Backstop Preferred Stock.

The foregoing description of the Backstop Agreement does not purport to be complete and is qualified by reference in its entirety to the full text of the form of the Backstop Agreement, a copy of which we filed with the SEC on October 21, 2014 as Exhibit 10.1 to our Current Report on Form 8-K.

The Financing Arrangements

As provided in the Purchase Agreement, the GRSA Acquisition is not contingent upon the consummation by Signature or Real Alloy of any financing arrangement. We currently intend to finance the $495 million cash portion of the purchase price, as well as the transaction costs incident to the GRSA Acquisition, using a combination of cash, equity and debt as follows: (i) $45 million of our cash, (ii) $3 million of net proceeds from the October 2014 Private Placement, (iii) the net proceeds of this Equity Offering and any Additional Equity Offering, (iv) the net proceeds of the Rights Offering, (v) the net proceeds of the private placement in senior secured debt securities yielding $300 million in net proceeds (determined after giving effect to original issue discount, but without giving effect to related fees and expenses) in the Senior Secured Notes Offering by Real Alloy or another of our wholly-owned subsidiaries to qualified institutional buyers and certain non-U.S. persons and (vi) $70 million in opening draws on the combination of the Asset-Based Facility to be provided by GE Capital and the Factoring Facility to be provided by GE Germany (as defined below), respectively. In the event the net proceeds of the October 2014 Private Placement, this Equity Offering, any Additional Equity Offering and the Rights Offering fail to raise $125 million, Aleris has agreed under the Backstop Agreement to purchase up to $30 million of our Series B Preferred Stock, and the Backstop Commitment Parties (as defined below) have agreed to supply up to an additional $95 million in financing, in the form of an up to $50 million two-year, secured bridge term loan and $45 million of our common stock in a registered direct offering.

Senior Secured Notes Offering

On December 1, 2014, our indirect wholly owned subsidiary, SGH Escrow (which we intend to merge into Real Alloy upon consummation of the GRSA Acquisition) commenced the Senior Secured Notes Offering to issue an aggregate amount of $300 million of Senior Secured Notes, with a five year maturity. This Senior Secured Notes Offering has not yet been completed, and there can be no assurance that such offering will be completed. For purposes of presentation herein, we have assumed the Senior Secured Notes will be issued at a discount to their face value and that the principal amount at closing of the Senior Secured Notes Offering will be approximately $309 million, which we anticipate will generate proceeds of $300 million before fees and expense. We currently anticipate that the Senior Secured Notes Offering will close into escrow, with the release of such funds to us from escrow being contingent on consummation on the GRSA Acquisition.

SGH Escrow will deposit the net proceeds of the Senior Secured Notes Offering, together with additional amounts necessary to satisfy the special mandatory redemption price, as described below, into an escrow account. Upon the consummation of the GRSA Acquisition and certain other conditions, including the closing of the Asset-Based Facility and the Factoring Facility and our contribution of equity to Real Alloy s immediate parent, Real Alloy Intermediate Holding, LLC, the escrow proceeds will be released. The Senior Secured Notes will be subject to a special mandatory redemption under certain circumstances, including if the Purchase Agreement is terminated or the GRSA Acquisition is not consummated by February 15, 2015, or May 5, 2015 if extended pursuant to the terms of an escrow agreement related to the Senior Secured Notes. The special mandatory redemption price is equal to 101% of the initial offering price of the Senior Secured Notes, plus accrued and unpaid interest from the date of the initial issuance of the notes up to, but not including, the special mandatory redemption date. SGH Escrow will also grant a first priority security interest in the escrow account for the benefit of the holders of the Senior Secured Notes.

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From and after the GRSA Acquisition, the Senior Secured Notes will be Real Alloy s senior obligations and will rank equally in right of repayment with all of Real Alloy s existing and future senior debt and senior to its future subordinated debt. Following the GRSA Acquisition, the Senior Secured Notes will be guaranteed by Real Alloy s direct parent, Real Alloy Intermediate Holding, LLC, and by its existing and future domestic subsidiaries. The Senior Secured Notes and related guarantees will be secured by first priority security interests in the fixed assets of Real Alloy and the guarantors of the Senior Secured Notes and second priority security interests in certain other collateral of Real Alloy and the guarantors.

Term Loan Commitment Letter

In connection with the entry into the Purchase Agreement, we entered into a commitment letter (the Term Loan Commitment Letter), dated October 17, 2014, with Goldman Sachs, DBSI and Deutsche Bank AG Cayman Islands Branch that provides a commitment, subject to the satisfaction of standard conditions, to provide $300 million (less the gross proceeds from the sale of the Senior Secured Notes) of senior secured bridge loans (the Bridge Loans) to Real Alloy or another of our wholly-owned subsidiaries. The Bridge Loans will provide a portion of the cash consideration to be paid under the Purchase Agreement in the event some or all of the Senior Secured Notes are unable to be issued at the time of the closing of the GRSA Acquisition. The Bridge Loans will mature on the fifth anniversary of closing of the GRSA Acquisition, but at any time on or after the first anniversary of such closing, at least $50 million in the aggregate of Bridge Loans may be exchanged for a corresponding principal amount of exchange notes (Exchange Notes).

Real Alloy will be the borrower under the Bridge Loans, which will be guaranteed by Real Alloy s current and future domestic and, generally, if appropriate and not tax-inefficient, foreign subsidiaries, as well as the intermediate, wholly owned holding company subsidiary we created in order to hold the equity of Real Alloy (collectively, the Guarantors). The Bridge Loans and this guarantee will rank pari passu to the Asset-Based Facility (as defined below) and all other senior indebtedness and guarantees of Real Alloy and the Guarantors. The Bridge Loans will be secured by (a) a first priority security interest in (i) all assets of Real Alloy and the Guarantors (other than those assets securing the Asset-Based Facility), (ii) 100% of the capital stock of Real Alloy, its intermediate holding company and our subsidiaries that directly or indirectly own capital stock of Real Alloy, each domestic subsidiary of Real Alloy and each directly owned foreign subsidiary of Real Alloy to the extent no adverse tax consequences would arise therefrom and (iii) 65% of the capital stock of each foreign subsidiary of Real Alloy where a pledge in excess of such amount would create adverse tax consequences, and (b) a second priority security interest in the assets securing the Asset-Based Facility.

The obligation of Goldman Sachs and Deutsche Bank to provide the Bridge Loans is subject to a number of customary conditions, including, without limitation, execution and delivery by the relevant parties of definitive documentation consistent with the Term Loan Commitment Letter and the documentation standards specified therein. In connection with the Term Loan Commitment Letter, we have agreed to pay commitment, funding, duration, and agency fees, and reimburse reasonable fees and expenses, including counsel, advisor and syndication expenses, and we have agreed to a one-year tail provision on such fees if we consummate a similar financing transaction with other lenders.

Under the Term Loan Commitment Letter, we must use commercially reasonable efforts to raise at least $150 million in net proceeds from the issuance of our common stock through one or more primary equity offerings or rights offerings.

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The foregoing description of the Term Loan Commitment Letter does not purport to be complete and is qualified by reference in its entirety to the full text of the form of the Term Loan Commitment Letter, a copy of which we filed with the SEC on October 21, 2014 as Exhibit 10.2 to our Current Report on Form 8-K.

Backstop Commitment Letter

In connection with the entry into the Purchase Agreement, as part of the Financings, the Company entered into a commitment letter, dated October 17, 2014, with ZCOF and funds of an institutional investor (collectively the Backstop Commitment Parties), that provides a commitment (the Backstop Commitment Letter), subject to satisfaction of standard conditions, to purchase up to $50 million of senior notes issued by the Company (the Backstop Notes) and the purchase of up to $45 million of common stock of the Company (the Equity Backstop and together with the Backstop Notes, the Backstops), representing a portion of the cash portion of the consideration paid under the Purchase Agreement. Each of the Backstop Commitment Parties has committed to purchase 50% of each of the Backstops.

The Backstop Commitment Parties will provide the Backstops only in the event that we are unable to raise net proceeds of $125 million from this Equity Offering, any Additional Equity Offering, the October 2014 Private Placement and the Rights Offering. The first $45 million in net proceeds we raise in this Equity Offering, any Additional Equity Offering, the Rights Offering and the net proceeds of a sale of our NABCO business, if any, will be allocated to eliminate the Equity Backstop. Net proceeds from equity offerings in excess of $45 million will be allocated pro rata to reduce the Backstop Notes and the Backstop Preferred. Following execution of the Backstop Commitment Letter, the Backstop Commitment Parties have confirmed that the proceeds of the October 2014 Private Placement may be considered part of our equity offerings in support of the GRSA Acquisition.

The Backstop Notes will be secured by a (i) first priority security interest in substantially all of the assets of Signature and any existing or newly created or acquired U.S. subsidiaries (other than any entity that is a borrower or guarantor under the Bridge Facility or the Asset-Based Facility) except for North American Breaker Co., LLC (NABCO), (ii) a pledge of NABCO capital stock, (iii) a pledge of the Company s equity interests in SGGH, LLC, (iv) a pledge of stock of Real Alloy s direct parent, Real Alloy Intermediate Holding, LLC (structurally subordinate to the security interests granted under the Notes, the Bridge Facility and the Asset-Based Facility) and (v) an interest reserve account established to pay interest on the Backstop Notes.

The shares of our common stock to be issued in the Equity Backstop will be registered upon issuance. If the Backstop Commitment Parties are not able to freely trade these shares of common stock upon issuance (due to affiliate status or otherwise), we will file a resale registration statement with the SEC covering such shares within fifteen days of issuance.

The obligation of the Backstop Commitment Parties to provide the Backstops under the Backstop Commitment Letter is subject to a number of customary conditions, including, without limitation, execution and delivery by relevant parties of definitive documentation consistent with the Backstop Commitment Letter and the documentation standards specified therein. We owe a 5% commitment fee to the Backstop Commitment Parties for each of the Equity Backstop and Backstop Notes, whether or not such Financings are utilized. Further, if we utilize the Equity Backstop and have not raised $30 million or more from the October 2014 Private Placement, this Equity Offering, any Additional Equity Offering or the Rights Offering to offset the required amount of the Equity Backstop by a corresponding amount, we will owe an aggregate fee of $2.25 million to the Backstop Commitment Parties, payable in cash or in our common stock

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(assuming a valuation of the lesser of $7.50 per share or a price representing a 25% discount to the volume weighted average price for the ten days prior to the Equity Backstop or the price of the shares in this Equity Offering). If we have not completed the Rights Offering by January 31, 2015, we may extend the Equity Backstop for up to three thirty-day extensions, provided that we pay $112,500 for each extension. Whether or not the Backstop Commitment Parties provide financing to us under the Equity Backstop or Backstop Notes, we must reimburse them for reasonable fees and expenses, including counsel, accounting and diligence expenses related to the transactions contemplated by the Backstop Commitment Letter.

The foregoing description of the Backstop Commitment Letter does not purport to be complete and is qualified by reference in its entirety to the full text of the Backstop Commitment Letter, a copy of which we filed with the SEC on October 21, 2014 as Exhibit 10.3 to our Current Report on Form 8-K.

Asset-Based Facility Commitment Letter

In connection with the entry into the Purchase Agreement, we entered into a commitment letter, dated October 17, 2014, with General Electric Capital Corporation and GE Capital Markets, Inc., that provides a commitment (the Asset-Based Commitment Letter), subject to the satisfaction of standard conditions, for a $110 million senior secured revolving asset-based credit facility (the Asset-Based Facility). A portion of the proceeds of the Asset-Based Facility, together with a portion of the proceeds of the Factoring Facility, are to be used to fund the GRSA Acquisition. Additional proceeds of the Asset-Based Facility will be used to provide for working capital and general corporate purposes. GE Capital may syndicate the Asset-Based Facility to additional lenders.

The Asset-Based Facility will be divided into two sub-facilities, a U.S. sub-facility, which will include a letter of credit sub-facility and an $11 million swing line sub-facility, and a Canadian sub-facility, which will include a letter-of-credit sub-facility. The two letter-of-credit sub-facilities will each be in an amount on which we will agree with GE Capital, provided that the two letter of credit sub-facilities cannot exceed $15 million. The Asset-Based Facility will be secured by a first priority lien on the following assets of the U.S. borrowers, the Canadian borrowers, their domestic and (to the extent no adverse tax impact would be incurred) foreign subsidiaries, and any holding companies: accounts receivable, inventory, instruments representing receivables, guarantees and other credit enhancements related to receivables, and bank accounts into which receivables are deposited (to the extent no adverse tax impact would be incurred), among other related assets. The Asset-Based Facility will also be secured by a second-priority lien on the assets that secure the Bridge Facility.

The obligation of GE Capital to provide the Asset-Based Facility under the Asset-Based Commitment Letter is subject to a number of customary conditions, including, without limitation, execution and delivery by the relevant parties of definitive documentation consistent with the Asset-Based Commitment Letter and the documentation standards specified therein. Whether or not the Asset-Based Facility closes, we must reimburse GE Capital its reasonable fees and expenses, including certain counsel and field examination expenses.

The foregoing description of the Asset-Based Commitment Letter does not purport to be complete and is qualified by reference in its entirety to the full text of the Asset-Based Commitment Letter, a copy of which we filed with the SEC on October 21, 2014 as Exhibit 10.4 to our Current Report on Form 8-K.

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Factoring Facility Commitment Letter

In connection with the entry into the Purchase Agreement, we entered into a commitment letter, dated October 17, 2014, with GE Capital Bank AG (GE Germany), that provides a commitment (the Factoring Commitment Letter), subject to satisfaction of standard conditions, for a nonrecourse factoring facility with a maximum financing amount of 50 million (the Factoring Facility). A portion of the proceeds of the Factoring Facility, together with a portion of the proceeds of the Asset-Based Facility, are to fund the GRSA Acquisition. Additional proceeds of the Factoring Facility will be used to provide for working capital and general corporate purposes.

The Factoring Facility provides for purchases of eligible receivables from Aleris Recycling (German Works) GmbH. The purchase of receivables will be subject to certain limitations and eligibility requirements to be determined in the reasonable discretion of GE Germany based on the relevant account debtor creditworthiness and reliability.

The obligation of GE Germany to provide the Factoring Facility is subject to certain conditions, including without limitation execution and delivery by the relevant parties of definitive documentation consistent with the Factoring Commitment Letter and the documentation standards specified therein. Whether or not the Factoring Facility closes or any funding occurs thereunder, we or Aleris Recycling (German Works) GmbH must reimburse GE Germany its reasonable fees and expenses, including counsel expenses, up to 80,000.

The foregoing description of the Factoring Commitment Letter does not purport to be complete and is qualified by reference in its entirety to the full text of the Factoring Commitment Letter, a copy of which we filed with the SEC on October 21, 2014 as Exhibit 10.6 to our amendment to our Current Report on Form 8-K.

We urge you to read the full text of the Purchase Agreement, as well as the Backstop Agreement, the Term Loan Commitment Letter, the Backstop Commitment Letter, the Asset-Based Facility Commitment Letter and the Factoring Facility Commitment Letter (collectively, the Financing Agreements) because they are the legal documents that govern the GRSA Acquisition and the proposed Financing for such transaction. The representations, warranties and covenants of the Company contained in the Purchase Agreement and the Backstop Agreement have been made solely for the benefit of Aleris and the Sellers. In addition, such representations, warranties and covenants (i) have been made only for purposes of the Purchase Agreement and the Backstop Agreement, (ii) have been qualified by confidential disclosures made to Aleris and the Sellers in the disclosure schedules delivered in connection with the Purchase Agreement, (iii) in some instances are subject to materiality qualifications contained in the Purchase Agreement, which may differ from what may be viewed as material by investors, (iv) were made only as of the date of the Purchase Agreement or Backstop Agreement or such other date as is specified in the Purchase Agreement or Backstop Agreement, and (v) have been included in the Purchase Agreement and Backstop Agreement for the purpose of allocating risk between the contracting parties rather than establishing matters as fact. The Purchase Agreement and Backstop Agreement were filed only to provide investors with information regarding the terms of the Purchase Agreement and Backstop Agreement, and not to provide investors with any other factual information regarding us, Real Alloy, GRSA or their respective businesses. Investors should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of us, Real Alloy, Aleris, the GRSA Entities or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Purchase Agreement and Backstop Agreement, which subsequent information may or may not be fully reflected in the Company s public disclosures.

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The Rights Offering

Subsequent to the closing of this Equity Offering, we expect to conduct a rights offering, whereby we will issue, at no charge, to the holder of each share of our common stock that is outstanding as of a date to be determined (the Rights Offering Record Date), including holders of the shares of common stock purchased in this Equity Offering, one right to purchase such number of shares of our common stock at a price described below. The Rights Offering Record Date has not presently been set, but we intend to set the Rights Offering Record Date as of a date after the closing (or termination) of this Equity Offering. We currently anticipate that the rights will not be transferable separately from the underlying shares of our common stock and that transfer of ownership of a share of our common stock after the Rights Offering Record Date but prior to the exercise of the unexpired right with respect to such share would also transfer ownership of the unexercised and unexpired right issued with respect to such share. We expect that the closing of the Rights Offering will be concurrent with, and contingent upon, the closing of the GRSA Acquisition. We expect to seek to raise $150 million in net proceeds in the Rights Offering, less the net proceeds we receive from this Equity Offering and less the net proceeds we received from the October 2014 Private Placement. If the Rights Offering is fully subscribed, we would receive aggregate net proceeds from this Equity Offering, the Rights Offering and the October 2014 Private Placement in excess of $125 million, and we intend to use such excess for general corporate purposes, which could include additional investments in GRSA. We currently expect the Rights Offering to include an over-subscription privilege, which will provide a shareholder who fully exercises their rights to subscribe for an additional number of shares to be determined. The over-subscription privilege is subject to allotment, and shares will be distributed on a pro rata basis if allotment does not exist to fulfill all requests.

Under the Backstop Commitment Letter, we have agreed that the price per share of common stock to be purchased in the Rights Offering will be the lesser of (i) $7.50 per share or (ii) a 25% discount to the 10-day volume weighted average price of our common stock prior to the commencement of the Rights Offering, but in no event greater than the offering price hereunder. For example, assuming we were to raise $150 million in net proceeds in the Rights Offering, less the net proceeds received by the Company in this offering (assuming a record date of December 15, 2014 and an offering price of $6.50 per share in this equity offering, and less the net proceeds of the October 2014 Private Placement, the price per share in the Rights Offering would be $5.74 and the holder of each share of our issued and outstanding common stock (excluding any shares issuable upon the exercise of any outstanding warrants or options) would receive the right to purchase 1.29 shares of our common stock in the Rights Offering. We do not intend to issue fractional shares as a result of the exercise of rights in the Rights Offering and therefore may elect to round any fractional shares as a result of the exercise up to the next whole share number. In the Rights Offering, all holders of our common stock will be entitled to purchase such number of shares of our common stock equal to the total amount sought to be raised in the Rights Offering divided by the price per share in the Rights Offering, subject to certain limitations relating to preservation of our NOLs.

* * *

The Purchase Agreement and the Financing Agreements should not be read alone, but should instead be read in conjunction with the other information regarding us, Real Alloy, and GRSA that is or will be contained in, or incorporated by reference into, the Forms 10-K, Forms 10-Q, and other documents that the Company files with the SEC. Please refer to Where You Can Find Additional Information and Information Incorporated by Reference.

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This prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy any securities, including the Senior Secured Notes, other than those shares of our common stock specifically referenced herein, nor does it constitute a solicitation of any vote or approval. The Senior Secured Notes will not be and have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $27.1 million after deducting the estimated underwriting discounts and commissions but before estimated offering expenses payable by us.

We intend to use the net proceeds of this offering and the other Financings, together with cash on hand, to pay the purchase price for the GRSA Acquisition and other costs and expenses related to the GRSA Acquisition, and any remaining net proceeds for general corporate purposes. See The GRSA Acquisition and Financings. This offering is not contingent upon, and will close prior to, completion of the pending GRSA Acquisition. If the GRSA Acquisition is not completed, we intend to use the net proceeds from this offering and the October 2014 Private Placement for general corporate purposes, which could include, among other things, paying termination fees and other expenses relating to the GRSA Acquisition and the other Financings, and financing future acquisition opportunities, working capital and capital expenditures.

The estimated net proceeds from this offering reflected in the following table have been calculated based upon the issuance and sale of 4,384,615 shares of our common stock at a public offering price of $6.50 per share of common stock. The following table also estimates the net proceeds of this Equity Offering, the October 2014 Private Placement and the Rights Offering, collectively, to be $125 million. The sources of funds present gross proceeds of this Equity Offering, the Rights Offering and the October 2014 Private Placement, while the uses of funds include items such as underwriting discounts and commissions and other fees and expenses.

As part of the Financings, to the extent that we fail to raise $125 million in the aggregate of net proceeds from the Rights Offering and this Equity Offering, we have entered into (i) the Backstop Agreement under which Aleris will purchase up to $30 million in additional shares of our Series B Preferred Stock and (ii) the Backstop Commitment Letter under which the Backstop Commitment Parties will provide us with up to $50 million in a secured bridge term loan and purchase up to $45 million of our common stock. See The GRSA Acquisition and Financings The Backstop Agreement and The Financing Arrangements for more information. To the extent we raise more than $125 million in the aggregate of net proceeds from the Rights Offering and this Equity Offering, any excess will be cash available for general corporate purposes.

The following table sets forth the estimated sources and uses of funds in connection with the GRSA Acquisition and the Financings described in this prospectus supplement. The actual amounts may vary from the estimated amounts set forth in the following table.

Sources of funds **(in millions)**	
Cash	$ 45.0
Series B Preferred Stock(1)	25.0
Senior Secured Notes Offering(2)	308.7
Asset-Based Facility and Factoring Facility(3)	70.0
Rights Offering(4)	100.1
October 2014 Private Placement(5)	3.0
Common stock offered hereby(4)	28.5
Total sources of funds	$ 580.3

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Uses of funds

(in millions)	
Fund GRSA Acquisition(6)	$ 525.0
Senior Secured Notes original issue discount(2)	8.7
Estimated fees and expenses(7)	34.9
Pre-Funded interest reserve(8)	5.1
Excess Cash	6.6
Total uses of funds	$ 580.3

(1) Because this table reflects in excess of $112.5 million in aggregate net proceeds from this offering and the Rights Offering, this represents the issuance of 25,000 shares of Series B Preferred Stock at $1,000 per share placed into escrow to satisfy the indemnity obligations of Aleris and the selling entities under the Purchase Agreement. See The GRSA Acquisition and Financings and Description of Capital Stock Series B Preferred Stock for more information.

(2) Represents proceeds from $309 million aggregate principal amount of Senior Secured Notes expected to be issued by SGH Escrow or another wholly owned subsidiary in a private placement to qualified institutional buyers and certain non-U.S. persons. Assumes that the Senior Secured Notes are offered at a discount to their face value, resulting in $300 million of proceeds before fees and expenses. In the event that the Senior Secured Notes are not issued, we have obtained commitments relating to $300 million Senior Secured Bridge Loans, subject to customary conditions, including the closing of the GRSA Acquisition. See The GRSA Acquisition and Financings The Term Loan Commitment Letter for information about the Senior Secured Notes and the Bridge Loans. We may cause our subsidiary to issue the Senior Secured Notes prior to the closing of the GRSA Acquisition, in which case it would be required to redeem the Senior Secured Notes if the GRSA Acquisition does not close.

(3) See The GRSA Acquisition and Financings The Asset-Based Facility Commitment Letter and the Factoring Facility Commitment Letter.

(4) Calculated based on (a) the sale of 4,384,615 shares of common stock in this offering at a public offering price of $6.50 per share, and (b) our receipt of the $131.6 million amount of aggregate gross proceeds in this Equity Offering, the October 2014 Private Placement and the Rights Offering.

(5) Reflects the proceeds from the 300,000 shares sold in the October 2014 Private Placement at $10.00 per share on October 28, 2014. See Summary The Financings and Offerings for more information.

(6) Does not include any adjustments to the purchase price in respect of the cash, indebtedness or transaction expenses of the GRSA Entities, nor a net working capital adjustment, as described under The GRSA Acquisition and Financings The Purchase Agreement.

(7) Represents fees and expenses, including discounts and commissions, commitment fees, legal, accounting and other fees and expenses associated with the completion of the GRSA Acquisition and the Financings.

(8) Represents deposits we expect to make into an interest reserve account in the event the Senior Secured Notes are issued prior to the consummation of the GRSA Acquisition.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2014:

- on an actual basis;

- on an as-adjusted basis to give effect to:

(i) the sale of 4,384,615 shares of our common stock in this offering after deducting discounts and commissions and estimated offering expenses, at a price of $6.50 per share, and our receipt of the estimated net proceeds thereof as described in Use of Proceeds and the sale of 300,000 shares of our common stock in the October 2014 Private Placement, resulting in proceeds of $3 million;

(ii) the GRSA Acquisition, and the application of the estimated proceeds of this offering, the October 2014 Private Placement, the Rights Offering and the other Financings, assuming that this Equity Offering and the Rights Offering result in our obtaining $125 million of aggregate net proceeds and assuming that the Backstops or Backstop Agreement are not utilized, after deducting estimated discounts and commissions and estimated offering expenses.

We have not commenced the Rights Offering nor received any commitments with respect to shares to be offered in the Rights Offering, and there can be no assurance that we will be able to consummate the Rights Offering, the Senior Secured Notes, the Asset-Based Facility or the Factoring Facility at the time or on the terms contemplated by this prospectus supplement, or at all. Additionally, the number of shares that may be issued in the Rights Offering, and the price per share at which shares may be issued in the Rights Offering, have not yet been finalized. See notes (4) and (5) below and The GRSA Acquisition and Financings The Rights Offering.

For purposes of the table below, we have assumed that the Rights Offering raises $100.1 million in gross proceeds, selling 20,507,982 shares of common stock at an assumed price per share of $4.88 (assuming a 10-day volume weighted average price preceding such offering of $6.50). However, we have agreed to seek to raise at least $150 million in aggregate net proceeds from the offering of our common stock, including the Rights Offering, the October 2014 Private Placement, any Additional Equity Offering and this Equity Offering, and as a result we may issue additional shares of our common stock in the Rights Offering, in which case we intend to use any excess net proceeds for general corporate purposes. Assuming the sale of 4,384,615 shares of our common stock in this offering at a price of $6.50 per share, and the sale of 25,900,561 shares in the Rights Offering at a price of $4.88 (assuming a 10-day volume weighted average price preceding such offering of $6.50) per share (see The GRSA Acquisition and Financings The Rights Offering), which we expect, when combined with the proceeds from the October 2014 Private Placement, would result in aggregate net proceeds of approximately $150 million ($25 million more than the amount necessary to fund the GRSA Acquisition), we would issue a total of 30,585,176 shares in this Equity Offering, the Rights Offering and the October 2014 Private Placement. Further, because the holders of our warrants issued in June 2010 (the Warrants) have the right to participate in any rights offering we conduct, we may be obligated to issue up to an additional 2,273,406 shares to holders of our Warrants at the same price per share as the shares issued in the Rights Offering. See Description of Capital Stock Warrants .

A ten percent decrease (or $0.49 per share) in the price per share in the Rights Offering to $4.39 per share would result in a 2,890,951 share increase in the size of the Rights Offering

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(based on the aforesaid $150 million of aggregate net proceeds) and an incremental 253,752 share increase in the number of shares we may be obligated to issue pursuant to the Warrants at the same price per share as the shares issued in the Rights Offering.

If we do not receive $125 million of aggregate net proceeds from this Equity Offering and the Rights Offering, in connection with the GRSA Acquisition we intend to obtain up to $50 million from borrowings under the Notes Backstop, the issuance of additional shares of Series B Preferred Stock to Aleris under the Backstop Agreement, and the issuance of shares of common stock under the Equity Backstop. See notes (4) and (5) below.

You should read this table in conjunction with the unaudited pro forma condensed combined financial information, the combined and consolidated financial statements of Signature and GRSA, the associated Management s Discussion and Analysis of Financial Condition and Results of Operations of Signature and GRSA and the Overview of Proforma Liquidity and Capital Resources included in this prospectus supplement.

	As of September 30, 2014		
(Dollars in millions)	**Actual**	**As Adjusted for this Offering and the October 2014 Private Placement**	**As Adjusted for this Equity Offering, the October 2014 Private Placement, Rights Offering, Senior Secured Notes, Asset-Based Facility, Factoring Facility and GRSA Acquisition(1)**
Cash and cash equivalents	$ 44.8	$ 74.7	$ 11.5
Debt (including current maturities):			
Line of credit	$ 1.2	$ 1.2	$ 1.2
$8,000 term loan, base rate + 1%, due September 2016	4.8	4.8	4.8
$11,500 term loan, 5.0%, due December 2018	9.8	9.8	9.8
Capital leases			4.3
Proposed Senior Secured Notes(2)			308.7
Proposed Asset-Based Facility and Factoring Facility(2)(3)			70.0
Proposed Notes Backstop(4)			
Total debt (including current maturities)	15.8	15.8	398.8
Proposed Series B Redeemable Preferred Stock(4)			25.0
Stockholders equity:			
Series A Preferred Stock, $0.001 par value, none issued or outstanding			
Common stock, par value $0.001 per share; 12,304,649 shares actually issued and outstanding and 37,597,246 pro forma shares issued and outstanding as adjusted for this Equity Offering, the October 2014 Private Placement and the Rights Offering(4)(5)			
Additional paid-in capital	452.9	482.8	577.9
Accumulated deficit	(401.4)	(401.4)	(413.2)
Total stockholders equity-before noncontrolling interest	51.5	81.4	164.7

Total capitalization	$ 67.3	$ 97.2	$ 588.5

(a) If the per share price in the Rights Offering is below the exercise price of the Warrants, the Warrants exercise price will be adjusted downward to match the issue price. See Description of Capital Stock Warrants .

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(1) Assumes the Senior Secured Notes have been issued in full, and no Bridge Loans are issued. Assumes that the aggregate net proceeds of this Equity Offering and the Rights Offering equal or exceed $125 million, and therefore the Backstops or Backstop Agreement are not utilized and that we issued $25 million in Series B Preferred Stock. Does not include any adjustments to the purchase price in respect of the cash, indebtedness or transaction expenses of the GRSA Entities, nor a net working capital adjustment.

(2) We are actively pursuing an offering of the proposed Senior Secured Notes, and entry into the proposed Asset-Based Facility and the proposed Factoring Facility. While we have obtained commitments to provide the proposed Asset-Based Facility, Factoring Facility, and Bridge Loans, in the event that the Senior Secured Notes are not issued, we cannot assure you that we will satisfy those conditions, and there can be no assurance that SGH Escrow will be able to issue the Senior Secured Notes or obtain such facilities on acceptable terms or at all. The commitments related to the proposed debt Financings are contingent upon, among other things, consummation of the GRSA Acquisition.

(3) Represents the amount expected to have been outstanding based on a September 30, 2014 closing date for the GRSA Acquisition and the Financings. The aggregate amount of the proposed Asset-Based Facility is $110 million and the aggregate amount of the proposed Factoring Facility is 50 million.

(4) If we do not receive $125 million of aggregate net proceeds from this Equity Offering, any Additional Equity Offering and the Rights Offering, in connection with the GRSA Acquisition, we intend to obtain up to $50 million from borrowings under the Notes Backstop, up to $30 million from the issuance of additional shares of Series B Preferred Stock to Aleris under the Backstop Agreement, and the issuance of up to $45 million of shares of common stock under the Equity Backstop. The amount of net proceeds received from this Equity Offering, any Additional Equity Offering and the Rights Offering will first be applied to reduce the amount of the Equity Backstop, and shall thereafter be applied to reduce the amount of the Notes Backstop and the sale of Series B Preferred Stock to Aleris under the Backstop Agreement on a pro rata basis. Additionally, upon the closing of the GRSA Acquisition, we will issue 30,000 shares of our Series B Preferred Stock at $1,000 per share for a total issuance price of $30 million to Aleris, which shares will be placed into an escrow account to satisfy the indemnification obligations of Aleris under the Purchase Agreement. In the event that the aggregate net proceeds from this Equity Offering, any Additional Equity Offering and the Rights Offering equal or exceed $112.5 million, we will instead issue 25,000 shares of our Series B Preferred Stock for a total issuance price of $25 million to Aleris, which shares will be placed, along with $5 million of cash, into the escrow account.

(5) The number of shares of our common stock to be outstanding immediately after this Equity Offering is based on 12,704,649 shares outstanding as of December 12, 2014 and excludes as of this date:

- any shares of common stock that may be issued under the Equity Backstop;
- shares of treasury stock;
- 1,067,700 shares of common stock issuable upon the exercise of stock options with a weighted-average exercise price of $6.20 per share;
- 528,387 shares of common stock reserved for future issuance under our equity incentive plans; and
- 1,500,000 shares of common stock issuable upon exercise of warrants outstanding and additional shares issuable to our warrantholders at the same price per share issued under the Rights Offering. See Capitalization and Description of Capital Stock Warrants.

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DIVIDEND POLICY AND RESTRICTIONS ON DIVIDENDS

The decision to pay dividends is made by our Board and is dependent on our earnings, management s assessment of future capital needs, and other factors. We do not expect to pay any cash dividends on our common stock in the foreseeable future.

The terms of the Series B Preferred Stock to be issued in connection with the GRSA Acquisition will pay quarterly dividends, which dividends will be prior and in preference to any dividend on any of our common stock. Such dividends will be paid in kind for the first two years, and thereafter will be paid in cash. See Description of Our Capital Stock Series B Preferred Stock.

The payment of future cash dividends may be further limited by the terms of the Financings discussed in this prospectus supplement, and by financings we may enter into in the future. See The GRSA Acquisition and Financings The Financing Arrangements.

In addition, we are a holding company that does not operate any business that is separate from its subsidiaries, primarily SGGH, LLC and the subsidiaries of SGGH, LLC. We are therefore dependent on SGGH, LLC, whose predecessors have not paid a dividend since the fourth quarter of 2006, or other subsidiaries we may form or acquire in the future, including GRSA, for any funds from which to pay dividends. SGGH, LLC s ability to pay dividends to us is limited by the terms of the credit facilities under which NABCO borrows funds. We may from time to time repay or refinance amounts owed under NABCO s debt facilities, or borrow additional amounts under these facilities or future facilities.

NABCO Term Loan and Revolving Loan Facilities

Our subsidiary, NABCO, has entered into a Business Loan Agreement with Pacific Western Bank dated as of September 29, 2011, as amended on December 30, 2013, related to a $4.0 million asset-based revolving loan that is subject to a borrowing base. As of September 30, 2014, outstanding draws under the line of credit were $1.2 million and NABCO had available borrowing capacity of $2.8 million. The line of credit has a variable interest rate based upon the lender s base rate, which was 4.0% on September 30, 2014. Additionally, NABCO has entered into two term loan agreements with Pacific Western Bank, which are subject to quarterly principal payments with balloon payments of any remaining principal balance due at maturity, as follows: i) $8.0 million term loan issued at par in September 2011 at a base lender interest rate plus 1.00% due September 29, 2016 (the variable rate term loan) and ii) $11.5 million term loan issued at par in December 2013 at 5.0% due December 31, 2018 (the $11.5 million term loan). As of September 30, 2014, the balance on the term loans was $4.8 million and $9.8 million, respectively. As of September 30, 2014, the interest rate on the variable rate term loan was 5.00%.

Under the terms of the $11.5 million term loan, Signature has guaranteed $5.0 million of the loan should NABCO not meet its obligations under the loan agreement. The guarantee is effective until such time as NABCO s senior debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio is reduced to 1.5:1.0 (as long as no event of default has occurred and is continuing).

All of NABCO s trade accounts receivable and inventory are pledged under the term loans and line of credit, and are secured by a general security interest in its assets. Notable restrictive covenants include a prohibition on making loans, advance or distributions to affiliated entities, other than the transfer of the $11.5 million in loan proceeds to Signature Nevada or under a tax sharing arrangement, and a prohibition on generally incurring additional unsecured debt or pledging assets outside the ordinary course of business. NABCO was in compliance with all of the covenants under its debt agreements as of September 30, 2014 and December 31, 2013.

In addition, the ability of any other subsidiaries to pay dividends to us may be limited by the terms of their indebtedness. For example, we expect that the ability of GRSA to pay dividends to us after the closing of the GRSA Acquisition will be limited by the terms of GRSA s indebtedness.

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MARKET PRICE OF COMMON STOCK

Our common stock is quoted on the OTCQX under the symbol SGGH. The following table sets forth, for the periods indicated, the high and low trade prices for our common stock as reported on the on the OTCQX. The ten Rights which attach to each share of our common stock pursuant to the Rights Agreement are not separable from our common stock, and therefore do not trade separately.

	High	Low
Year ended December 31, 2012		
First Quarter	$ 3.60	$ 2.40
Second Quarter	3.90	2.30
Third Quarter	5.40	2.70
Fourth Quarter	5.00	3.50
Year ended December 31, 2013		
First Quarter	$ 6.00	$ 4.00
Second Quarter	9.30	5.10
Third Quarter	14.20	9.00
Fourth Quarter	12.40	9.32
Year ended December 31, 2014		
First Quarter	$ 12.00	$ 9.50
Second Quarter	11.75	9.85
Third Quarter	10.25	8.00
Fourth Quarter (through December 15, 2014)	10.65	6.35

The above table has been adjusted to reflect retrospective application of our one-for-ten reverse stock split, effective October 15, 2013.

The last reported sale price of our common stock on the OTCQX on December 15, 2014 was $6.70 per share.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the GRSA Acquisition under the acquisition method of accounting in accordance with FASB ASC 805, *Business Combinations* (ASC 805), with the Company treated as the acquirer, as well as the effect of the Financings. The unaudited pro forma condensed combined financial information includes pro forma events that are (1) directly attributable to the GRSA Acquisition and the Financings, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results of the Company and GRSA. Although the Company has entered into the Purchase Agreement, there is no guarantee that the GRSA Acquisition or the Financings will be completed. The unaudited pro forma condensed combined financial information is derived from the historical consolidated financial statements of Signature and the historical combined and consolidated financial statements of GRSA (carve-out of certain operations of Aleris). The unaudited pro forma condensed combined balance sheet has been prepared as if the GRSA Acquisition and the Financings were completed on September 30, 2014. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2014 and 2013 and the year ended December 31, 2013 have been prepared as if the GRSA Acquisition and the Financings were completed on January 1, 2013, and combine the historical results of operations of the Company and GRSA with certain adjustments, such as financing costs directly related to the GRSA Acquisition and the Financings and amortization of intangible assets acquired in the GRSA Acquisition.

The unaudited pro forma condensed combined statements of operations do not, however, reflect future events that may occur after the consummation of the GRSA Acquisition, including, but not limited to, the anticipated realization of ongoing savings from the elimination of Aleris corporate overhead allocations in excess of expected corporate support and services costs, operating synergies, if any, and certain one-time charges the Company expects to incur in connection with the GRSA Acquisition and the Financings, including, but not limited to, costs in connection with incorporating GRSA into the Company and supporting GRSA s business needs.

These unaudited pro forma condensed combined financial statements are for informational purposes only. They do not purport to indicate the results that would actually have been obtained had the GRSA Acquisition and the Financings been completed on the assumed dates or for the periods presented, or which may be realized in the future. To produce the pro forma condensed combined financial information, the Company adjusted GRSA s assets and liabilities to their estimated fair values. As of the date of this prospectus supplement, neither the GRSA Acquisition nor the Financings have been consummated and the Company has not completed the valuations necessary to arrive at the required fair value estimates of the GRSA assets to be acquired and liabilities to be assumed and the related allocation of the purchase price, nor has it identified adjustments, if any, necessary to conform GRSA s accounting policies to the Company s accounting policies. A final determination of the fair value of GRSA s assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of GRSA that exist as of the date of completion of the GRSA Acquisition and, therefore, cannot be made prior to that date.

Accordingly, the accompanying unaudited pro forma purchase price allocation is preliminary and is subject to adjustment as additional information becomes available and as additional analyses are performed. The preliminary unaudited pro forma purchase price allocation has been made solely for the purpose of preparing the accompanying unaudited pro forma condensed combined financial statements. The preliminary pro forma purchase price allocation was based on reviews of publicly disclosed allocations for other acquisitions in the

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aluminum industry, data that was available through the public domain, and the Company s due diligence review of GRSA. Upon completion of the GRSA Acquisition, valuations will be performed and any increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments to the balance sheet and/or statements of operations until the purchase price allocation is finalized following the completion of the GRSA Acquisition.

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UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

AS OF SEPTEMBER 30, 2014

(Dollars in millions)	Historical Signature	Historical GRSA	Pro Forma Adjustments	Ref.	Pro Forma as Adjusted
ASSETS					
Current assets:					
Cash and cash equivalents	$ 44.8	$ 11.7	$ (45.0)	(a)	$ 11.5
Trade accounts receivable, net	4.9	152.4			157.3
Inventory	11.6	158.5	3.9	(b)	174.0
Other current assets	1.8	10.2	(7.3)	(c)	4.7
Current assets of discontinued operations	0.1				0.1
Total current assets	63.2	332.8	(48.4)		347.6
Property, plant and equipment, net	0.5	188.9	92.6	(d)	282.0
Intangible assets, net	2.0		80.0	(e)	82.0
Goodwill	17.8		90.9	(f)	108.7
Other noncurrent assets	2.4	16.9	18.6	(g)	37.9
TOTAL ASSETS	$ 85.9	$ 538.6	$ 233.7		$ 858.2
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Trade payables	$ 4.8	$ 138.7	$ (2.0)	(c)	$ 141.5
Toll liability		17.0	0.6	(b)	17.6
Line of credit	1.2				1.2
Long-term debt due within one year	3.9	1.4			5.3
Other current liabilities	1.6	23.7	(0.5)	(g)	24.8
Current liabilities of discontinued operations	0.2				0.2
Total current liabilities	11.7	180.8	(1.9)		190.6
Long-term debt	10.7	2.9	378.7	(h)	392.3
Accrued pension benefits		34.5	7.9	(i)	42.4
Environmental liabilities		18.5			18.5
Common stock warrant liability	5.9		(0.9)	(q)	5.0
Other noncurrent liabilities	0.3	17.0	(4.3)	(j)	13.0
Noncurrent liabilities of discontinued operations	5.8				5.8
TOTAL LIABILITIES	34.4	253.7	379.5		667.6
Redeemable preferred stock			25.0	(h)	25.0
Stockholders equity:					
Common stock					
Additional paid-in capital	452.9		125.0	(k)	577.9
Accumulated deficit	(401.4)		(11.8)	(l)	(413.2)
Net parent company investment		294.2	(294.2)	(m)	
Accumulated other comprehensive loss		(10.2)	10.2	(m)	
Total stockholders equity before noncontrolling interest	51.5	284.0	(170.8)		164.7
Noncontrolling interest		0.9			0.9
TOTAL STOCKHOLDERS EQUITY	51.5	284.9	(170.8)		165.6

TOTAL LIABILITIES, STOCKHOLDERS EQUITY AND REDEEMABLE PREFERRED STOCK	$ 85.9	$ 538.6	$ 233.7	$ 858.2

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2014

	Nine Months Ended September 30, 2014				
	Historical				
(Dollars in millions, except per share amounts)	Signature	GRSA	Pro Forma Adjustments	Ref.	Pro Forma as Adjusted
Net sales	$ 29.3	$ 1,165.7	$		$ 1,195.0
Cost of sales	(19.1)	(1,096.2)	(9.1)	(d)	(1,124.4)
Finance income, net	0.1				0.1
Gross profit	10.3	69.5	(9.1)		70.7
Operating costs:					
Selling, general and administrative	12.8	41.0	(1.5)	(n)	52.3
Interest expense	0.7		29.5	(h)	30.2
Amortization of intangibles	0.9		4.0	(e)	4.9
Other, net		(1.8)			(1.8)
Total operating costs	14.4	39.2	32.0		85.6
Operating profit (loss)	(4.1)	30.3	(41.1)		(14.9)
Other income (expense):					
Change in fair value of common stock warrant liability	3.4				3.4
Other, net	(0.3)	(4.1)			(4.4)
Total other income (expense)	3.1	(4.1)			(1.0)
Earnings (loss) from continuing operations before income taxes	(1.0)	26.2	(41.1)		(15.9)
Income tax expense (benefit)	0.5	(0.7)	(3.8)	(o)	(4.0)
Earnings (loss) from continuing operations	(1.5)	26.9	(37.3)		(11.9)
Earnings (loss) attributable to noncontrolling interest		0.9			0.9
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	$ (1.5)	$ 26.0	$ (37.3)		$ (12.8)
EARNINGS (LOSS) PER SHARE					
Basic and diluted earnings (loss) per share:					
Weighted average shares outstanding during the period	12,146,271		25,292,597	(p)	37,438,868
From continuing operations	$ (0.13)				$ (0.34)

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2013

	Nine Months Ended September 30, 2013				
	Historical		Pro Forma		Pro Forma as
(Dollars in millions, except per share amounts)	Signature	GRSA	Adjustments	Ref.	Adjusted
Net sales	$ 28.1	$ 1,135.3	$		$ 1,163.4
Cost of sales	(17.8)	(1,074.3)	(9.1)	(d)	(1,101.2)
Finance income, net	6.2				6.2
Gross profit	16.5	61.0	(9.1)		68.4
Operating costs:					
Selling, general and administrative	13.9	39.0			52.9
Interest expense	3.0		29.3	(h)	32.3
Amortization of intangibles	1.2		4.0	(e)	5.2
Other, net		1.1			1.1
Total operating costs	18.1	40.1	33.3		91.5
Operating profit (loss)	(1.6)	20.9	(42.4)		(23.1)
Other income (expense):					
Change in fair value of common stock warrant liability	(8.4)		(0.9)	(q)	(7.5)
Other, net		(4.4)			(4.4)
Total other income (expense)	(8.4)	(4.4)	(0.9)		(11.9)
Earnings (loss) from continuing operations before income taxes	(10.0)	16.5	(41.5)		(35.0)
Income tax expense (benefit)	0.1	4.3	(2.2)	(o)	2.2
Earnings (loss) from continuing operations	(10.1)	12.2	(39.3)		(37.2)
Earnings (loss) attributable to noncontrolling interest		0.8			0.8
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	$ (10.1)	$ 11.4	$ (39.3)		$ (38.0)
EARNINGS (LOSS) PER SHARE					
Basic and diluted earnings (loss) per share:					
Weighted average shares outstanding during the period	11,843,526		25,292,597	(p)	37,136,123
From continuing operations	$ (0.85)				$ (1.02)

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

	Year Ended December 31, 2013				
	Historical				
(Dollars in millions, except per share amounts)	Signature	GRSA	Pro Forma Adjustments	Ref.	Pro Forma as Adjusted
Net sales	$ 36.9	$ 1,499.5	$		$ 1,536.4
Cost of sales	(23.4)	(1,417.3)	(12.1)	(d)	(1,452.8)
Finance income, net	6.7				6.7
Gross profit	20.2	82.2	(12.1)		90.3
Operating costs:					
Selling, general and administrative	17.7	51.9			69.6
Interest expense	4.0		39.0	(h)	43.0
Amortization of intangibles	1.6		5.3	(e)	6.9
Other, net		0.7			0.7
Total operating costs	23.3	52.6	44.3		120.2
Operating profit (loss)	(3.1)	29.6	(56.4)		(29.9)
Other income (expense):					
Change in fair value of common stock warrant liability	(6.9)		0.9	(q)	(6.0)
Other, net	0.1	(5.3)			(5.2)
Total other income (expense)	(6.8)	(5.3)	0.9		(11.2)
Earnings (loss) from continuing operations before income taxes	(9.9)	24.3	(55.5)		(41.1)
Income tax expense (benefit)	0.2	4.3	(2.2)	(o)	2.3
Earnings (loss) from continuing operations	(10.1)	20.0	(53.3)		(43.4)
Earnings (loss) attributable to noncontrolling interest		1.0			1.0
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	$ (10.1)	$ 19.0	$		$ (44.4)
LOSS PER SHARE					
Basic and diluted loss per share:					
Weighted average shares outstanding during the period	11,847,023		25,292,597	(p)	37,139,620
From continuing operations	$ (0.85)				$ (1.20)

See accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

1. DESCRIPTION OF ACQUISITION AND BASIS OF PRESENTATION

On October 17, 2014, Signature s wholly owned indirect acquisition subsidiary SGH Acquisition Holdco, Inc. (SGHAH) entered into the Purchase Agreement to acquire Aleris s global recycling and specification alloys business for $525 million, comprised of $495 million in cash and up to $30 million in a new series of preferred stock (the Series B Preferred Stock) that we will issue, subject to adjustments for the cash, indebtedness, transaction expenses and final net working capital adjustment of the entities comprising the GRSA Business (the GRSA Acquisition). On November 25, 2014, SGHAH changed its name to Real Alloy Holding, Inc. (Real Alloy).

We currently intend to finance the $495 million cash portion of the purchase price for the GRSA Acquisition, as well as costs associated with the GRSA Acquisition, using a combination of cash, equity and debt as follows: (i) $45 million of our cash, (ii) the net proceeds of the $3 million October 2014 Private Placement, (iii) the net proceeds of this Equity Offering and any Additional Equity Offering, (iv) the Rights Offering that is intended to generate net proceeds of not less than $125 million (less the amount raised by the October 2014 Private Placement, this Equity Offering and in any Additional Equity Offering), (v) the net proceeds of the private placement of Senior Secured Notes yielding $300 million in net proceeds (determined after giving effect to original issue discount, but without giving effect to related fees and expenses), (vi) $70 million in opening draws on the combination of the Asset-Based Facility and the Factoring Facility and (vii) to the extent that we sell NABCO or its assets, the net proceeds of any such sale received prior to the consummation of the GRSA Acquisition.

The GRSA Acquisition is reflected in the unaudited pro forma condensed combined financial statements under the acquisition method in accordance with FASB Accounting Standards Codification (ASC) 805, *Business Combinations* (ASC 805), with Signature treated as the acquirer. The estimated purchase price allocation is presented in Note 2 in accordance with ASC 805, the assets acquired and liabilities assumed have been measured at estimated fair value based on various preliminary estimates. These estimates are based on key assumptions related to the transaction, including reviews of publicly disclosed allocations for other acquisitions in the aluminum industry, GRSA s historical experience, data that was available through the public domain and Signature s due diligence review of the GRSA business.

Due to the fact that the unaudited pro forma condensed combined financial information has been prepared based on preliminary estimates for a transaction that has not been completed, the final amounts recorded for the transaction, once completed, may differ materially from the information presented herein. The final determination of the recognition and measurement of the identified assets acquired and liabilities assumed will be based on the estimated fair value of actual net tangible and intangible assets and liabilities of GRSA at the completion of the transaction.

For purposes of measuring the estimated fair value of the assets acquired and liabilities assumed as reflected in the unaudited pro forma condensed combined financial information, Signature has applied the guidance in ASC 820, *Fair Value Measurement* (ASC 820), which establishes a framework for measuring fair value. In accordance with ASC 820, fair value is an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The unaudited pro forma condensed combined financial information was prepared in accordance with GAAP and pursuant to Reg. S-X Article 11, and presents the pro forma financial

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

position and results of operations of the combined entities derived from historical information after giving effect to the transaction and adjustments described in these footnotes. The unaudited pro forma condensed combined balance sheet is presented as if the transaction was completed on September 30, 2014; and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013 and the nine months ended September 30, 2014 and 2013 are presented as if the transaction was completed on January 1, 2013.

2. PRELIMINARY CONSIDERATION EXPECTED TO BE TRANSFERRED AND PRELIMINARY ESTIMATE OF FAIR VALUE OF NET ASSETS ACQUIRED

The transaction is expected to be accounted for using the acquisition method of accounting in accordance with ASC 805, which requires, among other things, that assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill.

The following is a summary of the preliminary estimated fair values of the net assets to be acquired, as if the transaction was completed on September 30, 2014:

(Dollars in millions)	
Cash and cash equivalents	$ 11.7
Trade accounts receivable	152.4
Inventory	162.4
Other current assets	3.4
Property, plant and equipment	281.5
Intangible assets	80.0
Other noncurrent assets	12.7
Total assets	704.1
Trade payables	138.7
Toll liability	17.6
Other current liabilities	23.2
Long-term debt	4.3
Accrued pension benefits	42.4
Environmental liabilities	18.5
Other noncurrent liabilities	12.7
Total liabilities	257.4
Noncontrolling interest	0.9
Net assets acquired	$ 445.8
Purchase consideration	$ 525.0
Cash and cash equivalents adjustment	11.7
Net assets acquired	445.8
Goodwill	$ 90.9

The preliminary allocation estimates are based on limited access to information and we will not have sufficient information to make final allocations until after completion of the transaction. Signature anticipates that the valuations of the acquired assets and liabilities will include, but not be limited to, inventory, property, plant, and equipment, customer relationships, accrued pension

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

benefits and deferred income taxes as well as the fair value of our Series B Preferred Stock issued as purchase consideration. The valuations will consist of physical appraisals, discounted cash flow analyses, or other appropriate valuation techniques to estimate fair value.

The final consideration, and amounts allocated to the assets acquired and liabilities assumed in the transaction could differ materially from the preliminary amounts presented in these unaudited pro forma condensed combined financial statements. A decrease in the estimated fair value of assets acquired or an increase in the estimated fair value of liabilities assumed in the transaction, from those preliminary valuations presented in this unaudited pro forma condensed combined financial information, would result in a dollar-for-dollar corresponding increase in the amount of goodwill that would result from the transaction. In addition, if the estimated fair value of the acquired assets is higher than the preliminary indication, it may result in higher amortization and depreciation expense than is presented in this unaudited pro forma condensed combined financial information.

3. PRO FORMA ADJUSTMENTS

Adjustments included in the column labeled Pro Forma Adjustments in the unaudited pro forma condensed combined financial information, detailed below, represent management s estimates, based on currently available information, of fair value and other adjustments effective as if the transaction was completed on September 30, 2014 in the case of the unaudited pro forma condensed combined balance sheet, and as of January 1, 2013, in the case of the unaudited pro forma condensed combined statements of operations. Actual estimates of fair value, however, could be materially different based on various factors, including but not limited to, tax rates, valuation differences, further information on taxes by jurisdiction, or other factors.

The following notes are referenced in the unaudited pro forma condensed combined financial information:

a) *Cash and cash equivalents*. Represents the net adjustment to cash and cash equivalents in connection with the transaction and includes increases in cash resulting from the aggregate $125 million of net proceeds expected to be raised in this Equity Offering, the Rights Offering, and the October 2014 Private Placement; net proceeds from the issuance of $309 million of Senior Secured Notes; and an aggregate $70 million initial draw on the Asset-Based Facility and Factoring Facility. Decreases in cash and cash equivalents result from payment of the cash component of the purchase consideration, and estimated remaining transaction-related costs of $14.3 million.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

The following table presents details of the pro forma adjustments to cash and cash equivalents:

(Dollars in millions)	
Net proceeds from the October 2014 Private Placement	$ 2.9
Net proceeds from this Equity Offering	27.1
Net proceeds from the Rights Offering	95.0
Net proceeds from the Notes Offering	288.0
Net proceeds from the Asset-Based Facility and Factoring Facility	67.9
Cash consideration to Aleris	(500.0)
Fees and costs associated with the Backstop Commitment Letter	(6.2)
Acquisition-related fees and costs	(8.0)
Cash balances acquired	(11.7)
Pro forma adjustment to cash and cash equivalents	$ (45.0)

The pro forma adjustments do not reflect the impact of deposits we intend to make into an interest reserve account in the event the Senior Secured Notes are issued prior to the consummation of the GRSA Acquisition as described above under Use of Proceeds.

b) *Inventory and toll liability*. Reflects the estimated fair value adjustment to inventory acquired in the transaction. The preliminary fair value of raw materials inventory to be acquired in the transaction was estimated based on replacement cost. The preliminary fair value of finished goods inventory (and the corresponding toll liability in the case of customer-owned inventory) to be acquired in the transaction was determined based on an analysis of estimated future selling prices, costs of disposal and gross profit on disposal costs. The preliminary fair value of work-in-process inventory also considered costs to complete inventory and estimated profit on these costs. The unaudited pro forma condensed combined statements of operations do not reflect the impact on cost of sales of an increase of $3.3 million of the estimated purchase accounting adjustment; this amount is directly related to the business combination and is not expected to have a continuing impact on GRSA s operations.

c) *Other current assets and trade payables*. Represents adjustments to eliminate major repairs and maintenance costs that have been capitalized as prepaid expenses, as the value of such expenditures is included in the estimate of acquisition date fair value of property, plant and equipment, as well as the reclassification of equity offering expenses included in Signature s historical balance sheet, to additional paid-in capital upon issuance of the shares, and the reclassification of Signature s debt issuance costs to other noncurrent assets. Adjustments to trade payables reflects the payment of transaction related expenses included in Signature s historical balance sheet. Also reflects a reduction to the carrying value of estimated current deferred tax assets based on the preliminary purchase price allocation.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

d) *Property, plant and equipment; Cost of sales*. Represents the adjustment to property, plant and equipment to reflect the estimated fair value. The estimated fair value assigned to GRSA property, plant and equipment acquired are as follows:

(Dollars in millions)	Estimated Fair Value
Land	$ 28.2
Buildings and improvements	70.1
Machinery, equipment, furniture and fixtures	183.2
Total	281.5
GRSA historical property, plant and equipment, net of accumulated depreciation	188.9
Pro forma adjustments	$ 92.6

Depreciation expense has been estimated based upon the nature of activities associated with the property, plant and equipment acquired. The unaudited pro forma condensed combined statements of operations reflect $9.1 million, $9.1 million and $12.1 million of estimated additional depreciation expense in cost of goods sold for the nine months ended September 30, 2014 and 2013, and the year ended December 31, 2013, respectively. With other assumptions held constant, a 10% change in the estimated fair value of property, plant and equipment would change pro forma depreciation expense for the nine months ended September 30, 2014 and 2013, and the year ended December 31, 2013 by approximately $0.9 million, $0.9 million and $1.2 million, respectively.

e) *Intangible assets; Amortization of intangibles*. Represents the estimated fair value of customer relationships acquired. For purposes of these unaudited pro forma condensed combined financial statements, Signature has reflected $4.0 million, $4.0 million and $5.3 million of estimated intangible asset amortization for the nine months ended September 30, 2014 and 2013, and the year ended December 31, 2013, respectively. With other assumptions held constant, a 10% change in the estimated fair value of intangible assets would change pro forma intangible asset amortization for the nine months ended September 30, 2014 and 2013, and the year ended December 31, 2013 by approximately $0.4 million, $0.4 million and $0.5 million, respectively.

The estimated fair value of identifiable intangible assets are amortized on a straight-line basis over their estimated useful lives, which reflects the periods over which the assets are expected to provide material economic benefit. All of the identifiable intangible assets acquired in the transaction are related to customer relationships, which were preliminarily estimated to have a fifteen year useful life, considering, among other things, GRSA s historical customer buying and attrition patterns. Signature s preliminary evaluations have indicated that there is relatively low turnover in GRSA s customers and management has no reason to believe these general patterns will change in the future.

f) *Goodwill*. Reflects the estimated adjustment to goodwill as a result of the transaction. Goodwill represents the excess of the purchase consideration transferred over the estimated fair value of assets acquired and liabilities assumed as described in Note 2. Goodwill is not amortized, but will be tested for impairment at least annually, and whenever events or circumstances have occurred that may indicate a possible impairment exists. The goodwill is attributable to continuing growth opportunities and the acquired assembled and trained workforce of GRSA.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

g) *Other noncurrent assets*. Reflects the original issue discount and estimated debt issuance costs associated with the Senior Secured Notes, the Asset-Based Facility and the Factoring Facility, which will be amortized and recognized as noncash interest expense over the lives of the debt instruments. See note (h) below for additional information about noncash interest expense. Also reflects a reduction to the carrying value of estimated noncurrent deferred tax assets based on the preliminary purchase price allocation.

h) *Long-term debt; Redeemable preferred stock; and Interest expense*. To fund the cash portion of the purchase consideration, transaction-related items, and other one-time costs, Signature s newly formed indirect wholly owned subsidiary, Real Alloy, or one of its subsidiaries is expected to issue Senior Secured Notes yielding $300 million in net proceeds (determined after giving effect to original issue discount, but without giving effect to related fees and expenses) and to make initial draws totaling $70 million on the Asset-Based Facility and Factoring Facility.

We have assumed that this Equity Offering, any Additional Equity Offering, the October 2014 Private Placement and the Rights Offering will raise net proceeds of $125 million. As a result, Signature would issue $25 million of Series B Preferred Stock to Aleris. For so long as the Series B Preferred Stock is outstanding, dividends will accrue and be paid quarterly at 7% for the first eighteen months, at 8% for the following twelve months, and at 9% thereafter. For the first twenty-four months, the Series B Preferred Stock dividend will be paid in kind. The Series B Preferred Stock can be redeemed at its stated value after sixty-six months. As a result of Aleris s right to put the stock to Signature, after 66 months from the issue date, the Series B Preferred Stock is classified outside of permanent equity.

The Bridge Loans, Asset-Based Facility and Factoring Facility all have five-year maturities. The Senior Secured Notes may be issued with a four year maturity. Excluding noncash interest expense from the amortization of debt issuance costs, the estimated weighted average interest rate of the new debt is approximately 9.3% per annum. Signature is considering funding some portion of this debt in the European Euro, but no currency impacts have been included in the pro forma adjustments due to the inability to estimate any potential impacts. Excluding noncash interest expense from the amortization of debt issuance costs and original issue discount, the total incremental interest expense associated with the new financings was $24.6 million, $24.6 million and $32.6 million for the nine months ended September 30, 2014 and 2013 and the year ended December 31, 2013, respectively.

Signature is expected to incur $14.1 million in debt issuance costs in conjunction with the new borrowings. These debt issuance costs are deferred in the unaudited pro forma condensed combined balance sheet and along with the original issue discount is amortized as noncash interest expense over the lives of the underlying debt instruments in the unaudited pro forma condensed combined statements of operations. Total incremental noncash interest expense associated with the new financings were $3.4 million, $3.4 million and $4.6 million for the nine months ended September 30, 2014 and 2013, and the year ended December 31, 2013, respectively.

In the event that Signature fails to raise at least $112.5 million in net proceeds from this Equity Offering, any Additional Equity Offering and the Rights Offering, we will issue an additional 5,000 shares of our Series B Preferred Stock to Aleris for an issuance price of $5 million for a total issuance of 30,000 shares, at a total issuance price of $30 million, all of which will be deposited into an escrow account, and we will incur additional dividend payments on these additional Series B Preferred Stock, accruing at 7% for the first eighteen months, at 8% for the following twelve months and at 9% thereafter.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

As part of the Financings, we entered into the Backstop Commitment Letter that provides a commitment to purchase up to $50 million of senior notes issued by the Company and the purchase of up to $45 million of the Company s common stock. See The GRSA Acquisition and the Financings Backstop Commitment Letter. If we are unable to raise net proceeds of $125 million from this Equity Offering, any Additional Equity Offering, and the Rights Offering, the Backstop Commitment Parties will provide the full Backstops, in which event, the total incremental interest expense associated with the full Backstops would have been $6.1 million, $5.6 million and $7.5 million for the nine months ended September 30, 2014 and 2013, and the year ended December 31, 2013, respectively.

A 0.125% change in the estimated weighted average interest rate on the Senior Secured Notes, Asset-Based Facility and Factoring Facility would result in a $0.5 million change in annual interest expense.

i) *Accrued pension benefits*. Reflects the estimated adjustment to accrued pension benefits acquired in the transaction calculated using the current discount rate as of the acquisition date.

j) *Other current liabilities and other noncurrent liabilities*. Reflects a reduction to the carrying value of deferred tax liabilities based on the preliminary purchase price allocation.

k) *Additional paid-in capital*. Adjustments to additional paid-in capital reflect net proceeds expected from this Equity Offering, any Additional Equity Offering, the October 2014 Private Placement and the Rights Offering.

l) *Accumulated deficit*. Reflects the estimated recognition of $12.7 million of acquisition-related fees and expenses and commitment fees and costs associated with the backstop arrangements and $1.5 million for change in fair value of common stock warrant liability.

m) *Net parent company investment and accumulated other comprehensive loss*. Reflects the elimination of Aleris s net investment in GRSA and historical equity balances.

n) *Selling, general and administrative.* Signature recognized $1.5 million of professional fees in its historical results of operations, which have been eliminated from the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2014, as these items are directly attributable to the transaction and will not have an ongoing impact. The unaudited pro forma condensed combined statements of operations do not, however, reflect future events that may occur after the consummation of the GRSA Acquisition, including, but not limited to, the anticipated realization of ongoing savings from the elimination of Aleris corporate overhead allocations in excess of expected corporate support and services costs, operating synergies, if any, and certain one-time charges the Company expects to incur in connection with the GRSA Acquisition and the Financings, including, but not limited to, costs in connection with incorporating GRSA into the Company and supporting GRSA s business needs.

o) *Income tax expense (benefit)*. Reflects the estimated reduction in U.S. federal income taxes arising from the pro forma adjustments described above and the contemplated usage of our net operating loss carryforwards to reduce GRSA s taxable income, if any. See Risk Factors.

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NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION (Continued)

p) *Earnings (loss) per share*. The unaudited pro forma adjustment to shares outstanding used in the calculation of basic and diluted earnings (loss) per share reflects the issuance of 25,192,597 shares of Signature common stock in the aggregate from this Equity Offering, any Additional Equity Offering, the Rights Offering and the October 2014 Private Placement.

Assuming the sale of 25,900,561 shares in the Rights Offering at a price of $4.88 per share (see The GRSA Acquisition and Financings The Rights Offering), which we expect would, when combined with the net proceeds from this Equity Offering and the October 2014 Private Placement, result in aggregate net proceeds of approximately $150 million and including the 300,000 shares sold in the October 2014 Private Placement, we would issue a total of 30,585,176 shares in this Equity Offering, the Rights Offering and the October 2014 Private Placement, and we would have an incremental 2,273,406 shares issuable to holders of the Warrants at the same price per share as the shares issued in the Rights Offering. See Description of Capital Stock Warrants .

A decrease in the assumed price per share in the Rights Offering to $4.39 would result in up to a 3,540,154 share increase in the size of the Rights Offering (based on the aforesaid $150 million of aggregate net proceeds), and an incremental 310,735 share increase in the number of shares issuable pursuant to the Warrants at the same price per share as the shares issued in the Rights Offering, and a $0.24 decrease in pro forma basic and diluted loss per share for the year ended December 31, 2013 per share of Common Stock.

(q) Represents the change in the estimated fair value of Signature s common stock warrant liability, which includes a pro forma adjustment of $0.9 million for the twelve months ended December 31, 2013 and the nine months ended September 30, 2013. See The Financing Arrangements The Rights Offering and Description of Capital Stock Warrants.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY

For our management s discussion and analysis of financial condition and results of operations thereon, please refer to our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, each of which is incorporated by reference herein. See Where You Can Find More Information and Information Incorporated By Reference.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION

AND RESULTS OF OPERATIONS OF GRSA

The following discussion and analysis of financial condition and results of operations is intended to help you understand the operations of GRSA as well as the industry in which GRSA operates. These discussions should be read in conjunction with the audited and unaudited combined and consolidated financial statements and notes of GRSA included elsewhere in this prospectus supplement. This section includes various forward-looking statements about the industry in which GRSA operates, the demand for its products and services and its projected results. These statements are based on certain assumptions that the GRSA considers reasonable. For more information about these assumptions and other risks relating to GRSA, you should refer to Forward-Looking Statements, Risk Factors and elsewhere in this prospectus supplement.

Basis of Presentation

The combined and consolidated financial information include the assets, liabilities, revenues and expenses that are specifically identifiable to GRSA. In addition, certain costs incurred by Aleris have been allocated to GRSA. These costs are derived from multiple levels of the organization reflecting shared corporate and other management expenses. GRSA s operations are dependent upon Aleris and its subsidiaries ability to perform certain services and support functions. The costs associated with these services and support functions have been allocated to GRSA using the most meaningful allocation methodologies, based primarily on the proportionate revenue, cost of sales, assets or headcount of GRSA compared to Aleris and/or its subsidiaries. These allocated costs are primarily related to corporate administrative expenses, employee related costs, including stock-based compensation and other benefits for corporate and shared employees, and rental and usage fees for shared assets for the following functional groups: information technology, legal services, accounting and finance services, human resources, marketing, credit and collections, treasury, internal audit, purchasing, and other corporate and infrastructure services.

GRSA s management believes the assumptions and allocations underlying the combined and consolidated financial information are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered by Aleris to be a reasonable reflection of the use of services provided to or the benefit received by GRSA during the periods presented relative to the total costs incurred by Aleris. However, the amounts recorded for these transactions and allocations are not necessarily representative of the amount that would have been reflected in the financial statements had GRSA been an entity that operated independently of Aleris. Consequently, future results of operations should GRSA be separated from Aleris will include costs and expenses that may be materially different than GRSA s historical results of operations, financial position and cash flows. Accordingly, the financial statements for these periods are not indicative of GRSA s future results of operations, financial position or cash flows.

GRSA uses Aleris s centralized processes and systems for cash management, payroll, purchasing and distribution. As a result, substantially all cash received by GRSA is deposited in and commingled with Aleris s general corporate funds and is not specifically allocated to GRSA. All significant intercompany transactions between GRSA and Aleris are considered to be effectively settled for cash at the time the transaction is recorded. The total net settlement of these intercompany transactions is reflected in the combined and consolidated balance sheet as Net parent company investment. The Net parent company investment represents the cumulative net investment by Aleris in GRSA through the dates presented, inclusive of cumulative operating results.

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The GRSA Acquisition

The following discussion and analysis of GRSA s historical financial condition and results of operations covers periods prior to the consummation of the GRSA Acquisition. See Summary The GRSA Acquisition. Accordingly, the discussion and analysis of such periods do not reflect the significant impact the GRSA Acquisition and the related Financings will have on us. After the consummation of the GRSA Acquisition, GRSA s high leverage will result in significant additional liquidity requirements. Other factors relating to the GRSA Acquisition, including, for example, increased depreciation and amortization and increased costs of sales related to the write-up of acquired inventory to fair value as a result of purchase accounting, will significantly affect GRSA s financial condition, results of operations and liquidity going forward. See Risk Factors, Unaudited Pro Forma Condensed Combined Financial Information and Liquidity and Capital Resources for a description of the impact of the GRSA Acquisition on GRSA.

GRSA

GRSA is a global leader in third-party aluminum recycling, which includes the processing of scrap aluminum and the manufacturing of wrought, cast and specification (foundry) alloys. GRSA offers a broad range of products and services to wrought alloy processors, automotive original equipment manufacturers (OEMs) and foundries and casters. Industries served include automotive, consumer packaging, steel and durable goods, aerospace and building and construction. It processes scrap aluminum and delivers the recycled metal in liquid or solid form according to its customers specifications. Its facilities are capable of processing industrial (new) scrap, post-consumer (old/obsolete) scrap, and various aluminum by-products, giving it a great degree of flexibility in reclaiming high-quality recycled aluminum for its customers. GRSA currently operates 24 facilities strategically located throughout North America and Europe and had approximately 1,600 employees as of December 31, 2013.

Critical Measures of GRSA s Financial Performance

The financial performance of GRSA s operating segments are the result of several factors, the most critical of which are as follows:

- volumes
- contribution margins
- cash conversion costs

The financial performance of GRSA is determined, in part, by the volume of metric tons invoiced and processed. Increased production volume will typically result in lower per unit costs and higher invoiced volumes will result in additional revenue and associated margins. As a significant component of its revenue is derived from aluminum prices, it measures the performance of its segments based upon a percentage of contribution margin and contribution margin per ton. Contribution margins capture the value-added components of its business and are impacted by factors, including toll fees, product yields from its manufacturing process, and the value-added mix of products sold, which GRSA s management is able to influence more readily than aluminum prices. Therefore, contribution margin provides another basis upon which certain elements of GRSA s performance can be measured.

In order to reduce its exposure to fluctuations in the prices of aluminum, GRSA focuses on tolling relationships, reducing working capital and managing its commercial positions. It also utilizes various derivative financial instruments designed to reduce the impact of changing

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aluminum prices on these net physical purchases and sales. GRSA s risk management practices reduce but do not eliminate its exposure to changing aluminum prices. While these practices have limited its exposure to unfavorable aluminum price changes, they have also limited its ability to benefit from favorable price changes. Further, its counterparties may require that it post cash collateral if the fair value of its derivative liabilities exceeds the amount of credit granted by each counterparty, thereby reducing its liquidity. At December 31, 2013 and 2012, no cash collateral was posted.

The contribution margins of GRSA s operations are impacted by the fees it charges its tolling customers to process their metal and by metal spreads which represent the difference between the purchase price of the scrap aluminum it buys and its selling prices. While an aluminum commodity market for scrap exists in Europe, there is no comparable market that is widely-utilized commercially in North America. As a result, scrap prices in North America tend to be determined regionally and are significantly impacted by supply and demand. While scrap prices may trend in a similar direction as primary aluminum prices, the extent of price movements is not highly correlated and can cause unpredictable movements in metal spreads.

For the years ended December 31, 2011, 2012 and 2013 and for the nine months ended September 30, 2013 and 2014, GRSA s reconciliations of revenues to contribution margin are presented below.

	For the years ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
			(in millions)		
Revenues	$ 1,669.1	$ 1,549.4	$ 1,499.5	1,135.3	1,165.7
Cost of metal and freight	(1,188.0)	(1,122.8)	(1,080.7)	(821.5)	(826.8)
Contribution margin	$ 481.1	$ 426.6	$ 418.8	313.8	338.9

GRSA s operations are labor intensive and also require that a significant amount of energy (primarily natural gas and electricity) be consumed to melt scrap. As a result, it incurs a significant amount of fixed and variable labor and overhead costs, which it refers to as conversion costs. Conversion costs excluding depreciation expense, or cash conversion costs, on a per ton basis are a critical measure of the effectiveness of its operations.

Revenues and margin percentages for GRSA s operations are subject to fluctuations based upon the percentage of customer-owned metric tons tolled or processed. Increased processing under such tolling agreements results in lower revenues and generally also results in higher gross profit margins and net income margins. Tolling agreements subject GRSA to less risk of changing metal prices and reduce its working capital requirements. Although tolling agreements are beneficial to it in these ways, the percentage of its metric tons able to be processed under these agreements is limited by the amount of metal its customers own and their willingness to enter into such arrangements.

GRSA s Business Segments

GRSA historically reported two operating segments based on the organizational structure that it uses to evaluate performance, make decisions on resource allocations and perform business reviews of financial results. The two operating segments (each of which is considered a reportable segment) are:

Recycling and Specification Alloys North America (RSAA); and

Recycling and Specification Alloys Europe (RSEU).

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In addition to analyzing GRSA s combined and consolidated operating performance based upon revenues, GRSA measures the performance of its operating segments utilizing segment income and contribution margin. Segment income includes gross profits, segment specific realized gains and losses on derivative financial instruments, segment specific other income and expense, and segment specific selling, general and administrative (SG&A) expenses. Segment income historically excludes provisions for and benefits from income taxes, restructuring items, depreciation, unrealized and certain realized gains and losses on derivative financial instruments, corporate general and administrative costs, gains and losses on asset sales, gains and losses on intercompany receivables and certain other gains and losses. There are no intersegment sales and there are no assets that have not been allocated to the reportable segments.

Contribution margin represents revenues less freight and the cost of metal, or the raw material costs included in its cost of sales. Contribution margin is a non-U.S. GAAP financial measure that has limitations as an analytical tool and should be considered in addition to, and not in isolation, or as a substitute for, or as superior to, its measures of financial performance prepared in accordance with U.S. GAAP. GRSA s management uses contribution margin as a performance metric and believes that it provides useful information regarding the performance of its segments because it measures the price at which it sells its aluminum products above the cost of the metal and freight expense, thereby reflecting the value-added components of its commercial activities independent of aluminum prices which it cannot control.

Recycling and Specification Alloys North America

GRSA s RSAA segment includes aluminum melting, processing and recycling activities, as well as its specification alloy manufacturing business, located in North America. GRSA s North American recycling business consists of 18 facilities located in the United States, Canada and Mexico. This segment s recycling operations convert scrap and dross (a by-product of melting aluminum) and combine these materials with other alloying agents as needed to produce recycled aluminum generally for customers serving end-uses related to automotive, consumer packaging, steel, transportation and construction. The segment s specification alloy operations combine various aluminum scrap types with hardeners and other additives to produce alloys with chemical compositions and specific properties, including increased strength, formability and wear resistance, as specified by customers for their particular applications. GRSA s specification alloy operations typically deliver products in molten or ingot form to customers principally in the North American automotive industry. A significant percentage of this segment s volume is sold through tolling arrangements, in which GRSA converts customer-owned scrap and dross and returns the recycled metal in ingot or molten form to its customers for a fee. For the year ended December 31, 2013, more than half of the total RSAA segment volumes shipped in 2013 were under such tolling arrangements.

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Segment metric tons invoiced, segment revenues, segment contribution margin and segment income are presented below:

Recycling and Specification Alloys North America (Dollars in millions, except per ton measures, volumes in thousands of tons)	**For the years ended December 31, 2011**	**2012**	**2013**	**For the nine months ended September 30, 2013**	**2014**
Buy and sell segment metric tons invoiced	362.1	371.8	379.4	283.6	284.2
Toll segment metric tons invoiced	532.6	496.4	478.0	364.4	337.6
Segment metric tons invoiced	894.7	868.2	857.4	648.0	621.8
Segment revenues	$ 984.7	$ 947.5	$ 938.4	$ 705.5	$ 741.1
Cost of metal and freight	(691.5)	(685.8)	(680.4)	(512.3)	(534.4)
Segment contribution margin	$ 293.2	$ 261.7	$ 258.0	$ 193.2	$ 206.7
Segment contribution margin per ton invoiced	$ 328	$ 301	$ 301	$ 298	$ 332
Segment income	$ 87.5	$ 63.2	$ 61.2	$ 44.7	$ 51.7

Recycling and Specification Alloys Europe

GRSA is a leading European recycler of aluminum scrap and magnesium through the RSEU segment. GRSA s recycling operations primarily convert aluminum scrap, dross and other alloying agents as needed and deliver the recycled metal and specification alloys in molten or ingot form to its customers. The European recycling business consists of six facilities located in Germany, Norway and Wales. The RSEU segment supplies specification alloys to the European automobile industry and serves other European aluminum industries from its plants. The segment s specification alloy operations combine various aluminum scrap types with hardeners and other additives to produce alloys with chemical compositions and specific properties, including increased strength, formability and wear resistance, as specified by customers for their particular applications. The segment s recycling operations typically service other aluminum producers and manufacturers, generally under tolling arrangements, where it converts customer-owned scrap and dross and returns the recycled metal to its customers for a fee. Almost half of the volume shipped from the RSEU segment during the year ended December 31, 2013 was through such tolling arrangements.

Segment metric tons invoiced, segment revenues, segment contribution margin and segment income are presented below:

Recycling and Specification Alloys Europe (Dollars in millions, except per ton measures, volumes in thousands of tons)	**For the years ended December 31, 2011**	**2012**	**2013**	**For the nine months ended September 30, 2013**	**2014**
Buy and sell segment metric tons invoiced	196.8	204.0	192.5	149.0	138.4
Toll segment metric tons invoiced	190.4	181.0	171.9	129.7	148.6
Segment metric tons invoiced	387.2	385.0	364.4	278.7	287.0
Segment revenues	$ 684.4	$ 601.9	$ 561.1	$ 429.8	$ 424.6
Cost of metal and freight	(496.5)	(437.0)	(400.3)	(309.2)	(292.4)
Segment contribution margin	$ 187.9	$ 164.9	$ 160.8	$ 120.6	$ 132.2
Segment contribution margin per ton invoiced	$ 485	$ 428	$ 441	$ 433	$ 461
Segment income	$ 43.2	$ 27.1	$ 18.3	$ 13.2	$ 18.6

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Results of Operations

The following table presents key financial and operating data on a combined and consolidated basis for the years ended December 31, 2011, 2012 and 2013 and the nine months ended September 30, 2013 and 2014:

	For the years ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
	(in millions, except percentages)				
Revenues from external customers	$ 1,622.4	$ 1,511.0	$ 1,464.7	$ 1,104.6	$ 1,135.8
Revenues from related parties	46.7	38.4	34.8	30.7	29.9
Total revenues	1,669.1	1,549.4	1,499.5	1,135.3	1,165.7
Cost of sales	1,526.4	1,447.9	1,417.3	1,074.3	1,096.2
Gross profit	$ 142.7	$ 101.5	$ 82.2	$ 61.0	$ 69.5
Gross profit as a percentage of total revenues	8.5%	6.6%	5.5%	5.4%	6.0%
Selling, general and administrative expenses	$ 55.1	$ 55.8	$ 51.9	$ 39.0	$ 41.0
Losses (gains) on derivative financial instruments	4.8	3.1	0.7	1.1	(1.8)
Other (income) expense, net	(1.5)	3.0	5.3	4.4	4.1
Income before income taxes	84.3	39.6	24.3	16.5	26.2
Provision for (benefit from) income taxes	14.6	11.9	4.3	4.3	(0.7)
Net income	69.7	27.7	20.0	12.2	26.9
Net income attributable to noncontrolling interest	1.0	1.3	1.0	0.8	0.9
Net income attributable to Aleris	$ 68.7	$ 26.4	$ 19.0	$ 11.4	$ 26.0
Total segment income	$ 130.7	$ 90.3	$ 79.5	$ 57.9	$ 70.3
Unallocated amounts:					
Depreciation and amortization	(11.0)	(15.8)	(21.6)	(15.4)	(17.4)
Selling, general and administrative expenses allocated from Aleris	(31.3)	(33.5)	(28.5)	(21.0)	(21.9)
Unallocated (losses) gains on derivative financial instruments	(3.2)	1.5	0.8	(0.2)	(0.6)
Unallocated currency exchange (losses) gains	(0.2)	0.4	(0.7)	(0.5)	(0.1)
Other expense, net	(0.7)	(3.3)	(5.2)	(4.3)	(4.1)
Income before income taxes	$ 84.3	$ 39.6	$ 24.3	$ 16.5	$ 26.2

Review of Combined and Consolidated Results

Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

GRSA s revenues for the nine months ended September 30, 2014 were $1.17 billion compared to $1.14 billion for the nine months ended September 30, 2013. The increase of $30.4 million resulted from improved selling prices, which increased revenues by $25.0 million, and a weaker U.S. dollar during 2014, which increased revenues by $13.0 million. These increases were partially offset by a decreased percentage of buy and sell volume in Europe, which more than offset increased volume resulting from strong automotive demand, and decreased revenues by $8.0 million.

The following table presents the estimated impact of key factors that resulted in the 3% increase in GRSA s combined and consolidated revenues from the nine months ended September 30, 2013:

	RSAA		RSEU		Consolidated	
	$	%	$	%	$	%
			(dollars in millions)			
Commercial price	$ 31.0	4%	$ (6.0)	(2)%	$ 25.0	2%
Volume/Mix	4.0	1	(12.0)	(3)	(8.0)	
Currency			13.0	4	13.0	1
Other	0.6	*	(0.2)	*	0.4	*
Total	$ 35.6	5%	$ (5.2)	(1)%	$ 30.4	3%

Gross profit for the nine months ended September 30, 2014 was $69.5 million compared to $61.0 million for the nine months ended September 30, 2013; an increase of $8.5 million. Favorable metal spreads resulted in increased gross profit of approximately $13.0 million, and a favorable mix of products sold resulted in an additional $2.0 million increase. These favorable impacts were partially offset by higher depreciation expense of $2.0 million. In addition, inflation in employee, energy and freight costs decreased gross profits by approximately $9.0 million, but were partially offset by productivity related savings of approximately $5.0 million.

Consolidated selling, general and administrative expenses were $41.0 million for the nine months ended September 30, 2014 compared to $39.0 million for the nine months ended September 30, 2013. The $2.0 million increase primarily resulted from a $1.6 million increase in labor as a result of higher incentive compensation expense as well as an $0.9 million increase in corporate and regional costs that were allocated to the business. These increases were partially offset by decreases in other SG&A expenses, including professional fees, business development costs and start-up costs.

During the nine months ended September 30, 2014 and 2013, GRSA recorded realized losses (gains) on derivative financial instruments of $(2.4) million and $0.9 million, respectively, and unrealized losses of $0.6 million and $0.2 million, respectively. Generally, GRSA s realized gains or losses represent the cash paid or received upon settlement of its derivative financial instruments. Unrealized gains or losses reflect the change in the fair value of derivative financial instruments from the later of the end of the prior period or the GRSA s entering into the derivative instrument as well as the reversal of previously recorded unrealized gains or losses for derivatives that settled during the period. See Critical Measures of GRSA s Financial Performance for additional information regarding GRSA s use of derivative financial instruments.

In addition, a favorable change of $5.0 million in the provision for (benefit from) income taxes resulted primarily from the reversal of $8.6 million of valuation allowances during the nine months ended September 30, 2014.

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

Revenues for the year ended December 31, 2013 were approximately $1.50 billion compared to approximately $1.55 billion for the year ended December 31, 2012. The $49.9

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million decrease was primarily due to lower selling prices for GRSA s products resulting from lower aluminum and specification alloy prices which decreased revenues by $48.0 million. In addition, decreased volumes in Europe, primarily within the automotive industry, more than offset favorable volumes and improved mix in North America, decreasing revenues by $21.0 million. These decreases were partially offset by a weaker U.S. dollar, which increased revenues by $19.0 million.

The following table presents the estimated impact of key factors that resulted in the 3% decrease in GRSA s combined and consolidated revenues from 2012:

	RSAA		RSEU		Consolidated	
	$	%	$	%	$	%
			(dollars in millions)			
Commercial price	$ (25.0)	(2)%	$ (23.0)	(3)%	$ (48.0)	(3)%
Volume/Mix	16.0	1	(37.0)	(7)	(21.0)	(1)
Currency			19.0	3	19.0	1
Other	(0.1)	*	0.2	*	0.1	*
Total	$ (9.1)	(1)%	$ (40.8)	(7)%	$ (49.9)	(3)%

Gross profit for the year ended December 31, 2013 was $82.2 million compared to $101.5 million for the year ended December 31, 2012, a decrease of $19.3 million. The impact of tighter metal spreads resulting from lower aluminum selling prices and higher relative scrap purchase prices reduced gross profit by approximately $16.0 million. In addition, depreciation expense increased $5.8 million and a decrease in volumes negatively impacted gross profit by $3.0 million. These decreases were partially offset by productivity savings in excess of inflation of approximately $8.0 million.

SG&A expenses were $51.9 million for the year ended December 31, 2013 compared to $55.8 million for the year ended December 31, 2012. The $3.9 million decrease primarily resulted from a $5.0 million decrease in corporate and regional costs that were allocated to the business, as lower incentive compensation and cost reduction and restructuring initiatives decreased the costs that were allocated. These decreases were partially offset by increased business development costs and depreciation expense.

During the years ended December 31, 2013 and 2012, GRSA recorded realized losses on derivative financial instruments of $1.5 million and $4.6 million, respectively, and unrealized gains of $0.8 million and $1.5 million, respectively.

An unfavorable change of $2.3 million in other (income) expense, net was due to an unfavorable change in currency rates which increased other expense by approximately $0.9 million, an increase in restructuring costs of approximately $0.9 million, and increased losses on the disposal of fixed assets of $0.5 million.

The provision for income taxes was $4.3 million for the year ended December 31, 2013 compared to a provision for income taxes of $11.9 million for the year ended December 31, 2012. The income tax provision for the year ended December 31, 2013, consisted of an income tax expense of $0.4 million from international jurisdictions and $3.9 million in the U.S. The income tax provision for the year ended December 31, 2012 consisted of an income tax expense of $4.7 million from international jurisdictions and $7.2 million in the U.S.

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

Revenues for the year ended December 31, 2012 were approximately $1.55 billion compared to approximately $1.67 billion for the year ended December 31, 2011. The $119.7 million decrease was primarily driven by lower aluminum prices, which reduced revenues by approximately $137.0 million and a stronger U.S. dollar, which reduced revenues by approximately $55.0 million. These decreases were partially offset by an increased mix of buy and sell volumes during 2012, which more than offset a reduction in overall volumes, and increased revenues by approximately $74.0 million.

The following table presents the estimated impact of key factors that resulted in the 7% decrease in GRSA s combined and consolidated revenues from 2011:

	RSAA		RSEU		Consolidated	
	$	%	$	%	$	%
			(dollars in millions)			
Commercial price	$ (112.0)	(11)%	$ (25.0)	(6)%	$ (137.0)	(8)%
Volume/Mix	77.0	8	(3.0)		74.0	4
Currency			(55.0)	(8)	(55.0)	(3)
Other	(2.2)	*	0.5	*	(1.7)	*
Total	$ (37.2)	(4)%	$ (82.5)	(12)%	$ (119.7)	(7)%

Gross profit for the year ended December 31, 2012 was $101.5 million compared to $142.7 million for the year ended December 31, 2011. The impact of tighter metal spreads resulting from lower aluminum selling prices and higher relative scrap purchase prices reduced gross profit by approximately $46.0 million. The negative impact that the strengthening U.S. dollar had on the translation of GRSA s euro-based gross profit was approximately $5.0 million. In addition, a $4.8 million increase in depreciation expense due to an increase in capital expenditures during 2012 and 2011 further impacted gross profit. These decreases were partially offset by productivity savings of approximately $20.0 million, which more than offset approximately $9.0 million of inflation in employee and energy costs.

SG&A expenses were $55.8 million for the year ended December 31, 2012 compared to $55.1 million for the year ended December 31, 2011. The $0.7 million decrease was primarily related to a $2.2 million increase in the corporate and regional costs that were allocated to the business. In addition, the favorable impact of collections on previously reserved bad debts was $1.0 million greater in 2011 than in 2012. These increases were offset by a $1.8 million decrease in labor costs, resulting primarily from lower employee incentive pay.

During the years ended December 31, 2012 and 2011, GRSA recorded realized losses on derivative financial instruments of $4.6 million and $1.6 million, respectively, and unrealized (gains) losses of $(1.5) million and $3.2 million, respectively.

An unfavorable change of $4.5 million in other expense (income), net resulted from an increase in restructuring costs of $2.2 million greater than 2011. In addition, the 2011 results benefited from $2.0 million of insurance proceeds.

The provision for income taxes was $11.9 million for the year ended December 31, 2012 compared to a provision for income taxes of $14.6 million for the year ended December 31, 2011. The income tax provision for the year ended December 31, 2012, consisted of an income tax expense of $4.7 million from international jurisdictions and $7.2 million in the U.S. The income tax provision for the year ended December 31, 2011 consisted of an income tax expense of $0.8 million from international jurisdictions and $13.8 million in the U.S.

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Segment Revenues and Metric Tons Invoiced

The following tables present revenues and metric tons invoiced by segment for the years ended December 31, 2011, 2012, and 2013, and for the nine months ended September 30, 2013 and 2014:

	For the years ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
	(dollars in millions, metric tons in thousands)				
Revenues:					
RSAA	$ 984.7	$ 947.5	$ 938.4	$ 705.5	$ 741.1
RSEU	684.4	601.9	561.1	429.8	424.6
Combined and consolidated revenues	$ 1,669.1	$ 1,549.4	$ 1,499.5	$ 1,135.3	$ 1,165.7
Metric tons invoiced:					
RSAA	894.7	868.2	857.4	648.0	621.8
RSEU	387.2	385.0	364.4	278.7	287.0
Total metric tons invoiced	1,281.9	1,253.2	1,221.8	926.7	908.8

Recycling and Specification Alloys North America Revenues

RSAA revenues for the nine months ended September 30, 2014 increased $35.6 million compared to the nine months ended September 30, 2013. This increase was primarily due to improved selling prices, which resulted in increased revenues of approximately $31.0 million; and an improved mix of buy and sell volumes more than offset a 4% decrease in volume shipped resulting from harsh winter weather and the idling of the Saginaw, Michigan facility in the fourth quarter of 2013. The combination of volume and mix changes increased revenues by approximately $4.0 million.

RSAA revenues for the year ended December 31, 2013 decreased $9.1 million compared to the year ended December 31, 2012. The decrease was primarily due to lower selling prices for its products resulting from lower aluminum and specification alloy prices, which decreased revenues by approximately $25.0 million. This decrease was partially offset by an increased percentage of buy/sell volume, as well as increased demand for automotive, transportation and building and construction products, which offset lower demand from the steel industry. The combination of these factors increased revenues by approximately $16.0 million.

RSAA revenues for the year ended December 31, 2012 decreased $37.2 million compared to the year ended December 31, 2011. This decrease was due to lower aluminum and specification alloy prices, which decreased revenues by approximately $112.0 million. This decrease was partially offset by a change in volume and mix, the combination of which increased revenues by approximately $77.0 million. The change in mix, due to a lower percentage of toll sales, more than offset a 3% reduction in invoiced metric tons. The volume reduction was due to lower demand from customers in the container and packaging industry, which was partially offset by improved demand from the automotive industry.

Recycling and Specification Alloys Europe Revenues

RSEU revenues for the nine months ended September 30, 2014 decreased $5.2 million as compared to the nine months ended September 30, 2013. This decrease was primarily due to a decreased percentage of buy and sell volume, which more than offset a 3% increase in shipments, reduced revenues by approximately $12.0 million. The increase in volume was

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primarily driven by stronger automotive demand; and lower selling prices for its products resulting from lower average aluminum and specification alloy prices for the period, which decreased revenues by approximately $6.0 million.

These decreases were partially offset by a weaker U.S. dollar, which increased revenues by approximately $13.0 million.

RSEU revenues for the year ended December 31, 2013 decreased $40.8 million as compared to the year ended December 31, 2012. This decrease was primarily due to a 5% overall reduction in volume, primarily within the automotive industry caused by the combination of customer in-sourcing, temporary production slow downs and a shift towards eliminating unprofitable volume and limiting spot-priced sales in a tight metal spread environment. Volume reductions decreased revenues by approximately $37.0 million; and a decrease in the selling prices of its products, resulting from an increase in imports of specification alloys from southern Europe during the first half of 2013, and lower aluminum prices, which combined to reduce revenues by approximately $23.0 million.

These decreases were partially offset by a weaker U.S. dollar, which increased revenues by approximately $19.0 million.

RSEU revenues for the year ended December 31, 2012 decreased $82.5 million compared to the year ended December 31, 2011. This decrease was primarily due to a stronger U.S. dollar, which decreased revenues by approximately $55.0 million; a decrease in the selling prices of its products resulting from an increase in imports of specification alloys from southern Europe and lower aluminum prices, which reduced revenues by approximately $25.0 million; and a 1% decrease in shipment levels, which reduced revenues by approximately $3.0 million.

Segment Income and Gross Profit

For the years ended December 31, 2011, 2012 and 2013 and for the nine months ended September 30, 2013 and 2014, segment income and GRSA s reconciliation of segment income to gross profit are presented below:

	For the years ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
			(in millions)		
Segment income:					
RSAA	$ 87.5	$ 63.2	$ 61.2	$ 44.7	$ 51.7
RSEU	43.2	27.1	18.3	13.2	18.6
Total segment income	130.7	90.3	79.5	57.9	70.3
Items excluded from segment income and included in gross profit:					
Depreciation	(10.9)	(15.6)	(21.3)	(15.2)	(17.1)
Other			0.1	0.1	
Items included in segment income and excluded from gross profit:					
Segment selling, general and administrative expenses	23.7	22.1	22.9	17.6	18.8
Realized losses (gains) on derivative financial instruments	1.6	4.6	1.5	0.9	(2.4)
Other (income) expense, net	(2.4)	0.1	(0.5)	(0.3)	(0.1)
Gross profit	$ 142.7	$ 101.5	$ 82.2	$ 61.0	$ 69.5

Recycling and Specification Alloys North America Segment Income

RSAA segment income for the nine months ended September 30, 2014 increased by $7.0 million compared to the prior year period. The increase was due to favorable metal spreads, partly driven by customer and product mix, that increased segment income by approximately $12.0 million. This increase was offset by inflation, net of productivity related savings, of $5.0 million, as the region s harsh winter weather resulted in higher natural gas commodity and delivery prices and also led to operational inefficiencies and lost shipping days in a number of Midwest states.

RSAA segment income for the year ended December 31, 2013 decreased $2.0 million compared to the prior year period. The decrease was primarily due to a decrease in metal spreads during the first half of 2013 as lower aluminum prices drove lower selling prices while scrap demand exceeded supply and kept scrap purchase prices high. These tightened metal spreads reduced segment income by approximately $13.0 million.

These decreases were offset by productivity related savings of approximately $15.0 million associated with furnace and scrap optimization initiatives and reductions within SG&A expenses, which more than offset $5.0 million of higher costs associated with inflation in employee and energy costs; and an improved mix of products sold, which increased segment income by approximately $3.0 million.

RSAA segment income for the year ended December 31, 2012 decreased $24.3 million compared to the year ended December 31, 2011. This decrease was primarily due to tighter metal spreads as a result of lower aluminum selling prices and higher relative scrap prices, which decreased segment income by approximately $38.0 million. The higher relative scrap prices resulted from reduced global supply coupled with increased global demand; and segment income for the prior year period also benefited from $4.2 million of gains associated with the recovery of previously written-off accounts receivable and insurance proceeds.

These decreases were partially offset by productivity gains of approximately $15.0 million associated with furnace and scrap optimization initiatives and lower natural gas prices.

Recycling and Specification Alloys Europe Segment Income

RSEU segment income for the nine months ended September 30, 2014 increased by $5.4 million compared to the prior year period. Higher volumes and improved metal spreads increased segment income by approximately $4.0 million, while productivity related savings more than offset inflation in employee costs, resulting in improved segment income of approximately $1.0 million.

RSEU segment income for the year ended December 31, 2013 decreased $8.8 million compared to the prior year period. This decrease was primarily due to a 5% decrease in volume and tighter metal spreads as a result of scrap availability issues and unfavorable pricing due to increased imports from southern Europe during the first half of 2013, the combination of which decreased segment income by approximately $9.0 million. Productivity gains during the period were offset by inflation in energy and employee costs.

RSEU segment income for the year ended December 31, 2012 decreased $16.1 million compared to the year ended December 31, 2011. This decrease was primarily due to tighter metal spreads resulting from unfavorable pricing due to an increase in specification alloys competition from southern Europe, which reduced segment income by approximately $8.0

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million; a 1% decrease in volumes, which reduced segment income by approximately $1.0 million; a stronger U.S. dollar, which decreased segment income by approximately $3.0 million; and productivity gains, which offset inflation in energy and employee costs.

Liquidity and Capital Resources

Summary

GRSA had $11.7 million of cash and cash equivalents at September 30, 2014, compared to $7.6 million at the end of 2013. The increase in cash and cash equivalents was primarily due to cash from earnings partially offset by capital expenditures and an increase in net operating assets.

The following discussion provides a summary description of the significant components of GRSA s historical sources of liquidity and long-term debt and does not reflect the impact of the GRSA Acquisition and the related Financings.

The Aleris ABL Facility

GRSA has had access to Aleris s ABL facility for liquidity needs (the Aleris ABL Facility). GRSA will not have access to the Aleris ABL Facility following the closing of the GRSA Acquisition, and the GRSA Entities who are parties to the Aleris ABL Facility will be released in connection therewith.

The amended and restated Aleris ABL Facility is a $600.0 million revolving credit facility which permits multi-currency borrowings up to $600.0 million by Aleris s U.S. subsidiaries, up to $240.0 million by Aleris Switzerland GmbH (a wholly owned Swiss subsidiary) and up to $15.0 million by Aleris Specification Alloy Products Canada Company (a wholly owned Canadian subsidiary) (the Aleris ABL Facility). The availability of funds to the borrowers located in each jurisdiction is subject to a borrowing base for that jurisdiction and the jurisdictions in which certain subsidiaries of such borrowers are located. The Aleris ABL Facility provides for the issuance of up to $75.0 million of letters of credit as well as borrowings on same-day notice, referred to as swingline loans. As of September 30, 2014, Aleris estimated that the borrowing base would have supported borrowings of $600.0 million. Borrowings under the Aleris ABL Facility bear interest at a rate equal to certain base rates, plus an applicable margin ranging from 0.75% to 2.50%.

There is no scheduled amortization under the Aleris ABL Facility. The principal amount outstanding will be due and payable in full at maturity, on June 29, 2016, unless extended pursuant to the credit agreement.

The Aleris ABL Facility is secured, subject to certain exceptions, by a first-priority security interest in substantially all of Aleris International s current assets and related intangible assets located in the U.S., substantially all of the current assets and related intangible assets of substantially all of its wholly owned domestic subsidiaries, substantially all of the current assets and related intangible assets of the borrower located in Canada and substantially all of the current assets (other than inventory located outside of the United Kingdom) and related intangibles of Aleris Recycling (Swansea) Ltd., and Aleris Switzerland GmbH and certain of its subsidiaries. The borrowers obligations under the Aleris ABL Facility are guaranteed by certain of its existing and future direct and indirect subsidiaries.

The Aleris Senior Notes

GRSA has benefitted historically from the cash generated from the issuance of Aleris Senior Notes (as defined below). To the extent currently a party thereto, the GRSA Entities will be released as guarantors under the indentures governing the Aleris Senior Notes.

On February 9, 2011, Aleris issued $500.0 million aggregate original principal amount of 7 $^{5}/_{8}$% Senior Notes due 2018, and on October 14, 2011, Aleris International exchanged the $500.0 million aggregate original principal amount of 7 $^{5}/_{8}$% Senior Notes due 2018 for its new $500.0 million aggregate original principal amount of 7 $^{5}/_{8}$% Senior Notes due 2018 that have been registered under the Securities Act of 1933, as amended (the 7 $^{5}/_{8}$% Senior Notes). The 7 $^{5}/_{8}$% Senior Notes mature on February 15, 2018.

On October 23, 2012, Aleris issued $500.0 million aggregate original principal amount of 7 $^{7}/_{8}$% Senior Notes due 2020, and on January 31, 2013, Aleris exchanged the $500.0 million aggregate original principal amount of 7 $^{7}/_{8}$% Senior Notes due 2020 for $500.0 million of its new 7 $^{7}/_{8}$% Senior Notes due 2020 that have been registered under the Securities Act of 1933, as amended (the 7 $^{7}/_{8}$% Senior Notes and, together with the 7 $^{5}/_{8}$% Senior Notes, the Aleris Senior Notes). The 7 $^{7}/_{8}$% Senior Notes mature on November 1, 2020.

The Aleris Senior Notes are unconditionally guaranteed on a senior unsecured basis by Aleris and each of its subsidiaries that guarantees Aleris International s obligations under the Aleris ABL Facility. The indentures governing the Aleris Senior Notes contain a number of customary covenants that, subject to certain exceptions, impose restrictions on Aleris International and certain of its subsidiaries, including without limitation restrictions on its ability to incur additional debt, pay dividends and make certain payments, create liens, merge, consolidate or sell assets, or enter into affiliate transactions, among other things.

Cash Flows

The following table summarizes GRSA s net cash provided (used) by operating, investing and financing activities for the years ended December 31, 2011, 2012 and 2013 and the nine months ended September 30, 2014 and 2013.

	For the years ended December 31,			For the nine months ended September 30,	
	2011	2012	2013	2013	2014
			(in millions)		
Net cash provided (used) by:					
Operating activities	$ 88.4	$ 63.3	$ 58.9	$ 45.6	$ 14.7
Investing activities	(47.9)	(56.1)	(36.4)	(23.3)	(19.4)
Financing activities	(38.8)	(9.2)	(24.0)	(23.7)	8.8

Cash Flows From Operating Activities

Cash flows provided by operating activities were $14.7 million for the nine months ended September 30, 2014, which resulted from $38.0 million of cash from earnings, partially offset by a $23.3 million increase in net operating assets. The significant components of the change in net operating assets included increases of $22.0 million, $19.5 million and $24.4 million in accounts receivable, inventories and accounts payable, respectively, as a result of increased seasonal sales volume when compared to December 2013 as well as higher aluminum prices. GRSA s average days sales outstanding (DSO) at September 30, 2014 remained consistent with the DSO at December 31, 2013. Revenues in the month of September 2014 were approximately

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$33.8 million higher than the month of December 2013, leading to an increase in accounts receivable. Inventory levels increased during 2014 as LME aluminum prices as of September 30, 2014 increased 10% when compared to December 31, 2013. Additionally, GRSA s average days inventory outstanding (DIO) increased from 27 days at December 31, 2013 to 31 days at September 30, 2014. The increase in payables resulted from increased inventory levels and an increase in GRSA s average days payables outstanding (DPO). GRSA s DPO increased from 29 days at December 31, 2013 to 31 days at September 30, 2014. The decrease in accrued liabilities of $4.6 million for the nine months ended September 30, 2014 was primarily due to a decrease in toll liabilities. The toll liability balance at December 31, 2013 was higher than normal as a result of scrap materials being received from a customer at a pace greater than which they could be recycled and returned to the customer. During 2014, the toll liability returned to normalized levels.

GRSA defines DSO as average accounts receivable, divided by revenue, and multiplied by the number of days in the period. DIO is defined as average inventory, less average toll liability, divided by revenue, and multiplied by the number of days in the period. DPO is defined as average accounts payable, divided by revenue, and multiplied by the number of days in the period.

Cash flows provided by operating activities were $45.6 million for the nine months ended September 30, 2013, which resulted from $28.4 million of cash from earnings and a $17.2 million decrease in net operating assets. The significant components of the change in net operating assets included a decrease of $11.3 million in inventories and increases of $17.4 million, $14.4 million and $8.2 million in accounts receivable, accounts payable and accrued liabilities, respectively. Inventory levels decreased during 2013 as LME aluminum prices as of September 30, 2013 decreased 12% when compared to December 31, 2012. Additionally, GRSA s DIO decreased from 29 days at December 31, 2012 to 27 days at September 30, 2013. GRSA s DSO decreased from 42 days at December 31, 2012 to 38 days at September 30, 2013. However, revenues in the month of September 2013 were approximately $28.5 million higher than the month of December 2012, leading to an increase in accounts receivable. The increase in accounts payables resulted from increased average inventory levels in connection with the additional sales volume compared to the end of 2012 while GRSA s DPO at September 30, 2013 remained consistent with GRSA s DPO at December 31, 2012. The increase in accrued liabilities was primarily due to an increase in toll liabilities. The toll liability balance at September 30, 2013 was higher than normal as a result of scrap materials being received from a customer at a pace greater than which they could be recycled and returned to the customer.

Cash flows provided by operating activities were $58.9 million for the year ended December 31, 2013, which resulted from $40.4 million of cash from earnings and a $18.5 million decrease in net operating assets. The significant components of the change in net operating assets included a decrease of $9.8 million in accounts receivable and increases of $5.2 million, $4.3 million and $9.4 million in inventories, accounts payable and accrued liabilities, respectively. GRSA s DSO decreased from 42 days at December 31, 2012 to 37 at December 31, 2013. Inventory levels increased primarily due to increases in toll inventory. The increase in payables resulted from increased inventory levels and the additional days of payables outstanding. GRSA s DPO increased from 27 days at December 31, 2012 to 29 days at December 31, 2013. The increase in accrued liabilities was primarily due to an increase in toll liabilities. The toll liability balance at December 31, 2013 was higher than normal as a result of scrap materials being received from a customer at a pace greater than which they could be recycled and returned to the customer.

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Cash flows provided by operating activities were $63.3 million for the year ended December 31, 2012, which resulted from $47.2 million of cash from earnings and a $16.1 million decrease in net operating assets. The significant components of the change in net operating assets included increases of $3.9 million and $15.6 million in inventories and accounts payable, respectively, and decreases of $16.5 million and $11.5 million in accounts receivable and accrued liabilities, respectively. DIO increased from 26 days at December 31, 2011 to 29 days at December 31, 2012. The increase in payables resulted from increased inventory levels and the additional days of payables outstanding. GRSA s DPO increased from 23 days at December 31, 2011 to 27 days at December 31, 2012. GRSA s DSO increased from 40 days at December 31, 2011 to 42 days at December 31, 2012. However, revenues in the month of December 2012 were approximately $6.6 million lower than the month of December 2011, leading to a decrease in accounts receivable. The decrease in accrued liabilities was primarily due to a decreases in toll liability, accrued employee costs, accrued professional fees, accrued tax liabilities, and accrued CIP.

Cash flows provided by operating activities were $88.4 million for the year ended December 31, 2011, which resulted from $77.7 million of cash from earnings and a $10.7 million decrease in net operating assets. The significant components of the change in net operating assets included increases of $18.5 million, $5.6 million, $18.9 million and $12.3 million in accounts receivable, inventories, accounts payable and accrued liabilities, respectively. GRSA s DSO increased from 38 days at December 31, 2010 to 40 days at December 31, 2011. GRSA s DIO increased from 24 days at December 31, 2010 to 26 days at December 31, 2011. The increase in payables resulted from increased inventory levels and the additional days of payables outstanding. GRSA s DPO increased from 19 days at December 31, 2010 to 23 days at December 31, 2011. The decrease in accrued liabilities was primarily due to increases in toll liability, accrued asset retirement obligations, accrued tax liability, and employee costs.

Cash Flows from Investing Activities

Cash flows used by investing activities during the nine months ended September 30, 2014 included approximately $1.2 million to upgrade pre-processing equipment, which allows GRSA to process a wide range of aluminum scrap thus maximizing its operational flexibility and optimizing its scrap metal purchases, as well as $18.1 million of maintenance capital expenditures.

Cash flows used by investing activities during the nine months ended September 30, 2013 included approximately $3.1 million to upgrade melting capabilities and pre-processing equipment as well as $20.0 million of maintenance capital expenditures.

Cash flows used by investing activities during the year ended December 31, 2013 included approximately $3.7 million to upgrade melting capabilities and pre-processing equipment as well as $33.7 million of maintenance capital expenditures.

Cash flows used by investing activities during the year ended December 31, 2012 included approximately $17.6 million to upgrade melting capabilities and pre-processing equipment as well as $38.1 million of maintenance capital expenditures, including increasing the capacity of one of GRSA s North American landfills.

Cash flows used by investing activities during the year ended December 31, 2011 were $47.9 million and included $49.8 million of capital expenditures, partially offset by $2.0 million of proceeds from the sale of property, plant and equipment. Capital expenditures in 2011 included approximately $11.6 million to upgrade melting capabilities and pre-processing equipment as well as $38.2 million of maintenance capital expenditures.

Cash Flows From Financing Activities

Cash flows from financing activities were $8.8 million for the nine months ended September 30, 2014 including net transfers from Aleris of $10.2 million and distributions to noncontrolling interest of $0.3 million.

Cash flows used by financing activities were $23.7 million for the nine months ended September 30, 2013 including net transfers to Aleris of $23.1 million and distributions to noncontrolling interest of $0.6 million.

Cash flows used by financing activities were $24.0 million for the year ended December 31, 2013 including net transfers to Aleris of $22.9 million and distributions to noncontrolling interest of $0.9 million.

Cash flows used by financing activities were $9.2 million for the year ended December 31, 2012 including net transfers to Aleris of $8.1 million and distributions to noncontrolling interest of $0.9 million.

Cash flows used by financing activities were $38.8 million for the year ended December 31, 2011 including net transfers to Aleris of $37.4 million and distributions to noncontrolling interest of $1.2 million.

Exchange Rates

During the nine months ended September 30, 2014, the fluctuation of the U.S. dollar against other currencies resulted in unrealized currency translation gains that decreased GRSA s equity by $7.7 million. Currency translation adjustments are the result of the process of translating an international entity s financial statements from the entity s functional currency to U.S. dollars. Currency translation adjustments accumulate in consolidated equity until the disposition or liquidation of the international entities.

The euro is the functional currency of substantially all of GRSA s European-based operations. In the future, GRSA s results of operations will continue to be impacted by the exchange rate between the U.S. dollar and the euro. In addition, GRSA has other operations where the functional currency is not GRSA s reporting currency, the U.S. dollar, and GRSA s results of operations are impacted by currency fluctuations between the U.S. dollar and such other currencies.

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Contractual Obligations

GRSA and its subsidiaries are obligated to make future payments under various contracts such as debt agreements, lease agreements and unconditional purchase obligations. The following table summarizes GRSA s estimated significant contractual cash obligations and other commercial commitments at December 31, 2013. However, we note that the following table does not reflect the substantial impact that the GRSA Acquisition and the Financings will have on GRSA s contractual obligations, including principal and interest obligations on the indebtedness being incurred to finance a majority of the acquisition consideration. See Overview of Pro Forma Combined Liquidity and Capital Resources.

	Cash Payments Due by Period (in millions)				
	Total	2014	2015-2016	2017-2018	After 2018
Capital lease obligations	$ 2.9	$ 1.0	$ 1.8	$ 0.1	$
Estimated pension benefit payments	15.1	1.1	2.3	2.8	8.9
Operating lease obligations	6.2	2.3	3.5	0.4	
Estimated payments for asset retirement obligations	10.0	1.3	1.7	0.4	6.6
Purchase obligations	57.2	56.5	0.7		
Total	$ 91.4	$ 62.2	$ 10.0	$ 3.7	$ 15.5

GRSA s estimated funding for its funded pension plans and other postretirement benefit plans is based on actuarial estimates using benefit assumptions for discount rates, expected long-term rates of return on assets, rates of compensation increases, and health care cost trend rates. For GRSA s funded pension plans, estimating funding beyond 2014 would depend upon the performance of the plans investments, among other things. As a result, estimating pension funding beyond 2014 is not practicable. Payments for unfunded pension plan benefits and other postretirement benefit payments are estimated through 2023.

Most operating leases are for a period of one to five years, and are primarily for items used in GRSA s manufacturing processes.

GRSA s estimated payments for asset retirement obligations are based on management s estimates of the timing and extent of payments to be made to fulfill legal or contractual obligations associated with the retirement of certain long-lived assets. Amounts presented represent the future value of expected payments.

GRSA s purchase obligations represent non-cancellable agreements (short-term and long-term) to purchase goods or services that are enforceable and legally binding on us that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations include the pricing of anticipated metal purchases using contractual metal prices or, where pricing is dependent upon the prevailing LME metal prices at the time of delivery, market metals prices as of December 31, 2013, as well as natural gas and electricity purchases using minimum contractual quantities and either contractual prices or prevailing rates. As a result of the variability in the pricing of many of GRSA s metals purchasing obligations, actual amounts paid may vary from the amounts shown above.

Environmental Contingencies

GRSA s operations, like those of other basic industries, are subject to federal, state, local and international laws, regulations and ordinances. These laws and regulations (1) govern activities or operations that may have adverse environmental effects, such as discharges to air and water, as well as waste handling and disposal practices and (2) impose liability for costs of cleaning up, and certain damages resulting from, spills, disposals or other releases of regulated materials. It can be anticipated that more rigorous environmental laws will be enacted that could require us to make substantial expenditures in addition to those described in this prospectus supplement under Risk Factors Risks Related to GRSA. From time to time, GRSA s Business operations have resulted, or may result, in certain non-compliance with applicable requirements under such environmental laws. To date, any such non-compliance with such environmental laws have not had a material adverse effect on its financial position, results of operations or cash flows.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires GRSA s management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, GRSA evaluates its estimates, including those related to the valuation of inventory, property and equipment and intangible assets, allowances related to doubtful accounts, income taxes, pensions and environmental liabilities. GRSA s management bases its estimates on historical experience, actuarial valuations and other assumptions believed to be reasonable under the circumstances. Actual results could differ from those estimates. GRSA s accounting policies are more fully described in Note 2, Summary of Significant Accounting Policies, to GRSA s audited combined and consolidated financial statements included elsewhere in this prospectus supplement.

The following critical accounting policies and estimates are used to prepare GRSA s combined and consolidated financial statements:

Principles of Combination and Consolidation

The accompanying combined and consolidated financial statements include the accounts of the operations comprising GRSA on a combined and consolidated basis. Intercompany balances and transactions with other combined and consolidated entities have been eliminated. Intragroup transactions with Aleris entities are shown separately in the combined and consolidated financial statements and are further discussed in Note 15, Related Party Transactions, to GRSA s audited combined and consolidated financial statements included elsewhere in this prospectus supplement.

The combined and consolidated financial statements include the assets, liabilities, revenues and expenses that are specifically identifiable to GRSA. In addition, certain costs incurred by Aleris have been allocated to GRSA. These costs are derived from multiple levels of the organization reflecting shared corporate and other management expenses. GRSA s operations are dependent upon Aleris and its subsidiaries ability to perform certain services and support functions. The costs associated with these services and support functions have been allocated to GRSA using the most meaningful allocation methodologies, based primarily on the proportionate revenue, cost of sales, assets or headcount of GRSA compared to Aleris and/or its subsidiaries. These allocated costs are primarily related to corporate administrative expenses, employee related costs, including stock-based compensation and other benefits for corporate and shared employees, and rental and usage fees for shared assets for the following functional groups: information têchnology, legal services, accounting and finance services, human resources, marketing, credit and collections, treasury, internal audit, purchasing, and other corporate and infrastructure services. Certain costs incurred by Aleris related to its bankruptcy reorganization and emergence from bankruptcy has not been allocated to GRSA.

GRSA management believes the assumptions and allocations underlying the combined and consolidated financial statements are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered by Aleris to be a reasonable reflection of the use of services provided to or the benefit received by GRSA during the periods presented relative to the total costs incurred by Aleris. However, the amounts recorded for these transactions and allocations are not necessarily representative of the amount that would have been incurred had GRSA been an entity that operated independently of Aleris. Consequently, future results of operations should GRSA be separated from Aleris will include costs and expenses that may be materially different than GRSA s historical results of operations, financial position and cash flows. Accordingly, the combined and consolidated financial statements for these periods are not indicative of GRSA s future results of operations, financial position or cash flows.

Revenue Recognition and Shipping and Handling Costs

Revenues are recognized when title transfers and risk of loss passes to the customer in accordance with the provisions of the Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104, Revenue Recognition (codified in ASC 605). This typically occurs when the goods reach their destination. For customer-owned toll material, revenue is recognized upon the performance of the tolling services for customers. For material that is consigned to customers, revenue is not recognized until the product is used by the customer. Shipping and handling costs are included within Cost of sales in the Combined and Consolidated Statements of Operations.

Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The carrying amount of cash equivalents approximates fair value because of the short maturity of those instruments.

Accounts Receivable Allowances and Credit Risk

GRSA extends credit to its customers based on an evaluation of their financial condition; generally, collateral is not required. GRSA maintains an allowance against its accounts receivable for the estimated probable losses on uncollectible accounts and sales returns and allowances. The valuation reserve is based upon its historical loss experience, current economic conditions within the industries it serves as well as the GRSA s determination of the specific risk related to certain customers. Accounts receivable are charged off against the reserve when, in

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management s estimation, further collection efforts would not result in a reasonable likelihood of receipt, or, if later, as proscribed by statutory regulations. The movement of the accounts receivable allowances is as follows:

	For the years ended December 31, 2011	2012 (in millions)	2013
Balance at beginning of the period	$ 0.5	$ 1.5	$ 0.4
Expenses for uncollectible accounts, sales returns and allowances, net of recoveries	0.4	1.1	2.1
Receivables (written off) recovered against the valuation reserve	0.6	(2.2)	(2.1)
Balance at end of the period	$ 1.5	$ 0.4	$ 0.4

Concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers in various industry segments comprising GRSA s customer base.

Inventories

GRSA s inventories are stated at the lower of cost or net realizable value. Cost is determined primarily on the average cost or specific identification method and includes material, labor and overhead related to the manufacturing process.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of asset impairments. The cost of property, plant and equipment acquired in business combinations represents the fair value of the acquired assets at the time of acquisition.

The fair value of asset retirement obligations are capitalized to the related long-lived asset at the time the obligation is incurred and is depreciated over the remaining useful life of the related asset. Major renewals and improvements that extend an asset s useful life are capitalized to property, plant and equipment. Major repair and maintenance projects are expensed over periods not exceeding 18 months while normal maintenance and repairs are expensed as incurred. Depreciation is primarily computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Buildings and improvements	5 33 years
Production equipment and machinery	2 25 years
Office furniture, equipment and other	3 10 years

The construction costs of landfills used to store by-products of the recycling process are depreciated as space in the landfills is used based on the unit of production method. Additionally, used space in the landfill is determined periodically either by aerial photography or engineering estimates.

Impairment of Property, Plant, Equipment

GRSA reviews its long-lived assets for impairment when changes in circumstances indicate that the carrying amount may not be recoverable. Once an impairment indicator has been identified, the asset impairment test is a two-step process. The first step consists of determining whether the sum of the estimated undiscounted future cash flows attributable to the specific asset group being tested is less than its carrying value. Estimated future cash flows used to test for recoverability include only the future cash flows that are directly associated with and are expected to arise as a direct result of the use and eventual disposition of the relevant asset group. If the carrying value of the asset group exceeds the future undiscounted cash flows expected from the asset group, a second step is performed to compute the extent of the impairment. Impairment charges are determined as the amount by which the carrying value of the asset group exceeds the estimated fair value of the asset group.

As outlined in ASC 820, Fair Value Measurements and Disclosures (ASC 820), the fair value measurement of the GRSA Business s long-lived assets assumes the highest and best use of the asset by market participants, considering the use of the asset that is physically possible, legally permissible and financially feasible at the measurement date. Highest and best use is determined based on the use of the asset by market participants, even if the intended use of the asset by GRSA is different. The highest and best use of an asset establishes the valuation premise. The valuation premise is used to measure the fair value of an asset. ASC 820-10-35-10 states that the valuation premise of an asset is either of the following:

In-use: The highest and best use of the asset is in-use if the asset would provide maximum value to market participants principally through its use in combination with other assets as a group (as installed or otherwise configured for use).

In-exchange: The highest and best use of the asset is in-exchange if the asset would provide maximum value to market participants principally on a stand-alone basis.

Once a premise is selected, the approaches considered in the estimation of the fair values of GRSA s long-lived assets tested for impairment, which represent level 3 measurements within the fair value hierarchy, include the income, sales comparison and cost approaches.

During 2013, 2012 and 2011, no indicators of impairment were identified in accordance with ASC 360, Property, Plant, and Equipment.

Stock-Based Compensation

Aleris recognizes compensation expense for stock options, restricted stock units and restricted shares under the provisions of ASC 718, Compensation Stock Compensation, using the non-substantive vesting period approach, in which the expense (net of estimated forfeitures) is recognized ratably over the requisite service period based on the grant date fair value. The fair value of each new stock option is estimated on the date of grant using a Black-Scholes model. Determining the fair value of stock options at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, annual forfeiture rate, and exercise behavior. The fair value of restricted stock units and restricted shares are based on the estimated fair value of Aleris s common stock on the date of grant. The fair value of Aleris s common stock is estimated based upon a present value technique using discounted cash flows, forecasted over a five-year period with residual growth rates thereafter, and a market comparable approach. From these two approaches, the discounted cash flow analysis is weighted at 50% and the comparable public company analysis is weighted at 50%.

The discounted cash flow analysis is based on Aleris s projected financial information which includes a variety of estimates and assumptions. While Aleris considers such estimates and assumptions reasonable, they are inherently subject to uncertainties and a wide variety of significant business, economic and competitive risks, many of which are beyond Aleris s control and may not materialize. Changes in these estimates and assumptions may have a significant effect on the determination of the fair value of Aleris s common stock.

The discounted cash flow analysis is based on production volume projections developed by internal forecasts, as well as commercial, wage and benefit and inflation assumptions. The discounted cash flow analysis includes the sum of (i) the present value of the projected unlevered cash flows for a five-year period (the Projection Period); and (ii) the present value of a terminal value, which represents the estimate of value attributable to periods beyond the Projection Period. For 2013, all cash flows were discounted using weighted-average cost of capital percentages ranging from 12.0% to 14.0%. To calculate the terminal value, a perpetuity growth rate approach is used. For 2013, a growth rate of three percent was used and was determined based on research of long-term aluminum demand growth rates. Other significant assumptions include future capital expenditures and changes in working capital requirements.

The comparable public company analysis identifies a group of comparable companies giving consideration to, among other relevant characteristics, similar lines of business, business risks, growth prospects, business maturity, market presence, leverage, size and scale of operations. The analysis compares the public market implied fair value for each comparable public company to its historical and projected net sales, EBIT and EBITDA. The calculated range of multiples for the comparable companies is used to estimate a range of 7.5x to 18.0x, 5.0x to 9.5x and 0.43x to 0.65x for 2013, which is applied to Aleris s historical and projected EBIT, EBITDA and net sales, respectively, to determine a range of fair values.

Total stock-based compensation expense allocated from Aleris included in Selling, general and administrative expenses in the Combined and Consolidated Statements of Operations for the years ended December 31, 2013, 2012 and 2011 was $4.8 million, $4.2 million and $3.0 million, respectively.

Derivatives and Hedging

GRSA is engaged in activities that expose it to various market risks, including changes in the prices of aluminum alloys, scrap aluminum, copper, zinc and natural gas, as well as changes in currency exchange rates. Certain of these financial exposures are managed as an integral part of its risk management program, which seeks to reduce the potentially adverse effects that the volatility of the markets may have on operating results. Aleris, through its wholly-owned subsidiary, Aleris RM, Inc., may enter into forward contracts or swaps with GRSA to manage the exposure to market risk. Aleris RM, Inc. may then enter into a third party forward contract or swap. The fair value of these instruments is reflected in the combined and consolidated balance sheet and the impact of these instruments is reflected in the combined and consolidated statements of operations. Neither Aleris nor GRSA holds or issues derivative financial instruments for trading purposes.

The fair values of GRSA s derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Fair values for its metal and natural gas derivative instruments are determined based on the differences between contractual and forward rates of identical hedge positions as of the balance sheet date. In accordance with the requirements of ASC 820, GRSA has included an estimate of the risk associated with non-performance by either the Business or its counterparty, Aleris RM Inc., in developing these fair values. See Note 7, Derivatives, in GRSA s combined and consolidated financial statement for additional information.

GRSA does not account for its derivative financial instruments as hedges. The changes in fair value of derivative financial instruments that are not accounted for as hedges and the associated gains and losses realized upon settlement are recorded in Losses on derivative financial instruments in the Combined and Consolidated Statements of Operations. All realized gains and losses are included within Net cash provided by operating activities in the Combined and Consolidated Statements of Cash Flows. GRSA is exposed to losses in the event of non-performance by Aleris RM, Inc.

Currency Translation

Certain of GRSA s international subsidiaries use the local currency as their functional currency. GRSA translates substantially all of the amounts included in its Combined and Consolidated Statements of Operations from its international subsidiaries into U.S. dollars at average monthly exchange rates, which GRSA believes are representative of the actual exchange rates on the dates of the transactions. Adjustments resulting from the translation of the assets and liabilities into U.S. dollars at the balance sheet date exchange rates are reflected as a separate component of Aleris company equity. Currency translation adjustments accumulate in Aleris company equity until the disposition or liquidation of the international entities. Currency transactional gains and losses associated with receivables and payables denominated in currencies other than the functional currency are included within Other expense (income), net in the Combined and Consolidated Statements of Operations. The translation of accounts receivables and payables denominated in currencies other than the functional currencies resulted in transactional losses of $0.9 million for the year ended December 31, 2013.

Income Taxes

The provision for income taxes, as presented herein, is calculated as if GRSA completed a separate tax return apart from Aleris, although GRSA was included in Aleris s U.S. federal and state income tax returns and non-U.S. jurisdiction tax returns. GRSA accounts for income taxes using the asset and liability method, whereby deferred income taxes reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In valuing deferred tax assets, GRSA uses judgment in determining if it is more likely than not that some portion or all of a deferred tax asset will not be realized and the amount of the required valuation allowance. Separate income tax returns were not prepared for many entities. For such entities, additional carve-out income taxes currently payable are deemed to have been remitted to Aleris in the period the liability arose and additional carve-out income taxes currently receivable are deemed to have been received from Aleris in the period that a refund could have been recognized by GRSA had it been a separate taxpayer.

Tax benefits from uncertain tax positions are recognized in the financial statements when it is more likely than not that the position is sustainable, based solely on its technical merits and considerations of the relevant taxing authority, widely understood practices and precedents. GRSA recognizes interest and penalties related to uncertain tax positions within Provision for income taxes in the Combined and Consolidated Statements of Operations.

Environmental and Asset Retirement Obligations

Environmental obligations that are not legal or contractual asset retirement obligations and that relate to existing conditions caused by past operations with no benefit to future operations are expensed while expenditures that extend the life, increase the capacity or improve the safety of an asset or that mitigate or prevent future environmental contamination are capitalized in property, plant and equipment. Obligations are recorded when their occurrence is probable and the associated costs can be reasonably estimated in accordance with ASC 410-30, Environmental Obligations. While GRSA s accruals are based on management s current best estimate of the future costs of remedial action, these liabilities can change substantially due to factors such as the nature and extent of contamination, changes in the required remedial actions and technological advancements. GRSA s existing environmental liabilities are not discounted to their present values as the amount and timing of the expenditures is not fixed or reliably determinable.

Asset retirement obligations represent obligations associated with the retirement of tangible long-lived assets. GRSA s asset retirement obligations relate primarily to the requirement to cap its three landfills, as well as costs related to the future removal of asbestos and costs to remove underground storage tanks. The costs associated with such legal obligations are accounted for under the provisions of ASC 410-20, Asset Retirement Obligations, which requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred and capitalized as part of the carrying amount of the long-lived asset. These fair values are based upon the present value of the future cash flows expected to be incurred to satisfy the obligation. Determining the fair value of asset retirement obligations requires judgment, including estimates of the credit adjusted interest rate and estimates of future cash flows. Estimates of future cash flows are obtained primarily from engineering consulting firms. The present value of the obligations is accreted over time while the capitalized cost is depreciated over the useful life of the related asset.

Pension Benefits

GRSA s pension benefit costs are accrued based on annual analyses performed by its actuaries. These analyses are based on assumptions such as an assumed discount rate and an expected rate of return on plan assets. Both the discount rate and expected rate of return on plan assets require estimates and projections by management and can fluctuate from period to period. GRSA s objective in selecting a discount rate is to select the best estimate of the rate at which the benefit obligations could be effectively settled. In making this estimate, projected cash flows are developed and matched with a yield curve based on an appropriate universe of high-quality corporate bonds. Assumptions for long-term rates of return on plan assets are based upon historical returns and future expectations for returns. The assumptions used to determine the pension benefit obligation as of December 31, 2013 and 2012 and to determine the net periodic benefit cost for each of the three years in the period ended December 31, 2013, as well as certain other assumptions, is described in Note 11, Employee Benefit Plans, to GRSA s combined and consolidated financial statements included elsewhere in this prospectus supplement.

Unrecognized actuarial gains and losses related to changes in management s assumptions and actual experiences differing from them will be recognized over the expected remaining service life of the employee group. As of December 31, 2013, the accumulated amount of unrecognized losses on pension benefits was $7.1 million, of which $0.2 million of amortization is expected to be recognized in 2014.

GRSA s management believes these assumptions are appropriate. The actuarial assumptions used to determine pension benefits may differ from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. GRSA management does not believe differences in actual experience or changes in assumptions will materially affect its financial position or results of operations.

Recently Issued Accounting Standards Updates

In December 2011, the FASB issued ASU No. 2011-11, Disclosures about Offsetting Assets and Liabilities (ASU No. 2011-11). ASU No. 2011-11 amended ASC 210, Balance Sheet, to

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converge the presentation of offsetting assets and liabilities between GAAP and International Financial Reporting Standards (IFRS). ASU No. 2011-11 requires that entities disclose both gross and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. GRSA adopted ASU No. 2011-11 and reported the additional disclosures related to offsetting assets and liabilities, which did not impact GRSA s financial condition or results of operations.

In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive (ASU No. 2013-02). This guidance is the culmination of the FASB s deliberation on reporting reclassification adjustments from accumulated other comprehensive income (AOCI). The amendments in ASU 2013-02 do not change the current requirements for reporting net income or other comprehensive income. However, the amendments require disclosure of amounts reclassified out of AOCI in its entirety, by component, on the face of the statement of operations or in the notes thereto. Amounts that are not required to be reclassified in their entirety to net income must be cross-referenced to other disclosures that provide additional detail. On January 1, 2013, GRSA adopted ASU No. 2013-02 and reported the additional disclosures, which did not impact GRSA s financial condition or results of operations.

In March 2013, the FASB issued ASU No. 2013-05, Parent s Accounting for the Cumulative Translation Adjustment Upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (ASU No. 2013-05). This guidance requires a parent entity to release any related cumulative foreign currency translation adjustment from accumulated other comprehensive income into net income in the following circumstances: (i) a parent entity ceases to have a controlling financial interest in a subsidiary or group of assets that is a business within a foreign entity if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided; (ii) a partial sale of an equity method investment that is a foreign entity; (iii) a partial sale of an equity method investment that is not a foreign entity whereby the partial sale represents a complete or substantially complete liquidation of the foreign entity that held the equity method investment; and (iv) the sale of an investment in a foreign entity. ASU No. 2013-05 is effective for fiscal years, and interim periods within those years, beginning for the Business on January 1, 2014. Management has determined that the adoption of these changes will need to be considered in GRSA s financial condition or results of operations in the event GRSA initiates any of the transactions described above.

In July 2013, the FASB issued ASU No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU No. 2013-11). This guidance requires an entity to present an unrecognized tax benefit as a liability in the financial statements if (i) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position, or (ii) the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset to settle any additional income taxes that would result from the disallowance of a tax position. Otherwise, an unrecognized tax benefit is required to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU No. 2013-11 is effective for fiscal years, and interim periods within those years, beginning for GRSA on January 1, 2014. GRSA adopted ASU No. 2013-11 for interim periods beginning on January 1, 2014. The adoption of these changes did not have a significant impact on GRSA s financial condition or results of operations.

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In April 2014, the FASB issued ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360) (ASU No. 2014-08). This guidance amends the requirements for reporting discontinued operations and requires additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations or that have a major effect on GRSA s operations and financial results should be presented as discontinued operations. ASU No. 2014-08 also requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income and expenses of discontinued operations. This new accounting guidance is effective for annual periods beginning after December 15, 2014. Management has determined that the adoption of these changes will need to be considered in GRSA s financial condition or results of operations in the event GRSA initiates any of the transactions described above.

In August 2014, the FASB issued ASU No. 2014-15, Disclosure of Uncertainties About an Entity s Ability to Continue as a Going Concern (ASU 2014-15), which requires management to perform interim and annual assessments of an entity s ability to continue as a going concern within one year of the date the financial statements are issued and provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. Certain disclosures will be required if conditions give rise to substantial doubt about an entity s ability to continue as a going concern. ASU 2014-15 applies to all entities and is effective for annual and interim reporting periods ending after December 15, 2016, with early adoption permitted. GRSA does not expect that the adoption of this standard will have a material effect on its financial statements.

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OVERVIEW OF PRO FORMA COMBINED LIQUIDITY AND CAPITAL RESOURCES

The following overview describes our expected liquidity and capital resources in the event the GRSA Acquisition and the Financings are consummated. You should read the following overview in conjunction with Unaudited Pro Forma Condensed Combined Financial Information, The GRSA Acquisition and Financings, Capitalization, Use of Proceeds, Management s Discussion and Analysis of Financial Condition and Results of Operation of the Company, Management s Discussion and Analysis of Financial Condition and Results of Operation of GRSA, and the combined and consolidated financial statements of each of the Company and GRSA, included or incorporated by reference in this prospectus supplement.

Liquidity

We are a holding company that does not currently operate any business that is separate from those of its subsidiaries, primarily SGGH, LLC and the subsidiaries of SGGH, LLC. While it may from time to time borrow amounts under new debt facilities, the issuer does not currently have any revolving credit facilities, nor do we expect the issuer to have any such facilities upon the closing of the GRSA Acquisition. We are therefore dependent on our subsidiaries and primarily SGGH, LLC, whose predecessors have not paid a dividend since the fourth quarter of 2006, or other subsidiaries we may form or acquire in the future, including Real Alloy or a successor entity for purposes of the GRSA Acquisition, to fund our operations or for any funds from which to pay dividends. Additionally, to the extent we issue the Backstop Notes or Series B Preferred Stock in the Financings, we will need to obtain amounts to satisfy our obligations thereunder.

SGGH, LLC s and our other subsidiaries ability to provide us with funds for operations or dividends is a based on tax sharing arrangements and the ability to pay dividends which may be limited by the terms of the existing credit facilities and term loans of NABCO, and after our consummation of GRSA Acquisition, the GRSA indebtedness. See The GRSA Acquisition and Financings the Financing Arrangements. NABCO s line of credit consists of a $4.0 million asset-based revolving loan that is subject to a borrowing base. As of September 30, 2014, available borrowing capacity under the revolving line of credit was $2.8 million. Additionally, NABCO has issued two term loans that are subject to quarterly principal payments with balloon payments of any remaining principal balance due at maturity: i) $8.0 million term loan issued at par in September 2011 at a base rate plus 1.00% due September 29, 2016 (the variable rate term loan) and ii) $11.5 million term loan issued at par in December 2013 at 5.0% due December 31, 2018 (the $11.5 million term loan). As of September 30, 2014, the balance on the term loans was $4.8 million and $9.8 million, respectively.

As of September 30, 2014, after giving effect to the GRSA Acquisition and the Financings on a pro forma basis (assuming we receive $125 million in aggregate net proceeds from this Equity Offering, any Additional Equity Offering, the October 2014 Private Placement and the Rights Offering), we and our subsidiaries would have had consolidated indebtedness of approximately $399 million (including $309 million of senior secured notes and $70 million of Asset-Based Facility and Factoring Facility obligations of our subsidiaries that are acquiring GRSA, $15.8 million of borrowings by NABCO), and $4.3 million of capital lease obligations of GRSA.

Furthermore, the terms of our subsidiaries indebtedness allow them to borrow substantial additional debt, but their ability to distribute any amounts to us will be limited by the terms of their indebtedness. See Dividend Policy and Restrictions on Dividends.

We may from time to time repay or refinance the debt of our subsidiaries, or borrow or cause our subsidiaries to borrow, amounts under new or existing facilities.

Cash Balances

As of September 30, 2014, on a pro forma basis after giving effect to the GRSA Acquisition and the Financings (assuming we receive $125 million in aggregate net proceeds from this Equity Offering, any Additional Equity Offering the October 2014 Private Placement and the Rights Offering), on a consolidated basis, we would have had cash and cash equivalents of $11.5 million. However, we note that a substantial portion of those cash and cash equivalents will be held by NABCO or our GRSA subsidiary entities, and may not be available for use by us or our other subsidiaries. Additionally this pro forma balance does not include adjustments to the purchase price in respect of the cash, indebtedness or transaction expenses of the GRSA entities nor a net working capital adjustment.

Capital Expenditures

After consummation of the GRSA Acquisition, we expect our capital expenditures to primarily relate to the expenditures necessary to maintain and upgrade GRSA s facilities and equipment. The actual level of capital expenditures will ultimately depend on the extent of our capital maintenance and upgrade plans.

Contractual Obligations and Commitments

The following table summarizes our estimated significant contractual cash obligations and other commercial commitments at December 31, 2013, on a pro forma basis for the GRSA Acquisition and the Financings as if they had closed on December 31, 2013. The following table assumes we receive at least $125 million in net proceeds from this Equity Offering, any Additional Equity Offering, the October 2014 Private Placement and the Rights Offering, and as a result we only issue $25 million of Series B Preferred Stock to Aleris and the issuer does not issue any senior notes under the Backstop Notes. See The GRSA Acquisition and Financings The Purchase Agreement and the Backstop Commitment Letter.

	Cash Payments Due by Period(1) (in millions)				
	Total	**2014**	**2015-2016**	**2017-2018**	**After 2018**
New Series B Preferred Stock(2)	$ 25.0	$	$	$	$ 25.0
New Senior Secured Notes	308.7				308.7
NABCO line of credit	0.5	0.5			
NABCO term loans	17.2	3.6	9.0	4.6	
Signature and NABCO noncancellable minimum lease payments	1.5	0.4	0.8	0.3	
GRSA capital lease obligations	2.9	1.0	1.8	0.1	
GRSA estimated pension benefit payments	15.1	1.1	2.3	2.8	8.9
GRSA operating lease obligations	6.2	2.3	3.5	0.4	
GRSA estimated payments for asset retirement obligations	10.0	1.3	1.7	0.4	6.6
GRSA purchase obligations	57.2	56.5	0.7		
Total	$ 444.3	$ 66.7	$ 19.8	$ 8.6	$ 349.2

(1) Does not include: i) payments under the transition services agreement, ii) interest payments on indebtedness, iii) the expected $70 million in opening draws on the Asset-Based Facility and the Factoring Facility as the timing of repayment is undetermined, and iv) up to $50 million of senior notes maturing on the second anniversary of their issue date, which could be issued in the Financings. See The GRSA Acquisition and Financings The Purchase Agreement and The Backstop Commitment Letter.

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(2) Does not include dividends payable on the Series B Preferred Stock, which are payable in kind for the first two years, and thereafter paid in cash. Additionally, this does not include a $5 million deposit into the indemnification escrow account for Aleris in the event that the aggregate net proceeds of this Equity Offering, any Additional Equity Offering and the Rights Offering exceed $112.5 million . See Description of Capital Stock Series B Preferred Stock. Additionally, does not reflect up to 35,000 additional shares of Series B Preferred Stock, with an aggregate liquidation preference of $35 million, which could be issued to Aleris in the Financings in accordance with the Backstop Agreement. See The GRSA Acquisition and Financings The Purchase Agreement and The Backstop Agreement.

Historically, we have funded our operations through cash flows generated from operations, available cash on hand and borrowings under our credit facilities. Our ability to continue to successfully service our customers will depend on, among other things, our then present liquidity levels and/or our ability to borrow at commercially acceptable rates in order to finance those costs. The actual level of capital expenditures will ultimately depend on the extent to which we are successful maintaining and managing our facilities. We also periodically elect to upgrade the technological capabilities of older machines and replace machines that have exhausted their useful lives. To meet our contractual obligations and maintain sufficient levels of on-hand inventory to service our customer base, we purchase inventory on an as-needed basis. We presently have no inventory purchase obligations other than in the ordinary course of business.

We are subject to certain market risks and uncertainties inherent in our operations. These market risks generally arise from transactions in the normal course of business. Our primary market risk exposures relate to the value of raw materials, including scrap aluminum, energy prices, and foreign currency exchange risks. We use derivative financial instruments to manage certain of our risks. The primary objective of our hedging programs, as defined in our corporate risk management policy, is to minimize the impact to our financial results and cash flows from fluctuations in commodity prices, energy prices and from changes in foreign currency exchange rates.

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BUSINESS

Signature Group Holdings and Real Alloy Holding, Inc.

Signature is a holding company that owns all of the outstanding interests of the parent of Real Alloy, as well as our operating company (SGGH, LLC), and our other subsidiaries. Our business strategy is to acquire controlling interests in operating companies that leverage the strengths of our platform, including our status as a public company, our sizable tax assets, and the experience of our executive management team. A key element to our business strategy is using our federal NOLs, which as of December 31, 2013, were $932.8 million. The Company s federal NOLs have a 20-year life and begin to expire in 2027. We strive to acquire companies that are consistently profitable and accretive to earnings. In considering acquisition opportunities, we prefer businesses with management teams that have shown success through the business cycle, generate strong margins, and have defensible market positions. We have entered into a definitive agreement for the acquisition of GRSA, which we believe is consistent with our strategy and which will represent a transformative acquisition for us if it is consummated.

Our current business activities are conducted by SGGH, LLC, primarily through one principal operating segment, Industrial Supply, which is one of the largest independent circuit breaker suppliers in the U.S. The operations of a second segment, Special Situations, were largely wound down in 2013.

Industrial Supply. The Industrial Supply segment, which includes one of the largest independent circuit breaker suppliers in the United States, NABCO, is headquartered in Burbank, California. NABCO is a supplier of circuit breakers selling exclusively to wholesale electrical distributors and operates from nine warehouse locations across North America, which enables it to improve customer delivery times, a key attribute of its service-oriented model. This national presence allows Industrial Supply to service a broad section of its customer base with next day ground shipping, providing a competitive advantage for the mission critical components it supplies. In 2013, Industrial Supply served approximately 600 customers, shipped approximately 5,500 SKUs to over 3,000 customer locations in North America. Industrial Supply s customer base includes many of the largest wholesale electrical distribution companies in the nation, who find it impracticable to stock more than a limited amount of circuit breaker inventory, given the broad number of SKUs and infrequent demand, and prefer the convenience Industrial Supply offers as a just-in-time supplier. By providing industry-leading customer service, maintaining an extensive inventory, and offering same day shipping, Industrial Supply has become a preferred supplier for many of its large wholesale electrical distributor customers. Industrial Supply s assets are primarily comprised of inventory, accounts receivable and intangible assets, and its liabilities are primarily comprised of trade payables, a line of credit and long-term debt.

Other pertinent business factors include:

- Industrial Supply s business is seasonal with higher sales volume occurring during the summer months as weather conditions drive increased electrical usage;

- Industrial Supply s business operates in a highly fragmented market with hundreds of competitors, although few have the depth of inventory or national presence it does; and

- Industrial Supply does not sell used circuit breakers, nor does it refurbish circuit breakers.

As of October 24, 2014, we have engaged a financial advisor to assist us in exploring strategic alternatives for NABCO, which may result in its disposition.

Special Situations. In 2013, we decided to reduce activities in this segment to focus on growth through acquisitions and organic efforts within Industrial Supply. Prior to such decision, Special Situations selectively acquired sub-performing and nonperforming commercial and industrial loans, leases and mortgages, typically at a discount to unpaid principal balance. It also considered originating secured debt financings to middle market companies for a variety of situations, including supporting another transaction such as an acquisition, recapitalization or restructuring, and took positions in corporate bonds and other structured debt instruments, which were generally sub-performing or nonperforming. Based on periodic analyses of individual investments and portfolios, Special Situations also opportunistically exited investment positions when the benefits of holding the assets no longer outweighed the benefits of selling them. As of September 30, 2014, Special Situations maintains a small portfolio of commercial real estate loans and a nonmarketable preferred equity investment in a private company, each of which is classified in other noncurrent assets. Our management does not expect the significant deployment of additional capital in this segment in the foreseeable future.

Discontinued Operations. Our operations include a discontinued operations segment, where SGGH, LLC holds and manages certain assets and liabilities related to the former businesses of Fremont General Corporation (Fremont) and its primary operating subsidiary, Fremont Investment & Loan (FIL). Under our business strategy, we expect to redeploy proceeds from the sale of assets of discontinued operations in our continuing operations. These assets and liabilities are being managed to maximize cash recoveries and limit costs and exposures to the Company.

Discontinued operations also include expenses and liabilities associated with various litigation matters that pertain to Fremont s prior business activities. As of September 30, 2014, SGGH, LLC was a party to twenty-five defensive cases involving individual home borrowers, the majority of whom are contesting foreclosure against the loan servicer and current mortgage owner, and where Fremont has been named in the matter as the originator of the mortgage. We are also involved in two defensive cases involving former Fremont executives seeking severance claims. We have also received notices for defense, contribution and indemnification from investment banks and other counterparties who purchased Fremont loans and are currently defendants in litigation matters to which we are not a party. For more information on the material legal proceedings in which we are involved, please refer to our Annual Report on Form 10-K for the year ended December 31, 2013 and subsequent Quarterly Reports on Form 10-Q, which are incorporated herein by reference.

The largest discontinued operations liability is a residential loan repurchase reserve. As of September 30, 2014, the repurchase reserve liability was $5.8 million. This liability represents estimated losses SGGH, LLC may experience from repurchase claims, both known and unknown, if a court were to conclude that certain representations and warranties provided by FIL, Fremont s California industrial bank subsidiary, to counterparties that purchased the residential real estate loans that FIL originated, predominantly from 2002 through March 2007, were breached. Our notes to our financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013 and subsequent Quarterly Reports on Form 10-Q are incorporated herein by reference.

In April 2014, the sales efforts to dispose of Cosmed, Inc. (Cosmed), our small majority-owned company, which owns the product formulations for a line of skin care products, was suspended. Cosmed s assets, liabilities and results of operations have been reclassified to continuing operations and are now included in corporate and other.

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Business Strategy

Our business strategy is to acquire controlling interests in operating companies that leverage the strengths of our platform, including our status as a public company, our sizable tax assets, and the experience of our executive management team. We plan to acquire companies that are consistently profitable and accretive to earnings. In considering acquisition opportunities, we seek businesses with management teams that have shown success through the business cycle, built strong margins and defensible market positions. We regularly consider acquisitions in what we view as undervalued industries, as well as businesses with underlying value we believe to be misunderstood by the marketplace.

We believe the GRSA Acquisition is consistent with our strategy. Should the GRSA Acquisition not be consummated, we plan to continue our acquisition strategy. Given our present size and operations, the GRSA Acquisition will represent a significant transaction for the Company if it is consummated. We anticipate that it will take us a period of time to integrate and incorporate GRSA into the Company, even as a largely stand-alone operating segment. Certain members of our management will focus on transition until it is materially completed. As discussed further in Business Management Strategy below, following the completion of the GRSA Acquisition, we will work closely with GRSA management to accomplish the business objectives and operating strategies of GRSA described in this prospectus supplement.

We expect to continue to evaluate additional attractive acquisition opportunities that may or may not have any strategic relationship with GRSA, as permitted by the terms of our Financings. See The GRSA Acquisition and Financings The Financing Arrangements for more information. Similar to the GRSA Acquisition, we expect that most, if not all of our future acquisitions would be separately financed. We anticipate structuring any such financing to minimize the impact on our other businesses. At the holding company level, we may enter into financing arrangements, issue securities, or provide other financial support under terms that would limit us from additional acquisitions until such financing arrangements are repaid.

A key element to our business strategy is utilizing our federal and state NOLs, predominantly generated by Fremont s legacy businesses, by becoming a profitable enterprise through the implementation of our business plan. As of December 31, 2013, we reported federal NOLs of approximately $932.8 million, which will begin to expire if not used by 2027. The ultimate realization of our deferred tax assets, including our federal and state NOLs, depends on our ability to generate future taxable income. As a result of generating losses since 2006, among other factors, we determined that sufficient uncertainty exists as to the realizability of our net deferred tax asset and have placed a full valuation allowance on the use of our NOLs.

In order to preserve the availability of our NOLs, our Amended and Restated Bylaws include, and the amended and restated bylaws of Signature Nevada included, the Tax Benefit Preservation Provision which imposes trading restrictions on any persons who own, or as a result of a transaction would own, 4.9 percent or more of our common stock in order to reduce the risk that any change in ownership might limit our ability to utilize the NOLs under Section 382 of the Tax Code and thereby suffer limitations on our future ability to utilize our federal and state NOLs. Nevertheless, it is possible that we could undergo a future ownership change, either by events within or outside of our control. For more information on the Tax Benefit Preservation Provision, see The Offering NOL Preservation Strategy and Risk Factors Risks Related to Our Business Our ability to use our U.S. federal NOLs to offset future taxable income may be limited as a result of past events, the GRSA Acquisition or the Financings, or as a result of future acquisition or other issuances or transfers of our common stock.

Management Strategy

In conjunction with our business strategy of making acquisitions, as described above, our management strategy involves proactive strategic, financial and operational support for the management and operations of our business units. Particular areas in which we may provide assistance to our business units include:

- recruiting and retaining talented managers to lead our businesses;
- monitoring financial and operational performance, instilling consistent financial discipline, and supporting management in the development and implementation of information systems to effectively achieve these goals;
- assisting management in developing their analyses and pursuit of prudent organic growth strategies;
- evaluating capital investments to expand geographic reach, increase capacity, or otherwise grow service or product offerings;
- identifying and working with management to execute attractive acquisition opportunities in their respective sector or industry; and
- assisting management in controlling and right-sizing operating costs.

As part of our business and operating strategy, we may dispose of businesses or assets we own from time to time via sale, liquidation or other means when attractive opportunities arise that outweigh the potential future value we believe such businesses or assets can bring to us. As such, our decision to dispose of businesses or assets is based on our belief that doing so will increase stockholder value to a greater extent than through our continued ownership of such businesses or assets. As noted above, as of October 24, 2014, we have engaged a financial advisor to assist us in exploring strategic alternatives for NABCO.

Competition

As an entity seeking to acquire middle market companies, we compete in a diverse market with a wide spectrum of capital providers, including private equity funds, investment banks, public and private funds, hedge funds, and high net worth individuals and their family offices. Additionally, we compete with operating companies who seek to make acquisitions for strategic purposes. Many of Signature s existing and potential competitors for acquisitions are substantially larger, have greater technical and marketing resources, possess industry-specific overlaps with potential targets, and have longer standing reputations in the marketplace for acquisitions.

Our Industrial Supply operation serves the replacement market for circuit breakers, which is highly competitive and fragmented, with several hundred electrical component and circuit breaker competitors serving this market, ranging from local hardware stores to mass merchant retailers and large wholesale electrical distribution companies. The product offerings and levels of service from the other circuit breaker providers with whom we compete vary widely. We compete with many circuit breaker providers on a regional and local basis. While we sell from nine North American warehouse distribution locations shipping approximately 5,500 SKUs, most of our direct competitors are smaller single location companies that focus on a specific geographic area or feature a select product offering, such as a particular line of circuit breakers. In addition to the direct competition with other circuit breaker providers, we also face, on a much more limited basis, competition from distributors and manufacturers that sell products directly, or through multiple distribution channels, to end users or other resellers. In the markets we serve, competition is primarily based on product line breadth, quality, product availability, service capabilities and price.

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For additional information regarding our business, including our employees, customers, markets, and properties, please refer to our Annual Report on Form 10-K for the year ended December 31, 2013 and subsequent Quarterly Reports on Form 10-Q, which are incorporated herein by reference.

The Global Recycling and Specification Alloys Business

GRSA is a global leader in third-party aluminum recycling, which includes the processing of scrap aluminum and by-products and the manufacturing of wrought, cast and specification or foundry alloys. GRSA offers a broad range of products and services to wrought alloy processors, automotive original equipment manufacturers (or OEMs) and foundries and casters. Industries served include automotive, consumer packaging, steel and durable goods, aerospace and building and construction. It processes scrap aluminum and by-products and delivers the recycled metal in liquid or solid form according to its customers specifications. Its facilities are capable of processing industrial (new) scrap, post-consumer (old/obsolete) scrap, and various aluminum by-products, giving it a great degree of flexibility in reclaiming high-quality recycled aluminum for its customers. GRSA currently operates 24 facilities strategically located throughout North America and Europe and had approximately 1,600 employees as of December 31, 2013. For the twelve months ended September 30, 2014, its revenues were $1.5 billion, its Standalone Adjusted EBITDA was $84.1 million, its net income attributable to Aleris was $33.6 million and its volume was 1,204 kilotons (kt).

Value Chain

GRSA conducts business with its customers primarily through tolling arrangements and buy/sell arrangements. Under tolling arrangements, customers pay GRSA a fee to convert aluminum scrap or by-products into usable recycled metal. Tolling arrangements, whether with manufacturing customers or broker customers, benefit GRSA by providing commodity price risk reduction, earnings stability, and consistent returns on invested capital given the reduced associated working capital needs. Under buy/sell arrangements, GRSA buys scrap units in the open market, including from scrap dealers, its customers and other producers, then processes them and sells wrought or cast alloys produced to the customers specifications. GRSA processed approximately 450 kt in North America and 190 kt in Europe through tolling arrangements, which represented 53% of GRSA s overall volume for the twelve months ended September 30, 2014. In addition, GRSA processed approximately 380 kt in North America and 180 kt in Europe through buy/sell arrangements, which represented 47% of its overall volume for the twelve months ended September 30, 2014.

GRSA is a trusted partner in the aluminum recycling industry and has long-standing relationships with a diverse customer base, including many blue-chip multinational companies. Many of its customers, and all of its top 10 customers, have closed-loop arrangements with

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GRSA. Under these types of arrangements, customers provide GRSA with aluminum scrap and by-products generated by their operations, and GRSA converts the scrap and by-products into usable recycled aluminum metal that is returned to the customers. Typically, these closed-loop arrangements are done through tolling arrangements, though they can also be done through buy/sell arrangements. Closed-loop arrangements benefit GRSA s customers by enabling them to maximize utilization of their own metal (which is usually their lowest cost alternative), optimize operational efficiencies and minimize by-product waste. The closed-loop business model also allows GRSA to be highly integrated into its manufacturing customers supply chains, further strengthening its relationships with such customers. GRSA believes that it is a leader in closed-loop arrangements.

The ability to use diverse types of scrap and source such scrap effectively allows GRSA to improve its business performance. Its centralized purchasing function within each of its operating regions, combined with its broad geographic footprint, allows GRSA to leverage its purchasing expertise and scale to secure the lowest cost aluminum scrap available for its buy/sell operations. Its well-maintained facilities have been equipped with a broad range of pre-processing equipment such as shredders, dryers and mills, thereby increasing their flexibility and enabling the processing of multiple grades of scrap and by-products to optimize metal purchases and minimize input costs. This increased flexibility in raw material input mix improves margins and helps to insulate GRSA in periods of unfavorable market conditions while creating significant benefits during upcycles.

With its extensive footprint and strategically located facilities in North America and Europe, GRSA is able to effectively serve its global blue-chip customers as well as its regional and local customers. Most of GRSA s operations are located near its customers facilities, allowing for closed-loop arrangements and making GRSA an integral part of its customers supply chain. At 12 of its facilities, this close proximity allows GRSA to deliver just-in-time molten metal for direct use in customers operations, which differentiates GRSA from many of its competitors. In 2013, a significant portion of GRSA s volume was delivered in molten metal form. This capability provides savings by maximizing production efficiency, reducing costs, and reinforcing the integrated nature of GRSA s relationships with its customers. With its multi-location operation, GRSA is able to process a portion of its volume under swap arrangements, under which GRSA takes scrap or by-products from its customer in one location and delivers recycled metal back to that customer in a different location and/or alloy.

As a leader in third-party aluminum recycling, GRSA s scale, broad geographic footprint across two continents and comprehensive product and service offerings positions GRSA to capitalize on favorable industry trends. Unlike other metals, aluminum is infinitely recyclable without any loss of quality, thus making recycled or secondary aluminum just as desirable and usable as primary aluminum. This characteristic, coupled with increasing global demand for aluminum and long-term secular growth in key end markets, provides a positive macro environment for GRSA s growth plans. According to the Freedonia Group, global aluminum demand is projected to grow at 5.4% per year from 2012 to 2022. More specifically, in the automotive sector, which represented approximately 62% of GRSA s volumes for the year ended December 31, 2013, aluminum consumption is expected to grow by over 17% per year from 2012 to 2017, largely driven by the lightweighting of vehicles to meet new regulatory standards. In addition to growing demand in GRSA s key end markets, recycled aluminum is expected to grow at a faster rate than primary aluminum production in North America and Europe, which is largely driven by the cost and energy efficiency of recycling aluminum. By 2022, secondary aluminum production is expected to comprise nearly 50% of all aluminum production in North America and Europe.

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GRSA Business Unit Overview

GRSA has historically operated through two segments (referred to herein as business units): Recycling and Specification Alloys North America (RSAA) and Recycling and Specification Alloys Europe (RSEU). Signature has not determined whether to report these as separate segments in the future. The following data show GRSA s volume invoiced (1,222 kt) by key end markets for the year ended December 31, 2013 as well as summarize GRSA s key operating metrics for the twelve months ended September 30, 2014.

Volume Invoiced by End Market

For the year ended December 31, 2013

(For the last twelve months September 30, 2014, $ in millions except per ton amounts, volume in kt)	**RSAA**	**RSEU**
Volume Invoiced	831 kt	373 kt
% of Volume Tolled	*54%*	*51%*
Revenues	$974	$556
Contribution Margin(1)	$272	$172
Contribution Margin per ton invoiced	*$327*	*$461*
Standalone Adjusted EBITDA(2)	$63	$22
Standalone Adjusted EBITDA per ton invoiced	*$75*	*$58*
Products	Molten, sows, ingots, deox, slag conditioners, desulfurizers	Molten, ingots, sows, deox, oxides
Facilities	18	6
Selected Customers	Alcoa, Kaiser Aluminum, Sapa, Hydro, Aleris, Chrysler, General Motors, Honda, Nemak	Daimler, Volkswagen, Hydro, Novelis, Nemak

(1) For an explanation of how GRSA calculates contribution margin, see note (3) to Summary Summary Combined and Consolidated Historical Financial and Other Data of GRSA.

(2) For a reconciliation to segment income, the most comparable GAAP measure, see note (4) to Summary Summary Combined and Consolidated Historical Financial and Other Data of GRSA.

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GRSA Competitive Strengths

Global Leader in Aluminum Recycling. GRSA is a global leader in third-party aluminum recycling, which includes the processing of scrap aluminum and by-products and the manufacturing of wrought, cast and specification or foundry alloys. GRSA operates 24 facilities strategically located in six countries across North America and Europe, supporting a diverse customer and revenue base and making it the leader on both continents. GRSA s extensive footprint allows it to serve global as well as regional and local customers and creates significant benefits of scale where it can optimize sales and purchasing decisions. GRSA has the highest production capacity within the fragmented third-party recycling industry in North America and Europe (which excludes in-sourced recyclers), with 59 rotary and reverberatory furnaces capable of processing 1.9 million tons of recycled aluminum and specification alloys per year.

Stable Cash Flow Through Tolling, Hedging and Contractual Cost Pass-Throughs. GRSA believes that a significant portion of its margin is protected from commodity price swings by tolling arrangements, hedging arrangements, and contractual pass-throughs of key input costs. For the twelve months ended September 30, 2014, approximately two-thirds of GRSA s volume was sold under tolling arrangements or was hedged to mitigate metal price risk. The tolling arrangements also generate consistent returns on invested capital given the minimal associated working capital needs and the direct pass-through of other costs. Exposure to commodity price fluctuations is further limited by a significant focus by management on commercial positions and high inventory turns.

Increased Operational Flexibility Provides Ability to Optimize Performance Through Market Cycles. GRSA believes that it is one of the lowest cost operators in the aluminum recycling industry with significant flexibility to shift input and product mix and manage costs. GRSA has benefitted from investments in many of its facilities over the last three years. Since 2011, GRSA has invested $14 million to upgrade and expand its pre-processing equipment, which allows it to process a wide range of aluminum scrap. These investments have increased pre-processing capacity by 56% since 2011 and enhanced GRSA s profitability. The increased flexibility also helps to insulate GRSA in periods of unfavorable market conditions.

GRSA has also made significant investments to upgrade its melting capabilities. Since 2011, GRSA has invested $20 million in its melting operations, which has further allowed it to increase operational efficiency. GRSA s melting operations use rotary and reverberatory furnaces which can be used to produce different alloys, improving GRSA s efficiency and utilization rates in variable market conditions. GRSA further enhances its processing flexibility and cost advantages with a centralized purchasing function within each region that leverages its purchasing expertise and knowledge of regional dynamics to secure the lowest cost aluminum scrap available for its operations.

Wide Range of Products and Services. GRSA has a leading ability to process a wide range of aluminum materials and deliver products in numerous forms for a variety of end uses. Its broad portfolio of products and services enables it to address virtually all of the aluminum recycling and alloy needs of its customers. These products include molten aluminum, aluminum ingots, sows, deox granules and cones, slag conditioners, desulfurizers and magnesium products. GRSA believes its products and services differentiate it from its competitors.

Molten Metal Delivery Provides Further Integration with Customers. GRSA has significant capabilities and capacity to deliver molten metal for direct use in customers operations. Molten aluminum is delivered in crucibles on customized trucks, and poured directly into a customer s furnaces or casting operations. This process improves the customer s productivity by reducing costs, energy requirements and time associated with re-melting metal from a solid form. In some instances, this capability has allowed GRSA s customers to effectively eliminate their own melting operations. GRSA has the unique ability to service multiple key manufacturing corridors in North America and Europe from 12 facilities that are equipped to ship molten metal. GRSA s sophisticated logistics planning and strategic footprint help to optimize the molten metal delivery process to its customers, which, in some cases, includes hourly deliveries. Molten metal delivery requires a sophisticated supply chain because, on average, molten metal cools by approximately 80 degrees Fahrenheit for every hour out of the furnace, which limits time and transport distance (approximately 250 miles) for shipments. In 2013, approximately 40% of its volume was delivered in a molten state, making GRSA a global leader in just-in-time molten aluminum delivery. Delivering molten metal not only reinforces the integrated nature of its relationship with its customers, but also provides GRSA with a significant competitive advantage.

High Quality and Diversified Customer Base. GRSA is a trusted partner in the aluminum recycling industry and has long-standing relationships with many blue-chip multinational companies, which include leading global wrought alloy processors, automotive OEMs, as well as leading foundries and casters. GRSA believes that its customers choose GRSA for its unmatched scale, breadth of capabilities, full range of product and service offerings, high quality product, consistently excellent customer service and ability to supply qualified material from multiple locations. As a result of its highly integrated supply model, GRSA s average customer relationship spans more than 10 years, and GRSA has renewal rates of approximately 95% with its top customers since 2010. In addition, the knowledge gained from long-term customer relationships has helped GRSA to better serve its customers and anticipate industry trends. GRSA s relationships with both recycling and specification alloys customers, along with its flexible operations, allow it to shift its production mix between these groups based on prevailing market conditions.

Significant Market Opportunities Driving Growth. According to the Freedonia Group, the global demand for aluminum is projected to grow at 5.4% per year from 2012 through 2022, driven by rapid demand growth in several end uses such as automotive, aerospace and building and construction. More specifically in the automotive sector, which represented 61% of GRSA s volumes in 2013, aluminum consumption is expected to grow by over 17% per year from 2012 to 2017, largely driven by the lightweighting of vehicles to meet new regulatory standards. In recent years, several of GRSA s customers have announced capacity expansion plans in their rolled products businesses in both North America and Europe, and in some cases have already begun production at new facilities. These customers will likely need additional recycling services going forward. It is estimated that global secondary aluminum demand will grow at 6.7% per year between 2012 and 2022. GRSA has significant capacity, which positions it well to capture this future growth. GRSA believes that it will be able to capture incremental volumes from many of its existing customers without material incremental capital expenditures.

Experienced and Proven Management Team. GRSA has a team of seasoned senior management that is well recognized in the aluminum recycling industry and has collectively more than 175 years of industry experience. This management team has streamlined business operations and has experience operating through different business cycles. With the development and introduction of new products and the demonstrated ability to evaluate and execute opportunistic acquisitions, the management team has positioned GRSA to achieve growth alongside its customers. Since 2011, they have improved productivity through targeted capital expenditures and operational programs.

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GRSA Strategic Objectives

Continue To Drive Productivity. GRSA s culture is built on maintaining its industry leading facilities and operating capability to best service its customers. GRSA focuses on continuous improvement, attention to potential impacts on cost and margin, and optimizing the use of capital resources. Key operating metrics are evaluated on a plant by plant basis, and GRSA strives to achieve best practices both internally and in comparison with external benchmarks. GRSA utilizes various tools and systems, to drive sustainable productivity improvements. GRSA s productivity programs generated approximately $17 million and $18 million, respectively, of productivity improvements during the years ended December 31, 2013 and 2012. GRSA believes that there are opportunities to further reduce its manufacturing and other input costs, which will continue to improve profitability. GRSA further believes that these initiatives will generate productivity gains, with a target of, at a minimum, offsetting base inflation within its operations.

Maximize Operating Flexibility. GRSA has invested approximately $34 million in its plants since 2011 to enhance its pre-processing and melting capabilities. These investments have allowed GRSA to upgrade its product portfolio and increase its operational flexibility to quickly adjust its product and service offerings to maximize profit. These investments, coupled with its extensive global footprint, allow GRSA to efficiently serve all portions of the third-party recycling space while maintaining the flexibility to remain profitable in challenging market environments. GRSA intends to leverage these existing investments and the resulting enhanced flexibility they provide, as well as pursue new opportunities to increase optionality in its business.

Grow With Key Customers. GRSA intends to continue to pursue global expansion opportunities with key customers in a disciplined, deliberate manner. Additionally GRSA management believes that the combination of efficient furnaces, processing techniques and global customer base provides GRSA with a highly cost-competitive business model that is capable of operating in emerging economies. Further**,** as a non-affiliated operator after the proposed GRSA Acquisition, GRSA believes it will be well positioned to gain additional business from its larger customers that currently compete with its current parent, Aleris.

Limit Exposure to Commodity Price Fluctuations. GRSA continuously seeks to reduce the impact of aluminum price fluctuations on its business by:

- Pursuing tolling arrangements that reduce exposure to aluminum and other commodity price fluctuations where customer metal is available and which accounted for approximately 53% of the total metric tons invoiced for the year ended December 31, 2013;

- Hedging fixed price forward sales with the use of financial and commodity derivatives to protect transaction margins, which are margins associated with the sale of products and the conversion fees GRSA earns on such sales; and

- Maximizing alignment between metal purchase prices and pricing on finished products GRSA produces for its customers.

These techniques minimize both transactional margin and inventory valuation risk. Additionally, GRSA seeks to reduce the effects of commodity input price volatility primarily through the use of price escalators and contractual cost pass-throughs.

Opportunistically Pursue Acquisitions. Since 2005, GRSA has grown significantly through the successful completion of six strategic acquisitions targeted at broadening product offerings

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and geographic presence, diversifying its end-use customer base and increasing its scale and scope. GRSA believes that a number of additional acquisition opportunities exist in the industries in which it operates. GRSA focuses on acquisitions that it believes would allow it to increase earnings and help it realize significant operational efficiencies within 12 to 24 months of the integration process. GRSA evaluates these opportunities as potential enhancements to its existing operating platforms. GRSA also considers strategic alliances, where appropriate, to achieve operational efficiencies or expand its product offerings.

GRSA Industry Overview

Aluminum Market Fundamentals. Demand for aluminum is experiencing a long-term secular growth trend in automotive, building and construction, aerospace and consumer packaging end markets, augmented by the substitution of aluminum for steel across a range of end products. According to the Freedonia Group, global aluminum demand is projected to grow at a compounded rate of approximately 5.4% per annum, from approximately 62.2 million tons in 2012 to approximately 104.9 million tons in 2022. China is expected to continue to drive global aluminum consumption and account for approximately 43% of the overall demand by 2017. North America and Europe are projected to account for approximately 32% of the overall demand by 2017.

A number of the aluminum end markets in North America and Europe are expected to deliver strong growth over the period of 2012 to 2017, according to industry sources. Aluminum demand from the automotive, building and construction, aerospace and consumer packaging end-uses are expected to grow at an estimated 17.6%, 4.7%, 4.2% and 1.9%, respectively.

Source: Freedonia Group, CRU

The supply and demand position of the global aluminum market is expected to tighten from a net surplus position of approximately 1.6 million tons in 2011 to a net surplus position of approximately 0.1 million tons by 2014, according to Wood Mackenzie. Prices for physical aluminum have responded positively to such shifts in supply and demand, with both the Mid-West Premium (U.S.) and Rotterdam Premium (Europe) increasing from an average of $0.11 and $0.12 per pound, respectively, in 2013 to $0.19 and $0.17 per pound, respectively, for year-to-date September 30, 2014.

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Aluminum Recycling Sector. Aluminum is unique in that recycled aluminum is identical in quality to primary aluminum and can be infinitely recycled. If effectively sorted and processed, aluminum products can be recycled for use in most aluminum applications with no degradation in quality.

Production of secondary aluminum is expected to grow at approximately 6.7% between 2012 and 2022, faster than that of primary aluminum, which is expected to grow at approximately 4.5% over the same period. The growth in aluminum recycling and secondary aluminum production is mainly driven by favorable economics relative to primary aluminum production and a movement toward sustainability.

The largest non-raw material input cost when producing primary aluminum is electricity. Most of the energy required for the production of primary aluminum is embodied in the metal itself, and thus, in the scrap. Consequently, aluminum produced from recycling requires approximately 10% of the energy required to produce primary aluminum. In addition, scrap aluminum generally contains other alloying agents, which reduces the need to purchase other primary metals. In aggregate, the aforementioned reusability and cost savings of secondary aluminum relative to primary aluminum are expected to drive increased recycling rates. In addition, as the aggregate amount of aluminum in circulation is expected to grow from approximately 600 million tons today to approximately 1,000 million tons by 2020, the aluminum recycling industry is expected to grow as well and supply up to nearly half of all aluminum production by 2022.

Source: Freedonia Group, October 2013

Aluminum Scrap Sector. Aluminum scrap possesses the same metal qualities as the fabricated or semi-fabricated product from which it was generated. Scrap types include both new scrap, or scrap created in the industrial manufacturing process and old scrap (i.e. post-consumer aluminum-based products such as used beverage cans). Old scrap also includes twitch (i.e. shredded car parts); old cast (i.e. engine blocks); and old sheet, among others. Depending on the type of scrap, the material may require pre-processing to remove contaminants before it can be melted in a furnace.

Demand from China has been a significant driver of the growth in U.S. aluminum scrap exports over the past decade. As a result of China s increased consumption, the global supply of scrap tightened, leading to higher scrap costs and lower recycling margins, particularly between 2011 and 2013. In February 2013, China launched Operation Green Fence , an initiative to prevent the importation of solid waste-contaminated shipments. With the implementation of Operation Green Fence, the demand for aluminum scrap exported from the U.S. to China eased, which translated into better availability of aluminum scrap and more favorable economics for domestic U.S. aluminum recyclers. GRSA s capital investment program has focused on adding pre-processing capacity that is specifically suited to process lower quality scrap and, as a result, GRSA believes its business has benefitted from this dynamic.

GRSA Products and Services

Process Flow Overview

GRSA s manufacturing process includes the following:

1. Procuring scrap and other by-products for input materials

2. Shredding, drying, milling and blending of aluminum scrap and by-products

3. Melting and casting of input materials

4. Delivering processed products (see Products below) according to customer specification

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Key Processes

Pre-processing

GRSA utilizes pre-processing equipment at multiple facilities within its network to dry, shred and remove undesired metals and other impurities from scrap, dross and salt cake prior to putting the material into a furnace to melt. Pre-processing equipment can be grouped into the following three classifications:

1. Dryers dryers utilize heat and / or centrifugal force to remove moisture from scrap (typically turnings)

2. Shredders shredders use rotating hammers, blades and other impacting devices to reduce the size of scrap (typically castings and sheet)

3. Mills mills use a multi-step process that includes rotating barrels and impactors to separate the metallic aluminum from the aluminum oxide in black dross and salt cake

Pre-processing allows GRSA to utilize a wide range of scrap and by-product inputs, which increases input optionality and improves recovery of aluminum. Historically, scrap types that require pre-processing are less likely to be exported and thus often produce higher metal margins.

Melting

GRSA s melting operation processes and converts new aluminum scrap, old aluminum scrap, and other by-products from aluminum production (such as dross) and delivers the recycled metal in molten or solid form to its customers. These operations consist of a network of facilities that utilize 59 rotary and reverberatory melting and holding furnaces in North America and Europe with a combined operating capacity of 1.9 million tons per year. Rotary furnaces are operated primarily in a batch fashion while reverberatory furnaces are operated in a flow process.

Rotary furnaces are used to process dross, as well as other types of aluminum scrap. All of GRSA s rotary furnaces are able to tilt and rotate about a fixed axis, which reduces the exposure of material to the flame, improving the melting rate and facilitating metal and oxide separation. Flux (a mixture of salt and potash) is used to trap and hold impurities which then become part of the salt cake which is the by-product of rotary furnaces.

Reverberatory furnaces are refractory lined steel boxes that consist of one or more melting chambers and can be fixed or tilting. The primary role of reverberatory furnaces is to serve as melting, blending and holding vessels for molten metal. Reverberatory furnaces are often used together with rotary furnaces to maximize scrap yield and optimize metal composition. The primary by-product of reverberatory furnaces is black dross.

Once melted, the aluminum scrap, dross and other alloying agents are in liquid form and are then either delivered to customers in solid forms (ingots, sows, cones or granules) or in molten form via crucibles.

	Rotary Furnaces	**Reverberatory Furnaces**	**Facilities that Ship Molten**	**Pre-Processing Equipment**
Number	*29*	*30*	*12*	*20*
Total Capacity	*~960 kt per annum*	*~960 kt per annum*	*N/A*	*N/A*

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Products

GRSA s product offering includes the following:

					Others	
Product:	**Molten**	**Ingots**	**Sows**	**Deox**	**Fabricated Products**	**Magnesium Recycling**
Illustrative Customers:	**Aluminum rolling mills, automotive OEMs, casters**	**Automotive OEMs, casters**	**Aluminum rolling mills, automotive OEMs, casters**	**Steel mills**	**Steel, aluminum and specialty metal facilities**	**Casters**

Quality Control

GRSA applies a systematic quality assurance process to the entire process chain. GRSA utilizes industry recognized quality tools such as root cause problem solving, six sigma, as well as integrating employees into continuous improvement teams. The majority of the GRSA plants have International Organization for Standardization (ISO) quality certifications as well as multiple supplier certifications that enable GRSA to service its key customers.

Sales and Marketing

GRSA reaches its customers primarily through separate sales forces in North America and Europe. Within each region, the sales teams are split into recycling and specification alloys. Each regional sales force is organized geographically. The majority of the volume of GRSA is sold to end users through its direct sales force, with a small percentage of the volume is sold through agents and brokers.

Each regional sales organization consists of key-account managers and sales managers who cover the breadth of GRSA s product portfolio and receive support from customer service, technical support and plant personnel. The regionalized sales teams drive growth and customer satisfaction by striving to ensure that all customers metal needs are met. Salespeople undergo technical and commercial training, and develop relationships with both customer purchasing managers and operational personnel.

The sales leaders of GRSA also have managerial control over the metal purchasing and supply chain organizations, which allows for centralized control over metal margin.

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Locations

GRSA operates 24 facilities, of which 22 are owned and two are leased. Most of the facilities run 24 hours per day, 7 days per week. One of our leased locations, the Goodyear, Arizona facility, is held by IMSAMET of Arizona, a joint venture 70% owned by GRSA.

Employees

As of December 31, 2013, GRSA had 1,019 employees located at its facilities in North America and 595 employees in Europe. GRSA has no company sponsored defined benefit plans or post-retirement health care plans in its North American operations. In Europe, GRSA has five defined benefit plans, covering approximately 490 current employees and 125 retired employees.

Competition

The third-party aluminum recycling industry is highly fragmented, with a few participants in North America and in Europe operating multiple facilities, and many smaller aluminum recyclers that are single plant, family-owned businesses. GRSA believes that it is the largest third-party aluminum recycler in North America and Europe. Historically, GRSA has been able to compete effectively because of its extensive global footprint, significant production flexibility, superior range of products and services, operational efficiency and flexibility, knowledgeable and experienced management team, well-invested and strategically located facilities, and operational economies of scale. GRSA s main competitors for its RSAA business are Scepter Inc., Smelter Service Corporation, Tennessee Aluminum Processors, Inc., Owl s Head Alloys Inc., Imperial Aluminum, Superior Aluminum Alloys, LLC, Allied Metal Company, Audubon Metals LLC, Spectro Alloys Corporation, Beck Aluminum Corporation, Bermco Aluminum and Timco, a division of TST Inc. GRSA s main competitors for its RSEU business are Oetinger Aluminum, AMAG Austria Metall AG, Raffmetal SpA, Trimet Aluminum and Befesa. Many of GRSA s customers also recycle their own scrap. In the future, such customers may increase the amount of scrap they recycle, and other customers may recycle their own scrap, in lieu of using third party recycling services.

Seasonality

Certain of GRSA s end-uses are subject to seasonal changes and demands. GRSA experiences greater demand in the spring season due to stronger automotive and can sheet demand. Margins can be negatively influenced by weather due to its impact on scrap availability.

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Environmental

GRSA s operations are subject to federal, state, local and foreign environmental laws and regulations, which govern, among other things, air emissions, wastewater discharges, the handling, storage, and disposal of hazardous substances and wastes, the investigation or remediation of contaminated sites, and employee health and safety. These laws can impose joint and several liability for releases or threatened releases of hazardous substances upon statutorily defined parties, including GRSA, regardless of fault or the lawfulness of the original activity or disposal. Given the changing nature of environmental legal requirements, GRSA may be required, from time to time, to install additional pollution control equipment, make process changes, or take other environmental control measures at some of our facilities to meet future requirements. Currently and from time to time, GRSA is a party to notices of violation brought by environmental agencies concerning the laws governing air emissions.

MANAGEMENT

The Company

The following represents the present position of each of the following management team members of Signature.

Craig Bouchard

Chairman of the Board of Directors and Chief Executive Officer

Mr. Bouchard has served as our Chairman of the Board and Chief Executive Officer since June 2013. Mr. Bouchard is also Chairman of the Board and Chief Executive Officer of Cambelle-Inland, LLC, which he founded in 2013 to manage certain investment activities in China. Prior to founding Cambelle-Inland, LLC, in 2010, Mr. Bouchard founded Shale-Inland, a leading master distributor of stainless steel pipe, valves and fittings, and stamped and fabricated parts to the U.S. energy industry. Mr. Bouchard served as the Chief Executive Officer and later as the Chairman of the Board of Shale-Inland through 2012. Prior to this, Mr. Bouchard was President and Vice Chairman of Esmark, Inc., which he co-founded in 2004. From 1998 to 2003, Mr. Bouchard was the President and Chief Executive Officer of NumeriX, a risk management software company commanding a leading market share on Wall Street. Mr. Bouchard holds a Bachelor of Arts degree from Illinois State University, a Master of Economics degree from Illinois State University, and a Master of Business Administration degree from the University of Chicago.

Kyle Ross

Executive Vice President and Chief Financial Officer

Mr. Ross has served as our Executive Vice President and Assistant Secretary of Signature since June 2010, and as our Chief Financial Officer since March 2011. Mr. Ross was part of the management team that sponsored Fremont s reorganization process. Prior to participating in the Fremont bankruptcy, in 2004, Mr. Ross co-founded Signature Capital Partners, LLC, a special situations investment firm. Mr. Ross previously spent over four years with the investment banking firm Murphy Noell Capital. He was also responsible for managing the firm s analyst and associate staff. Mr. Ross holds a Bachelor of Science degree and a Bachelor of Arts degree from the Haas School of Business and the College of Letters and Science, respectively, at the University of California, Berkeley.

Chris Manderson

Executive Vice President, General Counsel and Secretary

Mr. Manderson has served as our Executive Vice President, General Counsel and Secretary since November 2012. In February 2009, Mr. Manderson founded Manderson, Schafer & McKinlay LLP, a law firm specializing in business and transactional law. From 2009 to 2010, Mr. Manderson and his firm represented the successful plan proponent against four competing plans of reorganization in the bankruptcy of Fremont General Corporation, resulting in its successful emergence from bankruptcy as our corporate predecessor Signature Group Holdings, Inc. (Nevada) and preservation of our NOLs. Mr. Manderson also represented the Company in its July 2011 acquisition of NABCO. Prior to that, he worked as a corporate lawyer, specializing in mergers and acquisitions and corporate law, at international law firms including Paul, Hastings, Janofsky & Walker LLP and Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Manderson holds a Bachelor of Arts degree from University of California, Santa Barbara and a Juris Doctor degree from the UCLA School of Law.

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GRSA

The following represent the present positions of each of the following management team members of GRSA. We envision that following our consummation of the GRSA Acquisition, each of the following GRSA management team members will continue to serve GRSA in the same positions.

Terrance Hogan

Senior Vice President and General Manager

Mr. Hogan has served as Senior Vice President and General Manager of GRSA North America since April 2008. From 2005 to 2008, Mr. Hogan served as Vice President and General Manager of Recycling North America and before that, as Vice President and General Manager of Europe and Brazil Recycling. Mr. Hogan joined Aleris in 2005 as a part of its acquisition of Alumitech and was President of Alumitech for 10 years until the acquisition by Aleris. He holds a Bachelor of Science Degree in Accounting from Alfred University in Alfred, New York. Mr. Hogan is currently Chairman of the Aluminum Association Casting and Recycling Division.

Russell Barr

Vice President and General Manager, Recycling and Specification Alloys Europe

Mr. Barr has served as Vice President and General Manager of Recycling and Specification Alloys Europe since January 2013. From October 2010 to December 2012, he was Vice President of Aleris Extrusions and prior to that he was European Director of Non-Metal Purchasing from 2009 to 2010. Prior to joining Aleris, Mr. Barr was Managing Director and owner of Triplex Components, a first tier automotive supplier, and he held various positions within DelaRue and BMW / Rover prior to that. Mr. Barr holds a Bachelor of Arts degree with honors in Business Studies from Oxford Brookes University and a diploma in Engineering Management from Warwick University (School of Manufacturing).

Michael Hobey

Vice President and Chief Financial Officer

Mr. Hobey has served as Chief Financial Officer of GRSA since January 2012. From July 2009 to December 2011, he was Vice President and Treasurer of Aleris. Mr. Hobey joined Aleris in June 2006 as Vice President, Corporate Development. Prior to that he was employed by Citigroup, where he was a Vice President in the Investment Banking Division at Citigroup Global Markets. Mr. Hobey worked for McDonnell Douglas and Boeing immediately following college. Mr. Hobey holds a Bachelor of Science degree in Mechanical Engineering from Brown University and a Master of Business Administration degree from the Sloan School of Management at the Massachusetts Institute of Technology.

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DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is not complete and may not contain all the information you should consider before investing in our capital stock. This description is summarized from, and qualified in its entirety by reference to, our amended and restated certificate of incorporation (the Charter) and Amended and Restated Bylaws, copies of which have been publicly filed with the SEC. See Where You Can Find More Information and Information Incorporated by Reference.

Our authorized capital stock consists of:

- 66,500,000 shares of common stock, $0.001 par value per share; and

- 10,000,000 shares of preferred stock, $0.001 par value per share.

Corporate History

At the beginning of 2014, the Company underwent a holding company reorganization and reincorporation from a Nevada corporation to a Delaware corporation (the Company) to take advantage of the benefits of Delaware corporate law and to provide the Company a better organizational structure for future acquisitions and management of existing operations. In this reincorporation, each outstanding share of common stock of Signature Nevada was automatically converted into one share of common stock of the Company.

Common Stock

Voting Rights. The holders of our common stock are entitled to one vote per share on all matters submitted for action by the holders of our common stock but not in respect of matters submitted for action only by the holders of any then outstanding series of preferred stock.

Dividend Rights. Subject to any preferential rights of any then outstanding preferred stock, all shares of our common stock are entitled to share equally in any dividends our Board may declare from legally available sources.

Liquidation Rights. Upon liquidation, dissolution or winding up of the Company, after payment in full of the amounts required to be paid to holders of any then outstanding preferred stock, all shares of our common stock are entitled to share equally (together with holders of any class or series of stock entitled to participate with the common stock in the distribution of assets) in the assets available for distribution to stockholders after payment or provision for payment of all of the Company s debts and liabilities.

Other Matters. The holders of our common stock do not have preemptive rights. The rights, preferences and privileges of holders of our common stock are subject to the terms of any series of preferred stock that may be issued in the future.

Transfer Agent

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Dividend

See Dividend Policy and Restrictions on Dividends for more information.

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Preferred Stock

Our authorized capital stock includes 10,000,000 shares of preferred stock, of which (i) 665,000 shares have been designated as Series A Junior Participating Preferred Stock (the Series A Preferred Stock) and are issuable pursuant to the Stockholder Rights Plan, described below and (ii) 100,000 shares we intend to designate as Series B Non-Participating Preferred Stock. Our Board is authorized to divide the preferred stock into series and, with respect to each series, to determine the designations and the powers, preferences and rights, and the qualifications, limitations and restrictions thereof, including the voting rights, dividend rights, redemption rights and terms, liquidation preferences, and conversion or exchange rights. Our Board could, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power of the holders of common stock and which could have certain anti-takeover effects. Subject to the rights of the holders of any series of preferred stock, the number of