SIGNATURE GROUP HOLDINGS, INC.
Form 424B5
November 17, 2014
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Registration No. 333-191020

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement, the accompanying prospectus, and the post-effective amendment are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 17, 2014

PROSPECTUS SUPPLEMENT

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

SIGNATURE GROUP HOLDINGS, INC.

3,700,000 Shares

Common Stock

We are offering 3,700,000 shares of our common stock. Our common stock is traded on the OTCQX Marketplace under the symbol SGGH. On November 14, 2014, the last reported sale price of our common stock was $10.05 per share.

This offering is being conducted in connection with the pending acquisition (the GRSA Acquisition) by our wholly owned subsidiary, SGH Acquisition Holdco, 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-23 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*	$	$

Underwriting discount	$	$
Proceeds to us, before expenses	$	$

* We refer you to the Underwriting section beginning on page S-144 of this prospectus supplement for additional information regarding underwriting compensation.

The underwriters may also purchase up to an additional 555,000 shares from us at the public offering price, less underwriting discounts and commissions payable by us, within 30 days from the date of this prospectus supplement. For more information, please see Underwriting.

The underwriters expect to deliver the common stock against payment in New York, New York on or about November , 2014.

Sole Bookrunning Manager

Deutsche Bank Securities

Co-Manager

B. Riley & Co.

The date of this prospectus supplement is November , 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, dated January 13, 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 securities or 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, with the Securities and Exchange Commission (SEC) 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 the 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.

This prospectus supplement, the accompanying prospectus and the accompanying post-effective amendment and the information incorporated herein and thereby by reference include trademarks, servicemarks and tradenames owned by us or other companies. The name Signature and our logo are our registered trademarks. Aleris is a registered trademark of Aleris. All trademarks, servicemarks and tradenames included or incorporated by reference in this prospectus supplement or the accompanying prospectus are the property of their respective owners.

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MARKET AND OTHER 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.

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, 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;
- 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;
- 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 good 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;

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.

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 2017.

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 acquisition subsidiary, SGH Acquisition Holdco, Inc. (SGHAH), 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. SGHAH 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 SGHAH 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. Each of the Company and Aleris made their required initial filings under the HSR Act on October 31, 2014 and received notice of early termination on November 10, 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.

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, (iv) the Rights Offering that is intended to generate net proceeds of not less than $125 million (less the amount

raised in this offering), (v) the net proceeds of the private placement of $300 million in senior secured notes (the Senior Secured Notes) by SGHAH or another wholly owned subsidiary to qualified institutional buyers and certain non-U.S. persons (the Senior Secured Notes Offering) and (vi) $70 million in opening draws on the combination of an asset-based lending facility provided by General Electric Capital Corporation and GE Capital Markets, Inc. (the Asset-Based Facility) and a German factoring facility (the Factoring Facility) provided by GE Capital Bank AG (all such transactions in clauses (ii) (vi), the Financings).

If the Rights Offering is fully subscribed, we would receive more than $125 million in aggregate net proceeds from this offering, the Rights Offering, and the October 2014 Private Placement, and intend to use such excess for general corporate purposes, which could include additional investments in GRSA. In the event this offering and the Rights Offering fail to raise aggregate net proceeds of at least $125 million, we have entered into (x) commitment letters 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 Backstop Commitment Letter) 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 GRSA and NABCO, borrowing 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 gross proceeds to SGHAH of $300 million, we have entered into commitment letters with Goldman Sachs Bank USA and Deutsche Bank AG Cayman Islands Branch for up to $300 million of senior secured bridge loans to be provided to SGHAH.

There can be no assurance that we or SGHAH 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 offering is not conditioned upon the completion of any other Financing.

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.

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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 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

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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 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.

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.

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.

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.

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 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

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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.

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)	3,700,000 shares
Common stock outstanding before this offering(2)	12,604,649 shares
Common stock to be outstanding after this offering(2)	16,304,649 shares
Option to Purchase Additional Shares	We have granted the underwriters an option to purchase up to 555,000 additional shares of our common stock. This option is exercisable at any time, in whole or in part, for a period of 30 days from the date of this prospectus supplement.
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. 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.
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 reported 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-23 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 12,604,649 shares of common stock outstanding as of November 14, 2014 and excludes an aggregate of 1,167,700 shares of common stock subject to outstanding options, 533,819 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 November 14, 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 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.

Unless otherwise indicated, all information in this prospectus supplement assumes the underwriters option to purchase additional shares of our common stock has not been exercised.

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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 profit (loss)	(24.7)	(19.2)	(10.8)
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	(40.1)	(35.0)	(8.7)
Earnings (loss) per share of common stock:			
Basic and diluted earnings (loss) per share	$ (1.41)	$ (1.23)	$ (0.30)
Weighted average shares outstanding during the period	28.5	28.5	28.8
Balance sheet data:			
Cash and cash equivalents			$ 16.3
Property, plant and equipment, net			282.0
Total assets			850.8
Total debt			390.1
Other financial data(1):			
Pro Forma Adjusted EBITDA(2)	$ 71.7	$ 52.3	$ 67.2
Pro Forma Adjusted Earnings (loss) from continuing operations(3)	(21.7)	(21.4)	8.8

(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)	
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	**$ (40.1)**	**$ (35.0)**	**$ (8.7)**
Interest	37.8	28.4	26.1
Income tax expense (benefit)	2.3	2.2	(4.0)
Depreciation and amortization	40.7	29.8	31.5
EBITDA	40.7	25.4	44.9
Change in fair value of Signature common stock warrant liability	7.0	8.5	(3.4)
Stock-based compensation expense related to Signature employees	2.1	1.5	1.0
Other items related to Signature (a)	(2.7)	(2.7)	0.9
Restructuring charges (b)	3.3	3.2	2.0
Unrealized losses (gains) on derivative financial instruments (c)	(0.8)	0.2	0.6
Earnings (loss) attributable to noncontrolling interest (d)	1.0	0.8	0.9
Loss/(gain) on disposal of assets (e)	1.3	0.7	1.7
Stock-based compensation expense related to GRSA employees (f)	1.0	0.9	0.9
Stock-based compensation expense related to non-GRSA employees (g)	3.8	2.8	2.7
Selling, general and administrative expenses allocated from Aleris not directly associated with the business (h)	12.6	8.6	9.5
Excluded facilities (i)	(3.3)	(2.2)	
Medical expense adjustment (j)	4.3	3.5	2.3
Extreme winter weather (k)			2.1
Other items related to GRSA (l)	1.4	1.1	1.1
Pro Forma Adjusted EBITDA	**$ 71.7**	**$ 52.3**	**$ 67.2**

(a) 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.

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

(c) 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.

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

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

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

(g) 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.

(h)

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.

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(i) 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.

(j) 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.

(k) 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.

(l) 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.	**$ (40.1)**	**$ (35.0)**	**$ (8.7)**
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	**$ (21.7)**	**$ (21.4)**	**$ 8.8**

(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

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(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

(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.

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 debt portions of the Financings and the Rights Offering, 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 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 the expiration or termination of the applicable waiting periods under the HSR Act, and certain Mexican competition laws, 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 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.

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 SGHAH 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.

We may be unable to obtain the regulatory approvals required to complete the GRSA Acquisition or, in order to do so, we may be required to satisfy material conditions or comply with material restrictions.

Consummation of the GRSA Acquisition is subject to review and approval by regulatory authorities, including pursuant to the HSR Act. Each of the Company and Aleris made their required initial filings under the HSR Act on October 31, 2014 and received notice of early termination on November 10, 2014. While we do not anticipate having difficulty obtaining the remaining approvals, there can be no assurance that we will obtain all required regulatory approvals. If a governmental authority or other party asserts objections to or challenges the GRSA Acquisition, we will use our reasonable best efforts to resolve any such objection or challenge to facilitate the consummation of the GRSA Acquisition. We have agreed to take all actions necessary to avoid or remove impediments to the transaction, including agreeing to divest assets, agreeing to restrictions on the business of the combined company and taking other actions to permit the consummation of the GRSA Acquisition. There can be no assurance as to the cost, scope or impact on our business, results of operations, financial condition or prospects of the actions that may be required to obtain regulatory approvals.

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

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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.

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.

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 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 the closing of the GRSA Acquisition. We presently anticipate that the GRSA Acquisition will be completed prior to January 31, 2015, after which time we will be subject to fees for extending the commitments under the Backstop Commitment Letters. There can be no assurance that the conditions to closing set forth in the Purchase Agreement will be met or waived on this timeline, or at all. 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 await the necessary governmental approvals, 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, 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 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 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 SGHAH, would have

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been approximately $390.1 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 SGHAH) 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 SGHAH 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.

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.

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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 offering and the other Financings to pay expenses incurred in connection with the GRSA Acquisition and to pay the purchase price for 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 relating 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 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.

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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 offering, the Rights Offering and each of the 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 the Rights 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

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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, North American Breaker Co. (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,

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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 reported 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 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 reported U.S. federal NOLs of approximately $932.8 million, which will begin to expire if not used by December 31, 2017. 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 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 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 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. 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 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.

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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.

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 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 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.

As of December 31, 2013, there remained 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.

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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

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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.

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.

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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 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

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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.

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;
- 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.

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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.

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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.

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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 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.

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

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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, SGHAH (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, SGHAH, 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 SGHAH, 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 this offering and to launch the Rights Offering that, if successfully consummated, would generate net proceeds to the Company of not less than $125 million, less the net proceeds we receive in this offering. SGHAH 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 SGHAH 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 on October 31, 2014 and received notice of early termination on November 10, 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 SGHAH, (ii) by Aleris or SGHAH if closing is prohibited by a governmental authority, (iii) by Aleris or SGHAH 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 SGHAH if the only remaining closing condition relates to satisfaction of competition law requirements), (iv) by SGHAH, 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 SGHAH, or (vi) if SGHAH 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 SGHAH 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 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.

SGHAH is required to pay Aleris a $26.25 million termination fee if Aleris terminates the Purchase Agreement: (i) due to SGHAH s incurable breach or a failure to perform any representation, warranty, covenant or agreement contained in the Purchase Agreement; (ii) due to SGHAH 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 SGHAH 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 SGHAH s incurable breach or a failure to perform any representation, warranty, covenant or agreement contained in the Purchase Agreement.

We have guaranteed all of SGHAH 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 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 SGHAH 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. SGHAH 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 SGHAH 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 offering and the Rights Offering do not generate at least an aggregate of $125 million in net proceeds for us. To the extent this 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 Notes Backstop 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 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 issued under the Notes Backstop Agreement (as defined below) 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 SGHAH 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 offering, (iv) the net proceeds of the Rights Offering, (v) the net proceeds of the private placement of $300 million in senior secured high yield debt securities in the Senior Secured Notes Offering by SGHAH or another wholly-owned subsidiary of SGHAH 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 this offering and the Rights Offering fail to raise net proceeds of at least $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.

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 Bank USA (Goldman Sachs), Deutsche Bank Securities Inc. (DBSI) and Deutsche Bank AG Cayman Islands Branch (together with DBSI, Deutsche Bank) 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 SGHAH 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).

SGHAH will be the borrower under the Bridge Loans, which will be guaranteed by SGHAH 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 will create in order to hold the equity of SGHAH (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 SGHAH and the Guarantors. The Bridge Loans will be secured by (a) a first priority security interest in (i) all assets of SGHAH and the Guarantors (other than those assets securing the Asset-Based Facility), (ii) 100% of the capital stock of SGHAH, its intermediate holding company and our subsidiaries that directly or indirectly own capital stock of SGHAH, each domestic subsidiary of SGHAH and each directly owned foreign subsidiary of SGHAH to the extent no adverse tax consequences would arise therefrom and (iii) 65% of the capital stock of each foreign subsidiary of SGHAH 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.

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 Notes Backstop) and the purchase of up to $45 million of common stock of the Company (the Equity Backstop and together with the Notes Backstop, 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 full Backstops only in the event that we are unable to raise net proceeds of $125 million from this offering and the Rights Offering. The first $45 million in net proceeds we raise in this offering, the Rights Offering and any sale of our NABCO business 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 Notes Backstop and the Backstop Preferred.

The Notes Backstop 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 SGHAH s stock (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 Notes Backstop.

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 and Notes Backstops, 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 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 (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 offering). However, our receipt of the Section 382 Opinion Letter is conditioned 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. 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 Notes Backstop, 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. (collectively, GE Capital), 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.

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, SGHAH, GRSA or their

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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, SGHAH, 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.

The Rights Offering

Subsequent to the closing of this 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 offering, one right to purchase such number of shares of our common stock at a price described below. The Rights Offering Record Date will be set at a date after, and will not be determined until after, the closing (or termination) of this 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 received by the Company in this offering and less the net proceeds received from the October 2014 Private Placement. If the Rights Offering is fully subscribed, we would receive more than $125 million in aggregate net proceeds from this offering and the Rights Offering, and 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 an offering price of $9.93 per share, the closing price of our common stock on November 13, 2014, and no exercise of the underwriters option to purchase 555,000 additional shares) and less the net proceeds of the $3 million October 2014 Private Placement, if the Rights Offering Record Date were November 14, 2014, our 10-day volume weighted average price of our common stock would be $10.00, the price per share in the Rights Offering would be $7.50 and the holder of each share of our common stock would receive the right to purchase 0.97 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.

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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, SGHAH, 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.

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 $ million, or approximately $ million if the underwriters exercise their option in full to purchase additional shares from us, in each case after deducting the estimated underwriting discounts and commissions and 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 3,700,000 shares of our common stock at a public offering price of $9.93 per share (the closing price of our common stock on November 13, 2014) of common stock, and no exercise of the underwriters option to purchase 555,000 additional shares of our common stock. The following table also estimates the net proceeds of this offering and the Rights Offering, collectively, to be $125 million. The sources of funds present gross proceeds of this offering, the Rights Offering and the October 2014 Private Placement, while the uses of funds include items such as underwriters 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 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 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)	300.0
Asset-Based Facility and Factoring Facility(3)	70.0
Rights Offering(4)	94.8
October 2014 Private Placement(5)	3.0
Common stock offered hereby(4)	36.7
Total sources of funds	$ 574.6

Uses of funds **(in millions)**	
Fund GRSA Acquisition(6)	$ 525.0
Estimated fees and expenses(7)	35.0
Pre-Funded interest reserve(8)	4.6

Excess Cash	9.9
Total uses of funds	$ 574.6

(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 gross proceeds from $300 million aggregate principal amount of Senior Secured Notes expected to be issued by SGHAH 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 price of 100% of their face value, resulting in $300 million of gross proceeds. 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 3.7 million shares of common stock in this offering at a public offering price of $9.93 per share, the closing price of our common stock on November 13, 2014 and (b) our receipt of the targeted $125.0 million amount of aggregate net proceeds in this offering and the Rights Offering. If the Rights Offering is fully subscribed, we would receive more than $125 million in aggregate net proceeds from this offering and the Rights Offering, and intend to use such excess for general corporate purposes, which could include additional investments in GRSA.

(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 3,700,000 shares of our common stock in this offering after deducting estimated discounts and commissions and estimated offering expenses and excluding any shares that may be issued if the underwriters exercise their option to purchase additional shares of common stock, at a price of $9.93 per share (the closing price of our common stock on November 13, 2014), 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 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 $94.8 million in gross proceeds, selling 12,645,060 shares of common stock at an assumed price per share of $7.50. 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 and this 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 3,700,000 shares of our common stock in this offering at a price of $9.93 per share (the closing price of our common stock on November 13, 2014), and the sale of 15,753,832 shares in the Rights Offering at a price of $7.50 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 19,753,832 shares in this offering, the Rights Offering and the October 2014 Private Placement, and we may be obligated to issue up to an additional 1,449,336 shares to holders of our warrants issued in June 2010 (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 of this offering to $9.00 per share and a corresponding $0.75 decrease in the price per share in the Rights Offering to $6.75 per share would result in a 2,260,204 share increase in the size of the Rights Offering (based on the aforesaid $150 million of aggregate net proceeds) and an incremental 207,935 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.[a]

If we do not receive $125 million of aggregate net proceeds from this 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 thousands)	**Actual**	**As Adjusted for this Offering and the October 2014 Private Placement**	**As Adjusted for this Offering, the October 2014 Private Placement, Rights Offering, Senior Secured Notes, Asset-Based Facility, Factoring Facility and GRSA Acquisition(1)**
Cash and cash equivalents	$ 44,853	$ 82,607	$ 14,353
Debt (including current maturities):			
Line of credit	$ 1,180	$ 1,180	$ 1,180
$8,000 term loan, base rate + 1%, due September 2016	4,800	4,800	4,800
$11,500 term loan, 5.0%, due December 2018	9,775	9,775	9,775
Capital leases			4,306
Proposed Senior Secured Notes(2)			300,000
Proposed Asset-Based Facility and Factoring Facility(2)(3)			70,000
Proposed Notes Backstop(4)			
Total debt (including current maturities)	15,755	15,755	390,061
Proposed Series B Redeemable Preferred Stock(4)			25,000
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 28,949,709 pro forma shares issued and outstanding as adjusted for this offering, the October 2014 Private Placement and the Rights Offering(4)(5)	12	16	29
Additional paid-in capital	452,923	490,673	580,756
Accumulated deficit	(401,439)	(401,439)	(414,239)
Total stockholders equity-before noncontrolling interest	51,496	89,250	166,561
Total capitalization	$ 67,251	$ 105,005	$ 581,607

(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 offering, the October 2014 Private Placement and the Rights Offering 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 be satisfy those conditions, and there can be no assurance that our subsidiary 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 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 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 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 offering is based on 12,604,649 shares outstanding as of November 13, 2014 and excludes as of this date:
    - any shares of common stock that may be issued under the Equity Backstop;
    - shares of treasury stock;
    - 1,167,700 shares of common stock issuable upon the exercise of stock options outstanding as of September 30, 2014 with a weighted-average exercise price of $6.16 per share;
    - 533,819 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 warrants outstanding as of September 30, 2014, 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 November 13, 2014)	10.65	7.65

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 bid price of our common stock on the OTCQX on November 13, 2014 was $9.93 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

	Historical		Pro Forma		Pro Forma
(Dollars in millions)	Signature	GRSA	Adjustments	Ref.	as Adjusted
ASSETS					
Current assets:					
Cash and cash equivalents	$ 44.8	$ 11.7	$ (42.1)	(a)	$ 14.4
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	(6.9)	(c)	5.1
Current assets of discontinued operations	0.1				0.1