

SIGNATURE GROUP HOLDINGS, INC.

Form 424B5

December 15, 2014

Table of Contents

Filed pursuant to Rule 424(b)(5)
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 DECEMBER 15, 2014

PROSPECTUS SUPPLEMENT

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

SIGNATURE GROUP HOLDINGS, INC.

4,000,000 Shares

Common Stock

We are offering 4,000,000 shares of our common stock. Our common stock is traded on the OTCQX Marketplace under the symbol SGGH. On December 12, 2014, the last reported sale price of our common stock was \$6.59 per share.

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

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

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

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

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

	Per Share	Total
Public offering price*	\$	\$
Underwriting discount	\$	\$
Proceeds to us, before expenses	\$	\$

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

The underwriter expects to deliver the common stock against payment in New York, New York on or about January , 2015.

Sole Bookrunning Manager

B. Riley & Co.

The date of this prospectus supplement is December , 2014.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

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

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

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

Table of Contents

INDUSTRY AND MARKET DATA

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

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

TRADEMARKS

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

NON-GAAP FINANCIAL INFORMATION

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

Table of Contents

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 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.

Table of Contents

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, assumes, may, should, will, likely, could or other similar expressions.

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

our ability to achieve future profitability;

our ability to control operating costs and other expenses;

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

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

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

general economic conditions may be worse than expected;

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

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

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

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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;

S-v

Table of Contents

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.

S-vi

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

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

Signature Group Holdings, Inc.

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

Table of Contents

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

The GRSA Acquisition

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

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

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

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

Table of Contents

The Financings and Offerings

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

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

In the event the Senior Secured Notes Offering fails to generate gross proceeds to Real Alloy of \$300 million, we have entered into commitment letters with Goldman Sachs Bank USA (Goldman Sachs), Deutsche Bank Securities Inc. (DBSI) and Deutsche Bank AG Cayman Islands Branch (together with DBSI, Deutsche Bank) for up to \$300 million of senior secured bridge loans to be provided to Real Alloy.

In the event of a sale of NABCO, if any, prior to the closing of the GRSA Acquisition, we intend to use some or all of the proceeds to fund a portion of the purchase price for the GRSA Acquisition. Further, we may negotiate with the parties to the Financings and backstop arrangements to allow us to reduce the size of the Rights Offering by the amount of some or all of the net proceeds from any such disposition of NABCO. There can be no assurance that any such parties would agree to reduce the size of the Rights Offering.

Table of Contents

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

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

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

The Global Recycling and Specification Alloys Business

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

Table of Contents

Value Chain

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

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

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

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

Table of Contents

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

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

Table of Contents**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
<i>% of Volume Told</i>	54%	51%
Revenues	\$974	\$556
Contribution Margin(1)	\$272	\$172
<i>Contribution Margin per ton invoiced</i>	\$327	\$461
Standalone Adjusted EBITDA(2)	\$63	\$22
<i>Standalone Adjusted EBITDA per ton invoiced</i>	\$75	\$58
Products		Molten, ingots, sows,
	Molten, sows, ingots, deox, slag conditioners, desulfurizers	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.

Table of Contents

GRSA Competitive Strengths

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

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

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

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

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

Molten Metal Delivery Provides Further Integration with Customers. GRSA has significant capabilities and capacity to deliver molten metal for direct use in customers' operations. Molten aluminum is delivered in crucibles on customized trucks, and poured directly into a customer's

Table of Contents

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

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

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

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

Table of Contents

GRSA Strategic Objectives

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

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

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

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

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

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

Maximizing alignment between metal purchase prices and pricing on finished products GRSA produces for its customers. These techniques minimize both transactional margin and inventory valuation risk. Additionally, GRSA seeks to reduce the effects of commodity input price volatility primarily through the use of price escalators and contractual cost pass-throughs.

Table of Contents

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

GRSA Industry Overview

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

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

Source: Freedonia Group, CRU

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

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

The Offering

Shares of common stock offered(1)	4,000,000 shares
Common stock outstanding before this offering(2)	12,704,649 shares
Common stock to be outstanding after this offering(2)	16,704,649 shares

Use of Proceeds

We intend to use the net proceeds from this offering as partial payment for the purchase price of the GRSA Acquisition. If the GRSA Acquisition is not consummated, we intend to use the net proceeds of this offering for other general corporate purposes, including, in certain circumstances, any necessary payment of the \$26.25 million termination fee in connection with the GRSA Acquisition and other fees and expenses, as well as potential future acquisitions. This offering is not conditioned on the consummation of the GRSA Acquisition or the consummation of any of the other Financings. See Use of Proceeds.

Quotation

Our common stock is quoted on the OTCQX Marketplace under the symbol SGGH. Following the consummation of the GRSA Acquisition, we intend to seek to list our common stock on the New York Stock Exchange or NASDAQ. There can be no assurance any such listing will be approved or otherwise occur.

Dividend Policy

We are a holding company that does not operate any business that is separate from our subsidiaries, primarily SGGH, LLC and the subsidiaries of SGGH, LLC. We are therefore dependent upon the cash flow of SGGH, LLC for any funds from which to pay dividends. The predecessor businesses of SGGH, LLC have not paid a dividend to stockholders since the fourth quarter of 2006. We do not expect to pay any cash dividends on our common stock in the foreseeable future.

The Series B Preferred Stock to be issued in connection with the GRSA Acquisition will pay quarterly dividends, which will be prior and in preference to any dividend on any of our common stock. In addition, without the consent of the holders of a majority of the Series B Preferred Stock, we are prohibited from paying dividends on our common stock for a period of two years after the Series B Preferred Stock is issued.

Table of Contents

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

NOL Preservation Strategy

As of December 31, 2013, we had federal net operating losses (NOLs) of approximately \$932.8 million, which will begin to expire if not used by 2027. If we were to experience an ownership change as determined under Section 382 of the Internal Revenue Code of 1986, as amended (the Tax Code), Section 382 of the Tax Code would impose an annual limit on the amount of taxable income that could be offset using these NOLs, which could result in a material amount of the NOLs expiring unused and, therefore, significantly impair the value of these important tax assets.

A key element to our business strategy is using our federal and state NOLs. To preserve the availability of our NOLs, our bylaws impose certain restrictions on the transfer of our common stock and other equity securities (the Tax Benefit Preservation Provision). These restrictions impose trading restrictions on any persons who own, or as a result of a transaction would own, 4.9 percent or more of our common stock in order to reduce the risk that any change in ownership might limit our ability to utilize the NOLs under Section 382 of the Tax Code and thereby suffer limitations on our future ability to utilize our federal and state NOLs. Nevertheless, it is possible that we could undergo a future ownership change, either by events within or outside of our control. For more information on the Tax Benefit Preservation Provision, see Risk Factors Risks Related to Our Business Our ability to use our U.S. federal NOLs to offset future taxable income may be limited as a result of past events, the GRSA Acquisition or the Financings, or as the result of future acquisitions or other issuances or transfers of our common stock.

Risk Factors

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-24 of this prospectus supplement.

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

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

Table of Contents

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

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

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

S-16

Table of Contents**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.

	Year ended December 31, 2013	Nine months ended September 30, 2013 2014	
(Dollars and shares in millions, except per share amounts)			
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)	(29.9)	(23.1)	(14.9)
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	(46.8)	(40.4)	(12.8)
Earnings (loss) per share of common stock:			
Basic and diluted earnings (loss) per share	\$ (1.40)	\$ (1.21)	\$ (0.38)
Weighted average shares outstanding during the period	33.3	33.3	33.6
Balance sheet data:			
Cash and cash equivalents			\$ 11.5
Property, plant and equipment, net			282.0
Total assets			858.2
Total debt			398.8
Other financial data(1):			
Pro Forma Adjusted EBITDA(2)	\$ 71.6	\$ 52.2	\$ 67.2
Pro Forma Adjusted Earnings (loss) from continuing operations(3)	(28.3)	(26.8)	4.7

Table of Contents

- (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	Nine months	
	December 31,	ended	ended
	2013	2013	2014
	(in millions)		
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	\$ (46.8)	\$ (40.4)	\$ (12.8)
Interest	43.0	32.3	30.2
Income tax expense (benefit)	2.3	2.2	(4.0)
Depreciation and amortization	40.7	29.8	31.5
EBITDA	39.2	23.9	44.9
Change in fair value of Signature common stock warrant liability(a)	8.4	9.9	(3.4)
Stock-based compensation expense related to Signature employees	2.1	1.5	1.0
Other items related to Signature(b)	(2.7)	(2.7)	0.9
Restructuring charges(c)	3.3	3.2	2.0
Unrealized losses (gains) on derivative financial instruments(d)	(0.8)	0.2	0.6
Earnings (loss) attributable to noncontrolling interest(e)	1.0	0.8	0.9
Loss/(gain) on disposal of assets(f)	1.3	0.7	1.7
Stock-based compensation expense related to GRSA employees(g)	1.0	0.9	0.9
Stock-based compensation expense related to non-GRSA employees(h)	3.8	2.8	2.7
Selling, general and administrative expenses allocated from Aleris not directly associated with the business(i)	12.6	8.6	9.5
Excluded facilities(j)	(3.3)	(2.2)	
Medical expense adjustment(k)	4.3	3.5	2.3
Extreme winter weather(l)			2.1
Other items related to GRSA(m)	1.4	1.1	1.1
Pro Forma Adjusted EBITDA	\$ 71.6	\$ 52.2	\$ 67.2

- (a) Represents the change in the fair value of Signature's common stock warrant liability, which includes a pro forma adjustment of \$1.5 million for the twelve months ended December 31, 2013 and the nine months ended September 20, 2013, based on the price per share assumption of the Rights Offering. See The Financing Arrangements The Rights Offering and Description of Capital Stock Warrants .
- (b) These adjustments include from Signature: \$5 million gain on sale of loans held for sale offset by \$1.9 million in incremental fees related to a proxy contest in 2013 and \$0.4 million of other expense for the year ended December 31, 2013; \$5 million gain on sale of loans held for sale offset by \$1.9 million in incremental fees related to a proxy contest in 2013 and \$0.4 million of other expense for the nine months ended September 30, 2013; \$0.8 million impairment of goodwill and intangibles associated with our subsidiary Cosmed, Inc. and \$0.1 million of other expense for the nine months ended September 30, 2014.
- (c) Represents GRSA's costs related to the closure of certain facilities and the reduction of corporate overhead costs.
- (d) Represents the change in the fair value of GRSA's derivative financial instruments that have not settled as well as the reversal of previously recorded unrealized gains or losses that settled during the period.
- (e) Represents the portion of net earnings earned by the minority partner of GRSA's Goodyear, Arizona facility.
- (f) Represents the gain or loss on sale of GRSA assets.
- (g) Represents expense related to certain employees of GRSA who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation .
- (h) Represents an allocation of costs from Aleris pertaining to non-GRSA employees who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation ; refer to notes 10 and 15 to the audited combined and consolidated financial statements of GRSA included elsewhere in this prospectus supplement for further discussion.

Table of Contents

- (i) Represents selling, general and administrative expenses allocated from Aleris that will not directly relate to the GRSA business following the GRSA Acquisition, including costs for corporate executives and other corporate functions.
 - (j) Represents the adjustments to exclude earnings of the GRSA operations that are now closed, or in the case of GRSA's Saginaw, Michigan facility, substantially idled.
 - (k) Represents an adjustment to employer medical expenses related to GRSA employees. Historically Aleris has allocated total medical expense in the U.S. (including non-GRSA operations) based on headcount. The adjustment was calculated based on actual costs incurred by GRSA employees compared to the allocation method described above.
 - (l) Represents an adjustment for the natural gas costs related to the severe winter weather in the Mid-western U.S. during the first quarter of 2014.
 - (m) These adjustments include from GRSA: \$0.7 million related to foreign currency losses, \$0.4 million of legal and advisory fees associated with potential acquisition targets and \$0.3 million of other items for the year ended December 31, 2013; \$0.5 million related to foreign currency losses, \$0.3 million of legal and advisory fees associated with potential acquisition targets and \$0.3 million of other items for the nine months ended September 30, 2013; and \$0.5 million related to inventory theft losses, \$0.2 million of legal and advisory fees associated with potential acquisition targets, \$0.1 million of foreign currency losses and \$0.3 million of other items for the nine months ended September 30, 2014.
- (3) The following table sets forth a reconciliation of Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc. to Pro Forma Adjusted Earnings (loss) from continuing operations. Except where noted, all adjustments to Earnings (loss) from continuing operations are attributable to U.S. operations and not expected to be taxable under the U.S. federal corporate tax rate as a result of Signature's NOL.

	Year Ended December 31, 2013	Nine months ended September 30, 2013 2014 (in millions)	
Earnings (loss) from continuing operations attributable to Signature Group Holdings, Inc.	\$ (46.8)	\$ (40.4)	\$ (12.8)
Stock-based compensation expense related to non-GRSA employees(a)	3.8	2.8	2.7
Selling, general and administrative expenses allocated from Aleris not directly associated with the business(b)	12.3	8.4	9.3
Excluded facilities(c)	(3.3)	(2.2)	
Medical expense adjustment(d)	4.3	3.5	2.3
Extreme winter weather(e)			2.1
Other items(f)	1.4	1.1	1.1
Pro Forma Adjusted Earnings (loss) from continuing operations	\$ (28.3)	\$ (26.8)	\$ 4.7

- (a) Represents an allocation of costs from Aleris pertaining to non-GRSA employees who participate in the Aleris equity incentive plan recognized in accordance with ASC 718 Stock Compensation; refer to notes 10 and 15 to the audited combined and consolidated financial statements of GRSA included elsewhere in this prospectus supplement for further discussion.
- (b) Represents selling, general and administrative expenses allocated from Aleris that will not directly relate to the GRSA business following the GRSA Acquisition, including costs for corporate executives and other corporate functions. For purposes of this adjustment, GRSA's Mexico operations are expected to be fully taxable under the Mexico corporate tax rate.
- (c) Represents the adjustment to exclude earnings of the GRSA operations that are now closed, or in the case of GRSA's Saginaw, Michigan facility, substantially idled.
- (d) Represents an adjustment to employer medical expenses related to GRSA employees. Historically Aleris has allocated total medical expense in the U.S. (including non-GRSA operations) based on headcount. The adjustment was calculated based on actual costs incurred by GRSA employees compared to the allocation method described above.
- (e) Represents an adjustment for the natural gas costs related to the severe winter weather in the Mid-western U.S. during the first quarter of 2014.
- (f) These adjustments include: \$0.7 million related to foreign currency losses, \$0.4 million of legal and advisory fees associated with potential acquisition targets and \$0.3 million of other items for the year ended December 31, 2013; \$0.5 million related to foreign currency losses, \$0.3 million of legal and advisory fees associated with potential acquisition targets and \$0.3 million of other items for the nine months ended September 30, 2013; and \$0.5 million related to inventory theft losses, \$0.2 million of legal and advisory fees associated with potential acquisition targets, \$0.1 million of foreign currency losses and \$0.3 million of other items for the nine months ended September 30, 2014.

Table of Contents

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.

Table of Contents

(Dollars and shares in millions, except per ton amounts, tons in thousands of metric tons)	Year ended December 31,			Nine months ended September 30,		Twelve months ended September 30,
	2011	2012	2013	2013	2014	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,	Nine months ended September 30,	Twelve months ended September 30, 2014
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