

US ZINC CORP
Form S-4
July 06, 2007
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As filed with the Securities and Exchange Commission on July 6, 2007

Registration No 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ALERIS INTERNATIONAL, INC.

And the Registrant Guarantors Listed in the Table Below

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	3341 (Primary Standard Industrial Classification Code Number) 25825 Science Park Drive, Suite 400 Beachwood, Ohio 44122-7392 (216) 910-3400	75-2008280 (I.R.S. Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Christopher R. Clegg, Esq.

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25825 Science Park Drive, Suite 400

Beachwood, Ohio 44122-7392

(216) 910-3400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications to:

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One New York Plaza

New York, New York 10004

(212) 859-8000

Approximate date of commencement of proposed exchange offer: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
9%/9 ³ / ₄ % Senior Notes due 2014	\$600,000,000	100%	\$600,000,000	\$18,420(1)
Guarantees of 9%/9 ³ / ₄ % Senior Notes due 2014	\$600,000,000			(2)
10% Senior Subordinated Notes due 2016	\$400,000,000	100%	\$400,000,000	\$12,280(1)
Guarantees of 10% Senior Subordinated Notes due 2016	\$400,000,000			(2)

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) under the Securities Act.

(2) No separate filing fee is required pursuant to Rule 457(n) under the Securities Act.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Exact Name of Registrant Guarantor as Specified in its Charter (1)	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
ALCHEM ALUMINUM, INC.	Delaware	3341	75-2685207
ALCHEM ALUMINUM SHELBYVILLE INC.	Delaware	3341	75-2798122
ALERIS ALUMINUM EUROPE, INC. (F/K/A HOOGOVENS ALUMINIUM EUROPE INC.)	Delaware	9995	94-1710921
ALERIS ALUMINUM U. S. SALES, INC. (F/K/A CORUS ALUMINIUM CORP.)	Delaware	3350	22-1929536
ALERIS BLANKING AND RIM PRODUCTS, INC. (F/K/A INDIANA ALUMINUM INC.)	Indiana	3350	75-2857340
ALERIS, INC.	Delaware	9995	20-8046630
ALERIS OHIO MANAGEMENT, INC.	Delaware	9995	20-2520637
ALSCO HOLDINGS, INC.	Delaware	9995	30-0175535
ALSCO METALS CORPORATION	Delaware	3490	65-1177792
ALUMITECH, INC.	Delaware	3341	34-1769351
ALUMITECH OF CLEVELAND, INC.	Delaware	3341	34-1721568
ALUMITECH OF WABASH, INC.	Indiana	3341	35-1804425
ALUMITECH OF WEST VIRGINIA, INC.	Delaware	3341	43-1953237
AWT PROPERTIES, INC.	Ohio	3341	34-1725332
CA LEWISPORT, LLC	Delaware	9995	95-0816561
CI HOLDINGS, LLC	Delaware	9995	34-1569484
COMMONWEALTH ALUMINUM, LLC	Delaware	9995	61-1335039
COMMONWEALTH ALUMINUM CONCAST, INC.	Ohio	3350	34-0697844
COMMONWEALTH ALUMINUM LEWISPORT, LLC	Delaware	3350	61-1377736
COMMONWEALTH ALUMINUM METALS, LLC	Delaware	3350	61-1378491
COMMONWEALTH ALUMINUM SALES CORPORATION	Delaware	3350	95-1398512
COMMONWEALTH ALUMINUM TUBE ENTERPRISES, LLC	Delaware	9995	62-1817895
COMMONWEALTH FINANCING CORPORATION	Delaware	9995	31-1568294
COMMONWEALTH INDUSTRIES, INC.	Delaware	3350	13-3245741
ETS SCHAEFER CORPORATION	Ohio	3341	20-8597311
GULF REDUCTION CORPORATION	Delaware	3341	76-0264927
IMCO INDIANA PARTNERSHIP L.P.	Indiana	3341	35-1963840
IMCO INTERNATIONAL, INC.	Delaware	3341	75-2578362
IMCO INVESTMENT COMPANY	Delaware	3341	75-2345738
IMCO MANAGEMENT PARTNERSHIP L.P.	Texas	3341	75-2402738
IMCO RECYCLING OF CALIFORNIA, INC.	Delaware	3341	33-0590255
IMCO RECYCLING OF IDAHO INC.	Delaware	3341	06-1308990
IMCO RECYCLING OF ILLINOIS INC.	Illinois	3341	36-3107227
IMCO RECYCLING OF INDIANA INC.	Delaware	3341	75-2614357
IMCO RECYCLING OF MICHIGAN L.L.C.	Delaware	3341	75-2635772
IMCO RECYCLING OF OHIO INC.	Delaware	3341	75-2421405
IMCO RECYCLING OF UTAH INC.	Delaware	3341	87-0522330
IMCO RECYCLING SERVICES COMPANY	Delaware	3341	75-2920589
IMSAMET, INC.	Delaware	3341	86-0747929
INTERAMERICAN ZINC, INC.	Delaware	3341	75-2397569
METALCHEM, INC.	Pennsylvania	3341	25-1424086
MIDWEST ZINC CORPORATION	Delaware	3341	76-0375134
ROCK CREEK ALUMINUM, INC.	Ohio	3341	34-1453607
SILVER FOX HOLDING CORP.	Delaware	9995	20-1261188
U.S. ZINC CORPORATION	Delaware	3341	76-0264925
U.S. ZINC EXPORT CORPORATION	Texas	3341	76-0202744

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WESTERN ZINC CORPORATION

California

3341

33-0202774

- (1) The address for each of the additional registrant guarantors is c/o Aleris International, Inc., 25825 Science Park Drive, Suite 400, Beachwood, Ohio 44122-7392.

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The information in this prospectus is not complete and may be changed. We may not sell these securities or consummate the exchange offer until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell or exchange these securities and it is not soliciting an offer to acquire or exchange these securities in any jurisdiction where the offer, sale or exchange is not permitted.

PRELIMINARY PROSPECTUS

Subject to Completion, dated July 6, 2007

Aleris International, Inc.

Exchange Offer For

\$600,000,000 9%/9³/₄% Senior Notes due 2014

\$400,000,000 10% Senior Subordinated Notes due 2016

We are offering to exchange up to \$600,000,000 of our new 9%/9³/₄% Senior Notes due 2014, which we refer to as the senior exchange notes, for up to \$600,000,000 of our outstanding 9%/9³/₄% Senior Notes due 2014, which we refer to as the outstanding senior notes. We are also offering to exchange up to \$400,000,000 of our new 10% Senior Subordinated Notes due 2016, which we refer to as the senior subordinated exchange notes, for up to \$400,000,000 of our currently outstanding 10% Senior Subordinated Notes due 2016, which we refer to as the outstanding senior subordinated notes. We refer to the outstanding senior notes and the outstanding senior subordinated notes collectively as the outstanding notes, the senior exchange notes and the senior subordinated exchange notes collectively as the exchange notes, and the outstanding notes and the exchange notes collectively as the notes. The exchange notes are substantially identical to the outstanding notes, except that the exchange notes have been registered under the federal securities laws, are not subject to transfer restrictions and are not entitled to certain registration rights relating to the outstanding notes. The exchange notes will represent the same debt as the outstanding notes and we will issue the exchange notes under the same indenture as the outstanding notes.

There is no existing public market for the outstanding notes or the exchange notes offered hereby. We do not intend to list the exchange notes on any securities exchange or seek approval for quotation through any automated trading system.

The exchange offer will expire at 12:00 a.m., New York City time on _____, 2007, unless we extend it.

Broker-dealers receiving exchange notes in exchange for outstanding notes acquired for their own account through market-making or other trading activities must acknowledge that they will deliver this prospectus in any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of the exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

You should consider carefully the Risk Factors beginning on page 17 of this prospectus.

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 the prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2007.

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ABOUT THIS PROSPECTUS

As used in this prospectus, unless the context indicates otherwise:

the terms Aleris, we, our, us and the Company refer to Aleris International, Inc. and its consolidated subsidiaries;

references to Corus Aluminum are to Corus Aluminium Rolled Products BV, Corus Aluminium NV, Corus Aluminium GmbH, Corus Aluminium Corp., Corus Hylite BV and Hoogovens Aluminium Europe Inc. and certain of their subsidiaries, Corus LP, Corus Aluminum Inc. and a 61% shareholding in Corus Aluminium Extrusions Tianjin Company Limited, which collectively comprised the downstream aluminum business of Corus, and which are referred to as the Fabricator Group in the related historical condensed combined financial statements included elsewhere in this prospectus;

references to Corus are to Corus Group plc and its subsidiaries, from whom we purchased Corus Aluminum on August 1, 2006;

the term Acquisition means the merger of Merger Sub with and into Aleris through which we became a wholly owned subsidiary of Holdings;

references to Holdings are to Aurora Acquisition Holdings, Inc., a company formed by TPG for the purposes of acquiring us;

references to Merger Sub are to Aurora Acquisition Merger Sub, Inc., a company formed by TPG for the purposes of acquiring us;

references to the Sponsor are to the investment funds affiliated with TPG Advisors IV, Inc. and TPG Advisors V, Inc. that made the equity investment to fund a portion of the cash consideration paid as part of the merger;

references to TPG are to the Texas Pacific Group;

references to the 9% notes are to the \$125.0 million principal amount of 9% senior unsecured notes due 2014, for which we completed a cash tender offer and consent solicitation on August 1, 2006 and effected a legal defeasance on August 2, 2006 that resulted in the discharge of our obligations under the 9% notes and the indenture governing the 9% notes;

references to the 10³/₈% notes are to the \$210.0 million principal amount of 10³/₈% senior secured notes due 2010, for which we completed a cash tender offer and consent solicitation on August 1, 2006, effected a covenant defeasance on August 2, 2006 that terminated our obligations with respect to substantially all of the remaining restrictive covenants on the 10³/₈% notes and effected the satisfaction and discharge of the indenture governing the 10³/₈% notes on October 20, 2006, including the release of all liens on the collateral securing the 10³/₈% notes;

the term old credit facilities refers to (i) the \$750.0 million senior secured asset-based revolving credit facility (the old revolving credit facility), (ii) the \$650.0 million senior secured term loan facility (the old term loan facility) and (iii) the \$505.0 million senior unsecured credit facility (the old senior unsecured facility), each as entered into on August 1, 2006 in conjunction with the acquisition of Corus Aluminum;

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the term "Transactions" refers to (i) the Acquisition, (ii) the equity investments made as part of the merger funding, (iii) the offering of the outstanding senior notes and the outstanding senior subordinated notes, (iv) the execution of the \$750.0 million amended and restated senior secured asset based revolving credit facility (the "revolving credit facility"), (v) the execution of the amended and restated senior secured term loan facility (the "term loan facility" and together with the revolving credit facility, the "2006 credit facilities") and (vi) the payment of costs related to these transactions; and

the term "2005 Acquisitions" refers to the acquisition of (i) ALSCO Holdings, Inc. ("ALSCO") on October 3, 2005 (a manufacturer and fabricator of aluminum sheet products for the building and

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construction industry), (ii) Alumitech, Inc. (Alumitech) on December 12, 2005 (an aluminum recycler and salt cake processor), (iii) Tomra Latasa Reciclagem (Tomra Latasa) on August 23, 2005 (a Brazilian aluminum recycler) and (iv) certain assets of Ormet Corporation (Ormet) on December 20, 2005 (including rolling mill assets, a recycling operation and an aluminum blanking operation).

The financial statements contained in this prospectus include the accounts of Aleris and all of its majority-owned subsidiaries. On December 19, 2006 we were acquired by affiliates of TPG. On December 9, 2004, we acquired Commonwealth Industries, Inc., (Commonwealth) when it merged with one of our wholly-owned subsidiaries, and changed our name from IMCO Recycling Inc. to Aleris International, Inc. This acquisition resulted in the inclusion of the financial condition and results of operations of Commonwealth with ours effective December 9, 2004.

In this prospectus, when we refer to 2004 shipment or financial information presented on a pro forma basis, we are giving pro forma effect to the acquisition of Commonwealth and the financing transactions related thereto as if they had occurred on January 1, 2004, and are including the results of operations of Commonwealth (excluding that of its Alflex subsidiary, which was sold in July 2004) with ours for all of 2004.

When we refer to 2006 shipment or financial information presented on a pro forma basis, we are giving pro forma effect to the Transactions and the acquisition of Corus Aluminum as if they had occurred on January 1, 2006 and are including the results of Corus Aluminum with ours for all of 2006.

Information in this prospectus concerning processing volumes, production capacity, rankings and other industry information, including our general expectations concerning the rolled aluminum products and aluminum and zinc recycling industries, are based on estimates prepared by us using certain assumptions and our knowledge of these industries as well as data from third party sources. This data includes, but is not limited to, data from The Aluminum Association and U.S. Geological Surveys. Such sources generally state that the information contained therein is believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third party sources, nor have we ascertained the underlying economic assumptions relied upon therein.

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FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements should be read in conjunction with the cautionary statements and other important factors included in this prospectus under Summary, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and Business, which include descriptions of important factors which could cause actual results to differ materially from those contained in the forward-looking statements. Our expectations, beliefs and projections are expressed in good faith, and we believe we have a reasonable basis to make these statements through our management's examination of historical operating trends, data contained in our records and other data available from third parties, but there can be no assurance that our management's expectations, beliefs or projections will result or be achieved.

The discussions of our financial condition and results of operations may include various forward-looking statements about future costs and prices of commodities, production volumes, market trends, demand for our products and services and projected results of operations. Statements contained in this prospectus that are not historical in nature are considered to be forward-looking statements. They include statements regarding our expectations, hopes, beliefs, estimates, intentions or strategies regarding the future. The words believe, expect, anticipate, intend, estimate, will, look forward to and similar expressions are intended to identify forward-looking statements.

The forward-looking statements set forth in this prospectus regarding, among other things, achievement of anticipated cost savings and synergies, estimates of volumes, revenues, profitability and net income in future quarters, future prices and demand for our products, and estimated cash flows and sufficiency of cash flows to fund capital expenditures, reflect only our expectations regarding these matters. Important factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to:

our success in (and the costs of) integrating acquired businesses into Aleris;

our ability to successfully implement our business strategy;

the cyclical nature of the metals industry, our end-use segments and our customers' industries;

our ability to retain the services of certain members of our management;

our ability to continue to generate positive operating results;

our ability to maintain effective internal controls over financial reporting and disclosure controls and procedures;

increases in the cost of raw material and energy;

our ability to manage effectively our exposure to commodity price fluctuations and changes in the pricing of metals;

the loss of order volumes from any of our largest customers;

our ability to retain customers, a substantial number of which do not have long-term contractual arrangements with us;

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our ability to generate sufficient cash flows to fund our capital expenditure requirements and to meet our debt service obligations;

our ability to fulfill our substantial capital investment requirements;

competitor pricing activity, competition of aluminum with alternative materials and the general impact of competition in the industry segments we serve;

risks of investing in and conducting operations in international countries, including political, social, economic, currency and regulatory factors;

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current environmental liabilities and the cost of compliance with and liabilities under health and safety laws;

labor relations (i.e., disruptions, strikes or work stoppages) and labor costs;

any impairment of goodwill or asset values;

our substantial leverage and debt service obligations;

the possibility that we may incur additional indebtedness in the future;

limitations on operating our business as a result of covenant restrictions under our indebtedness, and our ability to pay amounts due under the notes; and

our ability to repurchase the notes upon a change of control.

Additional risks, uncertainties and other factors that may cause our actual results, performance or achievements to be different from those expressed or implied in our written or oral forward-looking statements may be found under Risk Factors contained in this prospectus.

These factors and other risk factors disclosed in this prospectus and elsewhere are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also harm our results. Consequently, there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

The forward-looking statements contained in this prospectus are made only as of the date of this prospectus. Except to the extent required by law, we do not undertake, and specifically decline any obligation, to update any forward-looking statements or to publicly announce the results of any revisions to any of such statements to reflect future events or developments.

WHERE YOU CAN FIND MORE INFORMATION

We and our guarantor subsidiaries have filed with the Securities and Exchange Commission, or the SEC, a registration statement on Form S-4 under the Securities Act with respect to the exchange notes. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement. For further information with respect to us and the exchange notes, reference is made to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete. We file reports and other information with the SEC. The registration statement, such reports and other information can be read and copied at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's home page on the Internet (<http://www.sec.gov>).

You may also request copies of these documents, at no cost to you, by contacting us at the following address: Aleris International, Inc., 25825 Science Park Drive, Suite 400, Beachwood, OH 44122-7392, Attn: General Counsel, (216) 910-3500. To obtain timely delivery, holders of original notes must request the information no later than five business days before _____, 2007, the date they must make their investment decision.

We have agreed that, even if we are not required under the Exchange Act to furnish reports to the SEC, we will nonetheless continue to furnish information that would be required to be furnished by us on Forms 10-Q, 10-K and 8-K if we were subject to Sections 13 or 15(d) of the Exchange Act. See Description of Senior Exchange Notes and Description of Senior Subordinated Exchange Notes.

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SUMMARY

This summary provides a brief overview of certain information appearing elsewhere in this prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before participating in the exchange offer. We encourage you to read the entire prospectus carefully, including the Risk Factors section, the historical and pro forma financial statements and notes to those financial statements before participating in the exchange offer.

Unless otherwise stated, references to pro forma results of operations and cash flow data give pro forma effect to the Transactions and the acquisition of Corus Aluminum on a combined basis as if they occurred on January 1, 2006.

The Company

Overview

We are a global leader in aluminum rolled and extruded products, aluminum recycling and specification alloy production. We are also a recycler of zinc and a leading U.S. manufacturer of zinc metal and value-added zinc products that include zinc oxide and zinc dust. We generate substantially all of our revenues from the manufacture and sale of these products. We operate 50 production facilities in North America, Europe, South America and Asia. We possess a combination of low-cost, flexible and technically advanced manufacturing operations supported by an industry-leading research and development platform. Our facilities are strategically located and well positioned to service our customers, which include a number of the world's largest companies in the aerospace, building and construction, containers and packaging, metal distribution and transportation industries. On a pro forma basis, we generated revenues of \$6.0 billion in the year ended December 31, 2006, of which approximately 58% were derived from North America and the remaining 42% were derived from the rest of the world.

Since the end of 2004, we have increased revenues and profitability through a combination of internal growth and productivity initiatives for our existing operations and strategic acquisitions. We have grown significantly through the successful completion of five strategic acquisitions targeted at broadening product offerings and geographic presence, diversifying our end-use customer base and increasing our scale and scope. We focus on acquisitions that are accretive to earnings and from which we expect to be able to realize significant operational efficiencies within 12 to 24 months through the integration process. While we have already achieved substantial savings from our acquisition activity, we believe additional significant synergies remain to be realized, including synergies from our recent acquisition of Corus Aluminum completed on August 1, 2006.

We operate our business in the following global segments: global rolled and extruded products; global recycling; and global zinc.

Global Rolled and Extruded Products

We are a producer of rolled aluminum products with leading positions in technically sophisticated applications, including aerospace plate and sheet, brazing sheet and demanding automotive sheet end-uses as well as high-volume applications used in building and construction and general distribution. We produce aluminum sheet, plate and fabricated products using direct-chill and continuous-cast processes. We believe that many of our facilities are state-of-the-art and provide us with proprietary manufacturing processes and a competitive advantage in servicing high-margin, growing end-uses, such as aerospace and heat transfer applications. We compete successfully in these highly technical applications based on our industry-leading research and development capabilities, which have developed over 130 process and alloy patent families. We

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have 20 production facilities that provide rolled and extruded aluminum products to the major aluminum consuming regions worldwide.

Substantially all of our rolled aluminum products are produced in response to specific customer orders. Our more technically advanced products require the use of primary-based alloys for which we have secured long-term supply agreements for approximately 42% of our expected needs through 2010. Our continuous-cast and common alloy sheet production can utilize primary or scrap aluminum, which allows us to optimize input costs and maximize margins. In addition, to further mitigate the impact of metal prices on our profitability, aluminum costs are passed through to customers for approximately 81% of our rolled product sales, and we strive to manage the remaining key commodity risks through our hedging programs.

We are also a leading producer of soft and hard alloy extruded aluminum profiles targeted at end-uses such as the building and construction, electrical, mechanical engineering and transportation sectors. We have four separate product categories which reflect our customers' needs, including industrial extrusions, building systems, hard alloys and rail and transport projects. We currently operate one of the largest extrusion presses in the world, which provides us with the capability to produce high-end, value-added products such as larger profiles in addition to the production of hard alloy extrusions for transportation applications. We operate five extrusion product facilities in Europe and China.

Pro forma for the year ended December 31, 2006, shipments of aluminum rolled and extruded products totaled 2.3 billion pounds, establishing us as the number four producer globally based on volume, which accounted for approximately \$4.0 billion of revenues.

Global Recycling

We are a leading recycler of aluminum and manufacturer of specification alloys serving customers in North America, Europe and South America. Our global recycling operations primarily convert aluminum scrap, dross (a by-product of the melting process) and other alloying agents as needed and deliver the recycled metal and specification alloys in molten or ingot form to our customers. Our recycling operations typically service other aluminum producers and manufacturers, generally under tolling arrangements, where we convert customer-owned scrap and dross and return the recycled metal to our customers for a fee. Our specification alloy operations principally service customers in the automotive industry. For the year ended December 31, 2006, approximately 71% of the total pounds shipped by our recycling and specification alloy operations were under tolling arrangements. Tolling arrangements eliminate our metal commodity exposure and reduce our overall working capital requirements. As we only charge our customers a fee for processing the metal, revenues generated from shipments of tolled material are less than for shipments of owned material. Our global recycling network operates 24 strategically located production plants, with 17 in the United States, two in Brazil, three in Germany, and one in each of Mexico and the United Kingdom.

Pro forma for the year ended December 31, 2006, we shipped 2.9 billion pounds of recycled metal and specification alloys, which accounted for approximately \$1.5 billion of our revenues.

Global Zinc

We process and recycle zinc metal for use in the manufacture of galvanized steel and produce value-added zinc products, primarily zinc oxide and zinc dust, which are used in the vulcanization of rubber products, the production of corrosion-resistant paint and in other specialty chemical applications. We operate six zinc facilities in the United States and are in the process of constructing a zinc recycling facility outside of Shanghai, China.

Pro forma for the year ended December 31, 2006, we shipped 384.1 million pounds of zinc products, which accounted for approximately \$553.2 million of our revenues.

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Our Sponsor

Texas Pacific Group (TPG), founded in 1992, is a global private investment firm with \$30 billion under management with offices in San Francisco, New York, London and throughout Asia. TPG seeks to invest in world-class franchises across a range of industries, including significant industrial-related investments as well as retail businesses, technology, consumer products, airlines and healthcare. Significant investments include investments in leading industrial-related businesses (Texas Genco, Altivity Packaging, Kraton Polymers, British Vita), retailers (Neiman Marcus, J. Crew, Debenhams (UK), Petco), technology companies (Lenovo, SunGard Data Systems, MEMC Electronic Materials, ON Semiconductor, Seagate Technology), branded consumer franchises (Beringer, Burger King, Del Monte, Ducati Motorcycles, Metro-Goldwyn-Mayer), airlines (Continental, America West), and healthcare companies (IASIS, Oxford Health Plans, Quintiles Transnational).

The Acquisition of Aleris by TPG

On August 7, 2006, we entered into an Agreement and Plan of Merger with Merger Sub and its parent company, Holdings, pursuant to which each share of our common stock (other than shares held in treasury or owned by Holdings, Merger Sub or any direct or indirect subsidiary of us or Holdings, and other than shares held by stockholders who properly demanded appraisal rights) was converted into the right to receive \$52.50 in cash, without interest and less any required withholding taxes. As a result of the merger, all of the issued and outstanding capital stock of Holdings is owned, directly or indirectly, by the Investors (as defined below). The merger was structured as a reverse subsidiary merger, under which Merger Sub was merged with and into us at the closing on December 19, 2006, and we are the surviving corporation. As the surviving corporation in the merger, we assumed by operation of law all of the rights and obligations of Merger Sub, including under the notes and related indentures. We refer to the merger of Merger Sub with and into Aleris through which we became a wholly owned subsidiary of Holdings as the Acquisition.

The amount of equity contributions made as part of the Acquisition funding was \$848.8 million, consisting of amounts contributed by (i) investment funds associated with TPG (collectively, the Sponsor Funds) and (ii) certain of our executive officers and members of our senior management (the Management Participants). We refer to the Sponsor Funds and the Management Participants collectively as the Investors.

TPG financed the purchase of Aleris through application of the proceeds from the outstanding notes, initial borrowings under the 2006 credit facilities, the equity investments described above and our cash on hand. The closing of the Acquisition occurred simultaneously with the closing of the offering of the outstanding notes, the closing of the 2006 credit facilities and the equity investments described above.

As a result of the Acquisition, we are a wholly-owned subsidiary of Holdings and the Investors directly or indirectly own all of our equity interests. Holdings is an entity that was formed in connection with the Transactions and has no assets or liabilities other than the shares of Aleris.

We refer to these transactions, including the Acquisition and our payment of the costs related to these transactions, collectively as the Transactions. In connection with the Transactions, we incurred significant indebtedness and became highly leveraged. See Management's Discussion and Analysis of Financial Condition and Results of Operations Highlights of the Year Ended December 31, 2006 and Liquidity and Capital Resources December 2006 Refinancing and Note B and Note K of our audited consolidated financial statements included elsewhere in this prospectus for a description of the Acquisition, the 2006 credit facilities and the outstanding notes.

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The Acquisition of Corus Aluminum by Aleris

On August 1, 2006, we consummated the acquisition of Corus Aluminum, which included Corus's aluminum rolling and extrusion businesses but not Corus's primary aluminum smelters. Aggregate net cash consideration for the acquisition was 695.5 million (approximately \$885.7 million), subject to adjustment based on the finalization of the working capital delivered and net debt assumed. We currently estimate that the purchase price adjustment will be approximately \$65.0 million (approximately 49.0 million) and have included this amount in our determination of the purchase price allocation and as a current accrued liability in our audited consolidated balance sheet included elsewhere in this prospectus. Corus Aluminum generated revenues of \$1,850.0 million in 2005.

The acquisition of Corus Aluminum expanded our product offering, increased our participation in high-growth industry segments and strengthened our technology platform. Corus Aluminum's aircraft plate and sheet and heat exchanger materials introduced new, higher-margin products to our product mix while Corus Aluminum's automotive body sheet and brazing sheet product offering complemented our existing rolled products capabilities. Additionally, we gained the capability to produce high-quality specialized hard alloy extruded products used in the automotive and aerospace sectors, as well as soft alloy extrusions. While the acquisition of Corus Aluminum strengthened our cross-selling opportunities within our existing automotive, building and construction and packaging end-use applications, it also diversified our business into the heavy transportation, aerospace and engineering industries, which are sectors that have demonstrated strong growth characteristics. The acquisition of Corus Aluminum also increased our participation in important international industry segments. For example, we expanded our presence in existing European sectors, such as the German automotive sector, and gained access to the high-growth economy of China.

Recent Developments

On July 3, 2007, we entered into a definitive purchase agreement to (a) acquire all of the issued and outstanding limited or unlimited company interests, shares or other equity interests of Wabash Alloys, L.L.C., Connell Industries Canada Company and Aluminum Recycling Services, S. de R.L. de C.V., (b) acquire all of the assets, properties, rights, privileges, franchises, operations, goodwill and business of Wabash Alloys, S. de R.L. de C.V. (which we refer to as Wabash Mexico and, together with the aforementioned entities, Wabash Alloys), and (c) assume substantially all of the liabilities and obligations of Wabash Mexico, for approximately \$194 million, subject to certain post-closing adjustments. Wabash Alloys produces aluminum casting alloys and molten metal at its seven facilities in the United States, Canada and Mexico, with 2006 revenues of over \$900 million. We refer to this transaction as the Wabash Alloys Acquisition. We currently intend to finance the Wabash Alloys Acquisition from a combination of either cash flows from operations, additional drawdowns of our revolving credit facility or additional debt, which may include term loan credit facilities and bonds.

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Corporate Structure

A simplified overview of our corporate structure is shown in the diagram below. See The Transactions, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters and Capitalization.

-
- (1) Our revolving credit facility provides up to \$750.0 million of senior secured financing, subject to borrowing base limitations. We and certain of our domestic and Canadian subsidiaries, as well as Aleris Switzerland GmbH (referred to in the diagram above as Swiss HoldCo), are borrowers under the revolving credit facility. See Description of Other Indebtedness.
 - (2) Our term loan facility provides senior secured financing, and permits \$825.0 million in borrowings by us and 303.0 million in borrowings by Aleris Deutschland Holding GmbH (referred to in the diagram above as German HoldCo). See Description of Other Indebtedness.
 - (3) All borrowings by foreign subsidiaries under our revolving credit facility and our term loan facility are guaranteed on a senior secured basis by us and substantially all of our wholly-owned domestic subsidiaries and certain of our other foreign subsidiaries. All borrowings by us and each domestic subsidiary borrower under our revolving credit facility and our term loan facility are guaranteed on a senior secured basis by substantially all of our wholly-owned domestic subsidiaries. Aleris International, Inc. also guarantees the borrowings of each domestic subsidiary borrower under our revolving credit facility. The 2006 credit facilities are secured, subject to certain exceptions, by substantially all of our assets and the assets of our guarantors located in the United States, Canada and Europe and the equity of certain of our foreign and domestic direct and indirect subsidiaries. See Description of Other Indebtedness.
 - (4) The outstanding senior notes are guaranteed on a senior unsecured basis by each of our restricted subsidiaries that is a wholly-owned domestic subsidiary and that guarantees our obligations under our 2006 credit facilities.
 - (5) The outstanding senior subordinated notes are guaranteed on a senior subordinated unsecured basis by each of our restricted subsidiaries that is a wholly-owned domestic subsidiary and that guarantees our obligations under our 2006 credit facilities.

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Corporate Information

Aleris is incorporated in the state of Delaware. Our principal executive offices are located at 25825 Science Park Drive, Suite 400, Beachwood, Ohio. Our telephone number is (216) 910-3400.

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The Exchange Offer

On December 19, 2006, we completed a private offering of our outstanding senior notes and our outstanding senior subordinated notes, which we refer to collectively as the outstanding notes. We entered into a registration rights agreement with the initial purchasers in the private offering in which we agreed, among other things, to file the registration statement of which this prospectus forms a part and to complete an exchange offer for the outstanding senior notes and the outstanding senior subordinated notes. The following is a summary of the exchange offer.

Outstanding Notes

On December 19, 2006, we issued:

\$600.0 million aggregate principal amount of our 9%/9³/₄% senior notes due 2014; and

\$400.0 million aggregate principal amount of our 10% senior subordinated notes due 2016.

Exchange Notes

\$600.0 million aggregate principal amount of 9%/9³/₄% senior notes due 2014, which we refer to as the senior exchange notes. We refer to the senior exchange notes and the outstanding senior notes collectively as the senior notes.

\$400.0 million aggregate principal amount of 10% senior subordinated notes due 2016, which we refer to as the senior subordinated exchange notes. We refer to the senior subordinated exchange notes and the outstanding senior subordinated notes collectively as the senior subordinated notes.

We refer to the outstanding senior notes and the outstanding senior subordinated notes collectively as the outstanding notes. We refer to the senior exchange notes and the senior subordinated exchange notes collectively as the exchange notes, and the outstanding notes and the exchange notes collectively as the notes.

The terms of each series of exchange notes are substantially identical to those terms of the applicable series of outstanding notes, except that the transfer restrictions, registration rights and provisions for additional interest relating to the outstanding notes do not apply to the exchange notes.

Exchange Offer

We are offering exchange notes in exchange for a like principal amount of our outstanding notes. You may tender your outstanding notes for exchange notes by following the procedures described under the heading The Exchange Offer.

Tenders; Expiration Date; Withdrawal

The exchange offer will expire at 12:00 a.m., New York City time, on _____, 2007, unless we extend it. You may withdraw any outstanding notes that you tender for exchange at any time prior to the expiration of this exchange offer. See The Exchange Offer Terms of the Exchange Offer for a more complete description of the tender and withdrawal period.

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Conditions to the Exchange Offer

The exchange offer is not subject to any conditions, other than that:

the exchange offer does not violate any applicable law or any interpretations of the staff of the SEC;

there is no action or proceeding instituted or threatened in any court or by any governmental agency that in our judgment would reasonably be expected to impair our ability to proceed with the exchange offer or there is a material adverse development in any existing action or proceeding with respect to us; and

we obtain the governmental approvals we deem necessary to obtain for the consummation of the exchange offer.

The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered in the exchange.

Procedures for Tendering Outstanding Notes

To participate in this exchange offer, you must properly complete and duly execute a letter of transmittal, which accompanies this prospectus, and transmit it, along with all other documents required by such letter of transmittal, to the exchange agent on or before the expiration date at the address provided on the cover page of the letter of transmittal.

In the alternative, you can tender your outstanding notes by book-entry delivery following the procedures described in this prospectus, whereby you will agree to be bound by the letter of transmittal and we may enforce the letter of transmittal against you.

If a holder of outstanding notes desires to tender such notes and the holder's outstanding notes are not immediately available, or time will not permit the holder's outstanding notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected pursuant to the guaranteed delivery procedures described in this prospectus. See "The Exchange Offer - How to Tender Outstanding Notes for Exchange."

U.S. Federal Income Tax Considerations

Your exchange of outstanding notes for exchange notes to be issued in the exchange offer will not result in any gain or loss to you for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations" for a summary of U.S. federal tax consequences associated with the exchange of outstanding notes for the exchange notes and the ownership and disposition of those exchange notes.

Use of Proceeds

We will not receive any cash proceeds from the exchange offer.

Exchange Agent

LaSalle Bank National Association, the trustee under the indentures governing the notes, is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under the heading "The Exchange Offer - The Exchange Agent."

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Consequences of Failure to Exchange Your
Outstanding Notes

Outstanding notes not exchanged in the exchange offer will continue to be subject to the restrictions on transfer that are described in the legend on the outstanding notes. In general, you may offer or sell your outstanding notes only if they are registered under, or offered or sold under an exemption from, the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not currently intend to register the outstanding notes under the Securities Act. If your outstanding notes are not tendered and accepted in the exchange offer, it may become more difficult for you to sell or transfer your outstanding notes.

Resales of the Exchange Notes

Based on interpretations of the staff of the SEC, we believe that you may offer for sale, resell or otherwise transfer the exchange notes that we issue in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act if:

you are not a broker-dealer tendering notes acquired directly from us;

you acquire the exchange notes issued in the exchange offer in the ordinary course of your business;

you are not participating, do not intend to participate, and have no arrangement or undertaking with anyone to participate, in the distribution of the exchange notes issued to you in the exchange offer; and

you are not an affiliate of our company, as that term is defined in Rule 405 of the Securities Act.

If any of these conditions are not satisfied and you transfer any exchange notes issued to you in the exchange offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We will not be responsible for, or indemnify you against, any liability you incur.

Any broker-dealer that acquires exchange notes in the exchange offer for its own account in exchange for outstanding notes which it acquired through market-making or other trading activities must acknowledge that it will deliver this prospectus when it resells or transfers any exchange notes issued in the exchange offer. See Plan of Distribution for a description of the prospectus delivery obligations of broker-dealers.

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The Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. A more detailed description of the terms and conditions of the exchange notes is set forth in Description of Senior Exchange Notes and Description of Senior Subordinated Exchange Notes.

Issuer	Aleris International, Inc.
Securities Offered	
Senior Exchange Notes	\$600,000,000 aggregate principal amount of 9%/9 ³ / ₄ % senior notes due 2014.
Senior Subordinated Exchange Notes	\$400,000,000 aggregate principal amount of 10% senior subordinated notes due 2016.
Maturity	The senior exchange notes will mature on December 15, 2014. The senior subordinated exchange notes will mature on December 15, 2016.
Interest Payment Dates	Interest on the senior exchange notes will be payable on June 15 and December 15 of each year, commencing June 15, 2007. Interest on the senior subordinated exchange notes will be payable on June 15 and December 15 of each year, commencing on June 15, 2007.
Form of Interest Payment	
Senior Exchange Notes	We will pay interest on the senior exchange notes for the initial interest period in cash. For any interest period thereafter through December 15, 2010, we may elect to pay interest on the senior exchange notes, at our option: entirely in cash (cash interest); entirely by increasing the principal amount of the senior notes (PIK interest); or 50% cash interest and 50% PIK interest. Cash interest will accrue at a rate of 9% per annum, and PIK interest will accrue at a rate of 9 ³ / ₄ % per annum. If we elect to pay PIK interest, we will increase the principal amount of the senior exchange notes in an amount equal to the amount of PIK interest for the applicable interest period (rounded up to the nearest \$1,000 in the case of global notes and to the nearest whole dollar in the case of senior notes in certificated form) to holders of senior exchange notes on the relevant record date. The senior exchange notes will bear

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interest on the increased principal amount thereof from and after the applicable interest payment date on which a payment of PIK interest is made. We must elect the form of interest payment with respect to each interest period prior to the beginning of the applicable interest period. In the absence of such an election or proper notification of such election to the trustee, interest will be payable entirely in cash. After December 15, 2010, we must pay all interest on the senior notes entirely in cash.

Senior Subordinated Exchange In cash.

Ranking The senior exchange notes will be our unsecured senior obligations and will:

rank senior in right of payment to our existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior exchange notes, including the senior subordinated notes;

rank equally in right of payment to all of our existing and future debt and other obligations (including under our 2006 credit facilities) that are not, by their terms, expressly subordinated in right of payment to the senior exchange notes; and

be effectively subordinated in right of payment to all of our existing and future secured debt (including under our 2006 credit facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all existing and future debt and other obligations, including trade payables, of each of our subsidiaries that is not a guarantor of the senior exchange notes.

Similarly, the senior exchange note guarantees will be unsecured senior obligations of the guarantors and will:

rank senior in right of payment to all of the applicable guarantor s existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to such guarantor s senior exchange note guarantee, including such guarantor s guarantee of the senior subordinated exchange notes;

rank equally in right of payment to all of the applicable guarantor s existing and future debt and other obligations that are not, by their terms, expressly subordinated in right of payment to such guarantor s senior exchange note guarantee, including such guarantor s guarantee of our 2006 credit facilities; and

be effectively subordinated in right of payment to all of the applicable guarantor s existing and future secured debt (including such guarantor s guarantee under our 2006 credit facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all existing and future

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debt and other obligations, including trade payables, of each of such guarantor's subsidiaries that do not guarantee the senior exchange notes.

The senior subordinated exchange notes will be our unsecured senior subordinated obligations and will:

be subordinated in right of payment to our existing and future senior debt, including the senior exchange notes and our 2006 credit facilities;

rank equally in right of payment to all of our existing and future senior subordinated debt;

be structurally subordinated to all existing and future debt and other obligations, including trade payables, of each of our subsidiaries that is not a guarantor of the senior subordinated exchange notes; and

rank senior in right of payment to all of our existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior subordinated exchange notes.

Similarly, the senior subordinated exchange note guarantees are the unsecured senior subordinated obligations of the guarantors and:

are subordinated in right of payment to all of the applicable guarantor's existing and future senior debt, including such guarantor's guarantee of the senior exchange notes and our 2006 credit facilities;

rank equally in right of payment to all of the applicable guarantor's existing and future senior subordinated debt;

are structurally subordinated to all of the applicable guarantor's existing and future debt and other obligations, including trade payables, of each of such guarantor's subsidiaries that do not guarantee the senior subordinated exchange notes; and

rank senior in right of payment to all existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to such guarantor's senior subordinated exchange note guarantee.

As of March 31, 2007, we had \$1,623.7 million of secured senior debt, including approximately \$23.3 million in respect of letters of credit, and excluding up to an additional \$388.7 million of unused commitments, net of outstanding letters of credit, that we were able to borrow under our 2006 credit facilities to which the exchange notes would be effectively subordinated, as well as an additional \$600.0 million of unsecured senior debt to which the senior subordinated exchange notes would be subordinated.

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Guarantees	All of our restricted subsidiaries that are domestic subsidiaries and that guarantee our obligations under the 2006 credit facilities unconditionally guarantee the exchange notes.
Mandatory Redemption	A portion of the senior notes is subject to mandatory redemption in the circumstances described, and at the redemption prices referred to, under Description of Senior Exchange Notes Mandatory Redemption; Offer to Purchase, Open Market Purchases.
Optional Redemption	<p>Prior to December 15, 2010, we may redeem some or all of the senior exchange notes at a price equal to 100% of the principal amount thereof, plus the applicable premium set forth under Description of Senior Exchange Notes Optional Redemption. Beginning on December 15, 2010, we may redeem some or all of the senior exchange notes at the redemption prices listed under Description of Senior Exchange Notes Optional Redemption plus accrued and unpaid interest to the redemption date.</p> <p>Prior to December 15, 2011, we may redeem some or all of the senior subordinated exchange notes at a price equal to 100% of the principal amount thereof, plus the applicable premium set forth under Description of Senior Subordinated Exchange Notes Optional Redemption. Beginning on December 15, 2011, we may redeem some or all of the senior subordinated exchange notes at the redemption prices listed under Description of Senior Subordinated Exchange Notes Optional Redemption plus accrued and unpaid interest to the redemption date.</p>
Optional Redemption After Certain Equity Offerings	<p>At any time (which may be more than once) until December 15, 2009, we can choose to redeem up to 35% of the original aggregate principal amount of the exchange notes of either series (plus the aggregate principal amount of any additional notes of such series issued after the issue date) with money that we raise in certain equity offerings, so long as:</p> <p style="padding-left: 40px;">we pay 109% of the face amount of the senior exchange notes or 110% of the face amount of the senior subordinated exchange notes, as applicable, plus accrued and unpaid interest;</p> <p style="padding-left: 40px;">we redeem the exchange notes within 180 days of completing such equity offering; and</p> <p style="padding-left: 40px;">at least 50% of the aggregate principal amount of the applicable series of exchange notes originally issued (plus the aggregate principal amount of any additional notes of such series issued after the issue date) remains outstanding afterwards.</p>
Change of Control Offer	If we experience a change in control, we must give holders of the exchange notes the opportunity to sell us their exchange notes at 101% of their face amount, plus accrued and unpaid interest.

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Asset Sale Offer

If we or our restricted subsidiaries engage in asset sales, we generally must either invest the net cash proceeds from such sales in our business within a specified period of time, permanently reduce senior debt, permanently reduce senior subordinated debt, including the senior subordinated exchange notes (in the case of senior subordinated exchange notes), permanently reduce debt of a restricted subsidiary that is not a subsidiary guarantor or make an offer to purchase a principal amount of the exchange notes equal to the net cash proceeds, subject to certain exceptions. The purchase price of the notes will be 100% of their principal amount, plus accrued and unpaid interest.

Certain Covenants

The indentures governing the senior exchange notes and the senior subordinated exchange notes contain covenants limiting our ability and the ability of our restricted subsidiaries to, among other things:

incur additional debt;

pay dividends or distributions on our capital stock or redeem, repurchase or retire our capital stock or subordinated debt;

issue preferred stock of restricted subsidiaries;

make certain investments;

create liens on our or our subsidiary guarantors' assets to secure debt;

in the case of the senior exchange notes only, enter into sale and leaseback transactions;

create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries that are not guarantors of the notes;

enter into transactions with affiliates;

merge or consolidate with another company; and

sell assets, including capital stock of our subsidiaries.

These covenants are subject to a number of important limitations and exceptions.

Risk Factors

See **Risk Factors** and the other information in this prospectus for a discussion of some of the factors you should carefully consider before participating in the exchange offer.

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Summary Historical Consolidated and Unaudited Pro Forma Condensed Combined Financial and Other Data

The following summary historical consolidated financial and other data for each of the years in the two-year period ended December 31, 2005, for the period from January 1, 2006 to December 19, 2006, and for the period from December 20, 2006 to December 31, 2006, and as of December 31, 2005 and 2006 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The balance sheet data as of December 31, 2004 have been derived from our audited consolidated financial statements not included in this prospectus. The summary historical consolidated financial and other data for the three months ended March 31, 2007 and 2006 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of these data. The acquisition of Corus Aluminum, the 2005 Acquisitions and our acquisition of Commonwealth in 2004 have all affected the comparability of our financial data between periods. The audited consolidated financial statements for each of the periods in the three-year period ended December 31, 2006 have been audited by Ernst & Young LLP, an independent registered public accounting firm.

The following table also sets forth summary unaudited pro forma condensed combined financial and other data for the year ended December 31, 2006. The summary unaudited pro forma consolidated results of operations give pro forma effect to the Transactions and the acquisition of Corus Aluminum on a combined basis as if they had occurred on January 1, 2006. Corus Aluminum's historical combined financial statements from which the summary pro forma condensed combined financial and other data are in part derived were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, or IFRS, which differ in certain material respects from U.S. generally accepted accounting principles (U.S. GAAP). See Unaudited Pro Forma Condensed Combined Financial Information for a more detailed description of the assumptions made in preparing the following pro forma condensed combined financial data. In accordance with SEC rules, the summary unaudited pro forma condensed combined financial information presented below does not give effect to the Wabash Alloys Acquisition for which we entered into a definitive purchase agreement on July 3, 2007, as the Wabash Alloys Acquisition is below the significance threshold contained in applicable SEC rules. See Recent Developments.

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The financial data set forth in this table are not necessarily indicative of the results of future operations and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, our audited and unaudited consolidated financial statements and accompanying notes thereto included elsewhere in this prospectus as well as the audited and unaudited combined financial statements and accompanying notes thereto of Corus Aluminum included elsewhere in this prospectus. All numbers are in millions, except ratios.

	For the three months ended March 31,		For the period from December 20, 2006 to December 31,	For the period from January 1, 2006 to December 19,	For the year ended December 31,		Pro Forma For the year ended December 31,
	2007 (Successor) (unaudited)	2006 (Predecessor)	2006 (Successor)	2006	2005 (Predecessor)	2004	2006 (unaudited)
Statement of Operations Data:							
Revenues	\$ 1,599.1	\$ 847.6	\$ 111.8	\$ 4,637.0	\$ 2,429.0	\$ 1,226.6	\$ 6,027.7
Operating income	3.3	59.5	2.4	234.9	118.7	12.7	263.6
Net (loss) income	\$ (53.1)	\$ 28.2	\$ (3.4)	\$ 73.7	\$ 74.3	\$ (23.8)	9.3
Balance Sheet Data (at end of period):							
Cash and cash equivalents	\$ 85.9	\$ 8.2	\$ 126.1		\$ 6.8	\$ 17.8	
Total assets	4,821.6	1,611.8	4,808.4		1,554.1	1,081.1	
Total debt	2,600.4	628.2	2,588.0		651.8	412.4	
Total stockholder's equity	801.4	420.1	845.4		393.8	282.7	
Other Financial Data:							
Net cash provided by (used in):							
Operating activities	\$ 2.8	\$ 35.4	\$ (147.1)	\$ 338.0	\$ 102.3	\$ 2.1	
Investing activities	(52.0)	(11.0)	(1,736.1)	(902.5)	(373.9)	(38.9)	
Financing activities	7.8	(23.2)	1,880.5	699.9	261.3	38.7	
Depreciation and amortization	40.1	15.7	5.4	103.7	55.0	30.6	\$ 183.8
Capital expenditures	44.7	11.0	10.7	113.2	62.1	44.8	161.0
Ratio of earnings to fixed charges (a)		4.0x		2.3x	2.6x		1.0x

- (a) For purposes of computing the ratio of earnings to fixed charges, earnings consists of income (loss) before income tax expense (benefit) and minority interest, plus cash dividends received from equity interests less the equity income recorded. Fixed charges consist of interest expense, including amortization of debt issuance costs and capitalized interest and the interest portion of rental expense. For the three months ended March 31, 2007, the period from December 20, 2006 to December 31, 2006 and for the year ended December 31, 2004, earnings were insufficient to cover fixed charges by approximately \$54.8 million, \$4.1 million and \$16.3 million, respectively.

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RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before making an investment decision. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently deem to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such a case, you may lose all or part of your original investment in the notes.

Risks Related to Our Business

The operations of Aleris, Corus Aluminum and the 2005 Acquisitions may not be integrated successfully.

The integration of the operations of Corus Aluminum involves consolidating products, operations and administrative functions of two companies that previously operated separately. Achieving the anticipated benefits of the combination of Aleris and Corus Aluminum will depend in part upon our ability to integrate the two businesses in an efficient and effective manner. The integration of two businesses that have previously operated separately faces significant challenges, and we may be unable to accomplish the integration successfully. In addition, we will need to continue integrating the 2005 Acquisitions.

In particular, the need to coordinate geographically dispersed organizations and address possible differences in corporate cultures and management philosophies may increase the difficulties of the integration of Corus Aluminum. Additionally, we may incur substantial expense in our efforts to integrate the information technology systems of Aleris, Corus Aluminum and the 2005 Acquisitions, and these efforts may not prove successful. The integration of Aleris, Corus Aluminum and the 2005 Acquisitions may take longer than planned and may be subject to unanticipated difficulties and expenses. The integration of these acquisitions will require the dedication of significant management resources and may temporarily distract management's attention from the day-to-day businesses of our Company. Employee uncertainty and lack of focus during the integration process may also disrupt our businesses. We may lose key personnel from the acquired organizations and employees in the acquired organizations may be resistant to change and may not adapt well to our corporate structure. The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of our businesses and the loss of key personnel.

Any inability of management to successfully integrate the operations of Corus Aluminum and the 2005 Acquisitions with Aleris could result in our not achieving the projected efficiencies, cost savings and synergies of these transactions and could adversely affect our businesses and financial condition.

We continue to consider strategic alternatives on an ongoing basis, including having discussions concerning potential acquisitions, which may be material.

If we fail to implement our business strategy, our financial condition and results of operations could be adversely affected.

Our future financial performance and success depend in large part on our ability to successfully implement our business strategy. We cannot assure you that we will be able to successfully implement our business strategy or be able to continue improving our operating results. In particular, we cannot assure you that we will be able to achieve all of the operating synergies targeted through focused integration of acquisitions, focused productivity improvements and capacity optimization, further enhancements of our business and product mix, expansion in selected international regions, opportunistic pursuit of strategic acquisitions and management of key commodity exposures.

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Furthermore, we cannot assure you that we will be successful in our growth efforts or that we will be able to effectively manage expanded or acquired operations. Our ability to achieve our expansion and acquisition objectives and to effectively manage our growth depends on a number of factors, including:

our ability to introduce new products and end-use applications;

our ability to identify appropriate acquisition targets and to negotiate acceptable terms for their acquisition;

our ability to integrate new businesses into our operations; and

the availability of capital on acceptable terms.

Implementation of our business strategy could be affected by a number of factors beyond our control, such as increased competition, legal and regulatory developments, general economic conditions or the increase of operating costs. Any failure to successfully implement our business strategy could adversely affect our financial condition and results of operations. We may, in addition, decide to alter or discontinue certain aspects of our business strategy at any time.

The cyclical nature of the metals industry, our end-use segments and our customers industries could limit our operating flexibility, which could negatively impact our 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 and local economic conditions. These conditions include the level of economic growth, financing availability, the availability of affordable energy sources, employment levels, interest rates, consumer confidence and housing demand. Historically, in periods of recession or periods of minimal economic growth, metals companies have often tended to underperform other sectors. We are particularly sensitive to trends in the transportation and construction industries, which are both seasonal and highly cyclical in nature, and dependent on general economic conditions. For example, during recessions or periods of low growth, the transportation and construction industries typically experience major cutbacks in production, resulting in decreased demand for aluminum and zinc. This leads to significant fluctuations in demand and pricing for our products and services. Because we generally have high fixed costs, our profitability is significantly affected by decreased processing volume. Accordingly, reduced demand and pricing pressures may significantly reduce our profitability and adversely affect our financial condition and results of operations. Economic downturns in regional and global economies or a prolonged recession in our principal industry segments have had a negative impact on our operations in the past, and could have a negative impact on our future financial condition or results of operations. In addition, in recent years global economic and commodity trends have been increasingly correlated. Although we continue to seek to diversify our business on a geographic and industry end-use basis, we cannot assure you that diversification will significantly mitigate the effect of cyclical downturns.

Changes in the market price of aluminum and zinc impact the selling prices of our products. Market prices of aluminum and zinc are dependent upon supply and demand and a variety of factors over which we have 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 restrictions.

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The loss of certain members of our management may have an adverse effect on our operating results.

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

We had substantial historical net losses prior to 2005 and had a net loss in the first quarter of 2007, and any continuation of net losses in the future may reduce our ability to raise needed capital.

We reported net losses for the years ended December 31, 2002, 2003 and 2004, as well as for the first quarter of 2007. Our ability to continue operations may become increasingly constrained if we incur net losses in the future.

If we sustain net losses in future periods, our ability to raise needed financing, or to do so on favorable terms, may be limited if losses are taken into account by the organizations that issue investment ratings on our indebtedness. Our debt ratings would continue to remain below the investment grade category, which results in higher borrowing costs as well as a reduced pool of potential purchasers of our debt as some investors would not purchase debt securities that are not rated in an investment grade rating category. Also, any rating assigned may not remain in effect for any given period of time and could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. A lowering or withdrawal of a rating could further increase our borrowing costs. See Risks Related to the Exchange Notes and Our Indebtedness Our substantial leverage and debt service obligations could adversely affect our financial condition and restrict our operating flexibility below.

Our internal controls for financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur.

Each quarter, our chief executive officer and chief financial officer evaluate our internal controls for financial reporting and our disclosure controls and procedures, which includes a review of the objectives, design, implementation and effect of the controls relating to the information generated for use in our periodic reports. In the course of our controls evaluation, we seek to identify data errors, control problems and to confirm that appropriate corrective action, including process improvements, are being undertaken. The overall goals of these various evaluation activities are to monitor our internal controls for financial reporting and our disclosure controls and procedures and to make modifications as necessary. Our intent in this regard is that our internal controls for financial reporting and our disclosure controls and procedures will be maintained as dynamic systems that change (including with improvements and corrections) as conditions warrant. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be satisfied. These inherent limitations include the possibility that judgments in our decision-making could be faulty, and that isolated breakdowns could occur because of simple human error or mistake. We cannot provide absolute assurance that all possible control issues within our company have been detected. The design of our system of controls is based in part upon certain assumptions about the likelihood of events, and there can be no assurance that any design will succeed absolutely in achieving our stated goals. Because of the inherent limitations in any control system, misstatements could occur and not be detected.

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

We require substantial amounts of raw materials and energy in our business, consisting principally of primary-based aluminum, aluminum and zinc scrap, zinc metals and natural gas. Any substantial increases in raw

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materials or energy costs could cause our operating costs to increase and negatively affect our financial condition and results of operations.

Aluminum scrap and primary aluminum metal prices are subject to significant cyclical price fluctuations. London Metal Exchange (LME) primary aluminum prices declined by approximately 47% between 1988 and 2002 and rose approximately 108% from December 2002 to March 2007. Metallics (primary aluminum metal, aluminum and zinc scrap and aluminum dross) represent the largest component of our costs of sales. We purchase scrap primarily from aluminum and zinc scrap dealers. We meet our remaining requirements with purchased primary-based aluminum and zinc. We have limited control over the price or availability of these supplies in the future.

The availability and price of aluminum scrap depend on a number of factors outside our control, including general economic conditions, international demand for metallics and internal recycling activities by primary aluminum producers. Increased regional and global demand for aluminum scrap can have the effect of increasing the prices that we pay for these raw materials thereby increasing our cost of sales. We often cannot adjust the selling prices for our products to recover the increases in scrap prices. If scrap and dross prices were to increase significantly without a commensurate increase in the market value of the primary metals, our future financial condition and results of operations 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 our recycling business.

After raw material and labor costs, natural gas costs represent the third largest component of our cost of sales. The price of natural gas, and therefore the costs, can be particularly volatile. As a result, our natural gas costs may fluctuate dramatically, and we may not be able to mitigate the effect of higher natural gas costs on our cost of sales. If natural gas costs remain at current levels or increase further, our financial condition and results of operations may be adversely affected. Although we attempt to mitigate volatility in natural gas costs through the use of hedging and the inclusion of price escalators in certain of our long-term supply contracts, we may not be able to eliminate the effects of such cost volatility. Therefore, in an effort to offset the effect of increasing costs, we may have also limited our potential benefit from declining costs.

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

Significant increases in the price of primary aluminum, zinc or aluminum scrap would cause our cost of goods sold to significantly increase and, if not offset by product price increases, would negatively impact our future financial condition and results of operations. Similarly, as we maintain large quantities of base inventory, significant decreases in the price of primary aluminum or zinc would reduce the realizable value of our inventory, negatively impacting our future financial condition and results of operations.

We purchase LME forward, futures and options contracts to reduce our exposure to changes in metal prices. Despite the use of LME forward and futures contracts, we remain exposed to the variability in prices of scrap metal. While scrap metal is priced in relation to prevailing LME prices, it is also priced at a premium or discount to LME metal (depending on the quality of the material supplied). This premium or discount is referred to in the industry as the scrap spread and fluctuates depending on market conditions. Furthermore, our global rolled and extruded products segment is exposed to variability in the market price of a premium differential (referred to as Midwest Premium in the United States and Duty Paid/Unpaid Rotterdam in Europe) charged by industry participants to deliver metal from the smelter to the manufacturing facility. This premium differential also fluctuates in relation to market and other conditions. Our global rolled and extruded products segment follows a pattern of increasing or decreasing its selling prices to customers in response to changes in the Midwest Premium and the Duty Paid/Unpaid Rotterdam.

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We do not account for our metal LME forward, futures and options contracts as hedges of the underlying risks. As a result, unrealized gains and losses on our metal derivative financial instruments must be reported in our 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 our underlying operating performance. See Management's Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures about Market Risk.

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

Our business is exposed to risks related to customer concentration. In 2006, our ten largest customers were responsible for 23% of our consolidated revenues. No one customer accounted for more than 4% of our revenues in 2006. A loss of order volumes from, or a loss of industry share by, any major customer could negatively affect our financial condition and results of operations by lowering sales volumes, increasing costs and lowering profitability. In addition, our strategy of having dedicated facilities and dedicated arrangements with customers where appropriate carries the inherent risk of increased dependence on a single or a few customers with respect to a particular facility of ours. In such cases, the loss of such a customer, or the reduction of that customer's business at one or more of our facilities, could negatively affect our financial condition and results of operations, and any timely replacement of volumes could prove difficult. In addition, several of our customers have become involved in bankruptcy or insolvency proceedings and have defaulted on their obligations to us in recent years. We currently provide no significant reserves for sales to our U.S. automotive customers as we believe amounts currently included in our consolidated balance sheet to be collectible. However, should the recent poor financial performance and economic conditions experienced by the U.S. automotive industry continue, we may be required to record significant additional reserves which may have a material impact on our financial condition, results of operations and cash flows. At March 31, 2007, we estimate that \$91.5 million of our accounts receivable were payable by U.S. automobile manufacturers or their direct suppliers.

We do not have long-term contractual arrangements with a substantial number of our customers, and our sales volumes and revenues could be reduced if our customers switch their suppliers.

Approximately 76% of our revenues for the year ended December 31, 2006, were generated from customers who do not have long-term contractual arrangements with us. These customers purchase products and services from us on a purchase order basis and may choose not to continue to purchase our products and services. The loss of these customers or a significant reduction in their purchase orders could have a material negative impact on our sales volume and business.

We may not be able to generate sufficient cash flows to fund our capital expenditure requirements or to meet our debt service obligations.

In recent periods prior to 2006, we did not generate sufficient cash flows from operations to fund our capital expenditure requirements. Our operations may not be able to generate sufficient cash flows to service our indebtedness, fund our capital expenditures or provide the ability to raise needed financing on terms favorable to us. If we are not able to reduce our high leverage through the generation of cash flows from our business, we would have to do one or more of the following:

raise additional capital through debt or equity issuances or both;

cancel or scale back current and future business initiatives; or

sell businesses or properties.

We may be unable to raise additional capital on favorable terms or at all. In addition, any failure to pursue business initiatives could adversely affect our ability to compete effectively. Further, any of the actions above could provide only temporary assistance with the cash flows of the business.

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Our business requires substantial capital investments that we may be unable to fulfill.

Our operations are capital intensive. Our total capital expenditures were approximately \$123.9 million, \$62.1 million and \$44.8 million for the years ended December 31, 2006, 2005 and 2004, respectively.

We may not generate sufficient operating cash flows and our external financing sources may not be available in an amount sufficient to enable us to make anticipated capital expenditures, service or refinance our indebtedness or fund other liquidity needs. If we are unable to make upgrades or purchase new plant and equipment, our 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.

We may not be able to compete successfully in the industry segments we serve and aluminum may become less competitive with alternative materials, which could reduce our share of industry sales, lower our selling prices and reduce our sales volumes.

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

We compete in the production and sale of rolled aluminum products with a number of other aluminum rolling mills, including large, single-purpose sheet mills, continuous casters and other multi-purpose mills, some of which are larger and have greater financial and technical resources than we do. We compete with other rolled products suppliers, principally multi-purpose mills, on the basis of quality, price, timeliness of delivery, technological innovation and customer service.

We also compete with other aluminum recyclers in segments that are highly fragmented and characterized by smaller, regional operators. The principal factors of competition in our aluminum and zinc 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.

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

As a result of the acquisition of Corus Aluminum, a growing portion of our sales is expected to be derived from our international operations, which exposes us to certain risks inherent in doing business abroad.

We have aluminum recycling operations in Germany, the United Kingdom, Mexico and Brazil and magnesium recycling operations in Germany. As a result of the acquisition of Corus Aluminum, we also have rolled products and extrusions operations in Germany, Belgium, Canada and China. In addition, we are in the process of constructing a zinc recycling facility in China. We plan to continue to explore opportunities to expand our international operations. Our 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;

currency exchange rate fluctuations;

tariffs and other trade barriers;

the potential for nationalization of enterprises;

interest rate fluctuations;

high rates of inflation;

currency restrictions and limitations on repatriation of profits;

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divergent environmental laws and regulations; and

political, economic and social instability.

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

The financial condition and results of operations of some of our operating entities are reported in various currencies and then translated into U.S. dollars at the applicable exchange rate for inclusion in our consolidated financial statements. As a result, generally speaking, appreciation of the U.S. dollar against these currencies will have a negative impact on reported revenues and operating profit while depreciation of the U.S. dollar against these currencies will have a positive effect on reported revenues and operating profit.

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

Our operations are subject to 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 we operate. Additional equipment or process changes at some of our facilities may be needed to meet future requirements.

Processing and manufacturing activities at current and formerly owned and operated properties and adjacent areas have resulted in environmental impacts requiring remediation. We are subject to indemnification obligations to third parties for certain of these properties. Financial responsibility for the remediation of contaminated property or for the amelioration of damage to natural resources can be imposed on us where current or prior operations have had an environmental impact. Such liability can include the cost of investigating and cleaning up 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. In addition Corus has agreed to indemnify us for certain known environmental liabilities relating to the facilities of Corus Aluminum. However, if Corus becomes unable to, or otherwise does not, comply with its indemnity obligations in the future, we could become subject to significant liabilities. Certain environmental laws impose strict, and in certain circumstances joint and several, liability for some of these matters, meaning that a person can be held liable without regard to fault for all costs even though others were also involved in causing them. These costs have not been material to net income (loss) for any accounting period since January 1, 2002. However, future remedial requirements at current and formerly owned or operated properties or adjacent areas, or identification of previously unknown conditions, could result in liabilities significantly in excess of this amount.

Currently and from time to time, we are a party to notices of violation brought by environmental agencies concerning the laws governing air emissions. In connection with certain pending proceedings, we are in discussions with government authorities for the purpose of resolving similar issues that have arisen at a number of our facilities in different states. At present, discussions are not sufficiently advanced to determine the scope of relief or the amount of penalties. However, with respect to these pending proceedings, we do not anticipate that the amount of penalties would have a material adverse effect on our financial position or results of operations.

Changes in environmental requirements or changes in their enforcement could materially increase our costs. For example, if salt cake, a by-product from some of our 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.

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We could experience labor disputes that could disrupt our business.

Approximately 45% of our U.S. employees and substantially all of our non-U.S. employees, located primarily in Europe where union membership is common, are represented by unions or equivalent bodies and are covered by collective bargaining or similar agreements which are subject to periodic renegotiation. Although we believe that we 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 of our operations.

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

We may have to take further charges to earnings if our goodwill or asset values are impaired.

We perform an annual goodwill impairment review to estimate the fair value of our reporting units. This valuation entails a discounted cash flow model using internal projections and budgets to determine a unit's fair value. In the event that we are not able to achieve expected cash flow levels, or other factors indicate that goodwill is impaired, we may need to write off all or part of our goodwill. The amount of the impairment would be charged as an expense in the period in which the impairment occurred. Any such goodwill or other asset impairment charges in the future would reduce our net income and could be a factor in causing future net losses.

In addition, our landfill assets are subject to charges for asset retirement obligations, which are adjusted over time to recognize the current fair market value of the obligations. We are also subject to charges for impairment or disposal of certain of our long-lived assets and facilities. For instance, over the past three years, we have closed two aluminum recycling facilities, one zinc recycling facility and one rolled products facility and reduced the number of furnaces we operate at other U.S. facilities. Underutilization of our facilities could result in additional write-downs and impairment charges. In addition, the carrying value of certain of our properties could be reduced in the future if the fair value of these assets were to decline in the future, resulting in additional asset impairment charges at that time.

Risks Related to the Exchange Notes and Our Indebtedness

Our substantial leverage and debt service obligations could adversely affect our financial condition and restrict our operating flexibility.

We have substantial debt and, as a result, significant debt service obligations. As of March 31, 2007, our total indebtedness was \$2.6 billion. We also had approximately \$388.7 million of unused commitments, net of outstanding letters of credit, under our 2006 credit facilities. In March 2007, we entered into an interest rate swap to fix the base interest rate paid on \$700.0 million of the amount outstanding under the term loan facility. Under the terms of the swap agreement, we will receive interest based upon LIBOR and pay a base rate of 4.93%. The swap matures in March 2010. Our substantial level of debt and debt service obligations could have important consequences including the following:

making it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, which could result in an event of default under the indentures governing the notes and the agreements governing our other indebtedness;

limiting our ability to obtain additional financing on satisfactory terms to fund our working capital requirements, capital expenditures, acquisitions, investments, debt service requirements and other general corporate requirements;

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increasing our vulnerability to general economic downturns, competition and industry conditions, which could place us at a competitive disadvantage compared to our competitors that are less leveraged and therefore we may be unable to take advantage of opportunities that our leverage prevents us from exploiting;

exposing our cash flows to changes in floating rates of interest such that a 1% increase in floating rates will negatively impact our cash flows by approximately \$1.0 million;

imposing additional restrictions on the manner in which we conduct our business under financing documents, including restrictions on our ability to pay dividends, make investments, incur additional debt and sell assets; and

reducing the availability of our cash flows to fund our working capital requirements, capital expenditures, acquisitions, investments, other debt obligations and other general corporate requirements, because we will be required to use a substantial portion of our cash flows to service debt obligations.

The occurrence of any one of these events could have an adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under our indebtedness.

In the future we may incur additional indebtedness which could exacerbate the impact of the foregoing.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

We and our subsidiaries may be able to incur substantial additional indebtedness, including secured indebtedness, in the future. Although the indentures governing the notes and the 2006 credit facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and any indebtedness incurred in compliance with these restrictions could be substantial. For example, we have the right under our revolving credit facility to request up to \$100.0 million of additional commitments, although the lenders will not be under any obligation to provide any such additional commitments. Any increase in commitments will be subject to the absence of a default, and our ability to borrow under our revolving credit facility remains limited by the amount of the borrowing base. In addition, our 2006 credit facilities and the notes allow us to incur a significant amount of indebtedness in connection with acquisitions and a significant amount of purchase money debt. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they face would be increased.

Covenant restrictions under our indebtedness may limit our ability to operate our business and, in such event, we may not have sufficient assets to pay amounts due under the notes.

The terms of our 2006 credit facilities and the notes restrict us and our subsidiaries from taking various actions such as incurring additional debt under certain circumstances, paying dividends, making investments, entering into transactions with affiliates, merging or consolidating with other entities and selling all or substantially all of our assets. In addition, under certain circumstances, our revolving credit facility requires us to comply with a minimum fixed charge coverage ratio and may require us to reduce our debt or take other actions in order to comply with this ratio. These restrictions could limit our ability to obtain future financings, make needed capital expenditures, withstand future downturns in our business or the economy in general or otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise because of limitations imposed on us by the restrictive covenants under our 2006 credit facilities and the notes. A breach of any of these provisions could result in a default under our 2006 credit facilities or the notes, as the case may be, that would allow lenders or noteholders to declare our outstanding debt immediately due and payable. If we are unable to pay those amounts because we do not have sufficient cash on hand or are unable to obtain alternative financing on acceptable terms, the lenders or noteholders could initiate a

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bankruptcy proceeding or, in the case of the 2006 credit facilities, proceed against any assets that serve as collateral to secure such debt.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations.

Our ratio of earnings to fixed charges was 2.3x for the period from January 1, 2006 to December 19, 2006 (calculated as described under Selected Historical Financial and Operating Data). For the three months ended March 31, 2007, earnings were insufficient to cover fixed charges by \$54.8 million. Our ability to pay interest on and principal of the notes and to satisfy our other debt obligations will primarily depend upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments.

If we do not generate sufficient cash flow from operations to satisfy our debt service obligations, including payments on the notes, we may have to undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seeking to raise additional capital. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indentures governing the notes may restrict us from adopting some of these alternatives, which in turn could exacerbate the effects of any failure to generate sufficient cash flow to satisfy our debt service obligations. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms.

Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance our obligations at all or on commercially reasonable terms, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the notes.

The notes are not secured by our assets and the lenders under our 2006 credit facilities are entitled to remedies available to secured lenders, which gives them priority over holders of the notes and the notes are effectively subordinated to our and our subsidiary guarantors indebtedness under our 2006 credit facilities to the extent of the value of the assets securing such indebtedness.

The senior notes and the senior subordinated notes and, in each case, the related guarantees are effectively subordinated in right of payment to all of our and our subsidiary guarantors secured indebtedness to the extent of the value of the assets securing such indebtedness, including our 2006 credit facilities. In addition, the senior subordinated notes are contractually subordinated to all of our existing and future senior unsubordinated indebtedness. Loans under our 2006 credit facilities are secured by security interests in substantially all of our and the guarantors assets (subject to certain exceptions). See Description of Other Indebtedness. Under our 2006 credit facilities as of March 31, 2007, we had \$1,567.7 million of secured indebtedness outstanding, with approximately \$388.7 million of unused commitments, in each case excluding outstanding letters of credit. If we become insolvent or are liquidated, or if payment under the 2006 credit facilities or of any other secured indebtedness is accelerated, the lenders under our 2006 credit facilities and holders of other secured indebtedness (or an agent on their behalf) will be entitled to exercise the remedies available to secured lenders under applicable law (in addition to any remedies that may be available under documents pertaining to our 2006 credit facilities or other senior debt). For example, the secured lenders could foreclose and sell those assets in which they have been granted a security interest to the exclusion of the holders of the senior notes and the senior subordinated notes, even if an event of default exists under the indentures governing those notes at that time. As a result, upon the occurrence of any of these events, there may not be sufficient funds to pay amounts due on the

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senior notes and the senior subordinated notes. In addition, certain of our hedging obligations with respect to zinc, aluminum and natural gas will constitute secured indebtedness under the indentures governing our senior notes and senior subordinated notes. To the extent prices of these commodities increase, the amount of this secured indebtedness could increase significantly. We expect to incur additional secured hedging obligations as part of our ongoing commodity risk management activities.

The notes will be structurally subordinated to the obligations of our foreign subsidiaries, and to the obligations of our domestic subsidiaries that do not guarantee the notes.

None of our existing or future foreign subsidiaries guarantee the notes. The notes are structurally subordinated to the obligations of our foreign subsidiaries, and to the obligations of our domestic subsidiaries that do not guarantee the notes. As of March 31, 2007, our non-guarantor subsidiaries had approximately \$1,393.5 million of total liabilities, including trade payables, and approximately \$525.3 million of indebtedness outstanding, including \$514.7 million of indebtedness under our 2006 credit facilities. Our non-guarantor subsidiaries may, in the future, incur substantial additional liabilities, including indebtedness. Furthermore, we may, under certain circumstances described in the indentures, designate subsidiaries as unrestricted subsidiaries, and any domestic subsidiary that is designated as unrestricted will not guarantee the notes. The indentures provide that Imsamet of Arizona, one of our less than wholly-owned domestic subsidiaries, is not a guarantor of the notes. This subsidiary accounted for less than 1% of our pro forma revenues and assets for fiscal 2006. In the event of our non-guarantor subsidiaries bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding, the assets of those non-guarantor subsidiaries will not be available to pay obligations on the notes until after all of the liabilities (including trade payables) of those non-guarantor subsidiaries have been paid in full.

As of March 31, 2007, our non-guarantor subsidiaries accounted for approximately 47% of our consolidated assets. For the year ended December 31, 2006, on a pro forma basis, our non-guarantor subsidiaries generated approximately 49% of our revenues and 35% of our operating income.

The rights of holders of the senior subordinated notes to receive payments on the senior subordinated notes and the guarantees thereof will be junior to the rights of the lenders under our 2006 credit facilities, the senior notes and to holders of all of our and the guarantors' other existing and future senior unsubordinated indebtedness.

The senior subordinated notes and the guarantees thereof will rank junior in right of payment to all of our and the guarantors' existing senior unsubordinated indebtedness, including borrowings under our 2006 credit facilities and the senior notes, and will rank junior in right of payment to all of our and the guarantors' future indebtedness, except for any future indebtedness that expressly provides that it ranks equal or junior in right of payment to the senior subordinated notes and the guarantees thereof. See Description of Senior Subordinated Exchange Notes Ranking.

As of March 31, 2007, we had approximately \$2,223.7 million of senior indebtedness outstanding on a consolidated basis, consisting of \$1,623.7 million of secured senior indebtedness, including approximately \$23.3 million in respect of letters of credit, and \$600.0 million of other senior indebtedness.

As of March 31, 2007, we had approximately \$388.7 million of unused commitments, net of outstanding letters of credit, under our revolving credit facility. As of March 31, 2007, \$361.3 million of our borrowing capacity under this facility, including approximately \$23.3 million in respect of letters of credit, was outstanding. Furthermore, as of March 31, 2007, our non-guarantor subsidiaries had approximately \$1,393.5 million of total liabilities, including trade payables. We are also permitted to incur substantial additional indebtedness, including senior indebtedness, in the future. See Despite current indebtedness levels, we and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

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We and the guarantors may not be permitted to pay principal, premium, if any, interest or other amounts on account of the senior subordinated notes or the guarantees thereof in the event of a payment default or certain other defaults in respect of certain of our senior indebtedness, including debt under our 2006 credit facilities and the senior notes, unless such senior indebtedness has been paid in full or the default has been cured or waived. In addition, in the event of certain other defaults with respect to such senior indebtedness, we or the guarantors may not be permitted to pay any amount on account of the senior subordinated notes or the guarantees thereof for a designated period of time. See Description of Senior Subordinated Exchange Notes Ranking Payment of Senior Subordinated Notes.

Because of the subordination provisions in the senior subordinated notes and the guarantees thereof, in the event of a bankruptcy, liquidation, reorganization or similar proceeding relating to us or a guarantor, our or the guarantor's assets will not be available to pay obligations under the senior subordinated notes or the applicable guarantee until we have or the guarantor has made all payments in cash on our or its senior indebtedness. Sufficient assets may not remain after all these payments are made. In addition, in the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors, holders of the senior subordinated notes will participate with trade creditors and all other holders of our and the guarantors' senior subordinated indebtedness, as the case may be, in the assets (if any) remaining after we and the guarantors have paid all of the senior indebtedness. However, because the indenture governing the senior subordinated notes requires that amounts otherwise payable to holders of the senior subordinated notes in a bankruptcy or similar proceeding be paid to holders of senior indebtedness instead, holders of senior subordinated notes may receive less, ratably, than holders of trade payables or other unsecured, unsubordinated creditors in any such proceeding. In any of these cases, we and the guarantors may not have sufficient funds to pay all creditors, and holders of the senior subordinated notes may receive less, ratably, than the holders of senior indebtedness. See Description of Senior Subordinated Exchange Notes Ranking.

The terms of our 2006 credit facilities and the indentures governing the notes may restrict our current and future operations, particularly our ability to respond to changes in our business or to take certain actions.

The credit agreements governing our 2006 credit facilities and the indentures governing the notes contain, and the terms of any future indebtedness of ours would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long-term interests. The indentures governing the notes and the credit agreements governing our 2006 credit facilities include covenants that, among other things, restrict our and our subsidiaries' ability to:

incur additional indebtedness;

pay dividends on our capital stock and make other restricted payments;

make investments and acquisitions;

engage in transactions with our affiliates;

sell assets;

merge; and

create liens.

In addition, our ability to borrow under our revolving credit facility is limited by a borrowing base. See Description of Other Indebtedness. Moreover, our revolving credit facility provides discretion to the agent bank acting on behalf of the lenders to impose additional availability and other reserves, which could materially impair the amount of borrowings that would otherwise be available to us. There can be no assurance that the agent bank will not impose such reserves or, were it to do so, that the resulting impact of this action would not materially and adversely impair our liquidity.

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A breach of any of the restrictive covenants in the 2006 credit facilities would result in a default under those facilities. If any such default occurs, the lenders under the 2006 credit facilities may elect to declare all outstanding

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borrowings under such facilities, together with accrued interest and other fees, to be immediately due and payable, or enforce their security interest, any of which could result in an event of default under the notes. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings.

The operating and financial restrictions and covenants in these debt agreements and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures.

Upon the occurrence of certain change of control events, we will be required to offer to repurchase all notes. Our 2006 credit facilities provide that certain change of control events (including a change of control as defined in the indentures governing the notes) constitute a default. Any future credit agreement or other agreements relating to our indebtedness to which we become a party would likely contain similar provisions. If we experience a change of control that triggers a default under our 2006 credit facilities, we could seek a waiver of such default or seek to refinance such facilities. In the event we do not obtain such a waiver or refinance the facilities, such default could result in amounts outstanding under the facilities being declared due and payable. In the event we experience a change of control that requires us to repurchase your notes, we may not have sufficient financial resources to satisfy all of our obligations under our 2006 credit facilities and the notes. A failure to make the applicable change of control offer or to pay the applicable change of control purchase price when due could result in a default under the indentures.

In addition, the change of control and other covenants in the indentures governing the notes do not cover all corporate reorganizations, mergers or similar transactions and may not provide you with protection in a transaction, including a highly leveraged transaction.

Federal and state statutes may allow courts, under specific circumstances, to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees and require note holders to return payments received.

The proceeds of the sale of the outstanding notes, together with other available cash resources, were applied to pay the merger consideration payable to our stockholders and to refinance certain of our existing indebtedness in connection with the Acquisition. Certain of our existing domestic subsidiaries guarantee, and certain of our future domestic subsidiaries may guarantee, the notes. Our issuance of the outstanding notes, the issuance of the guarantees by the guarantors, as well as other components of the Transactions, including, without limitation, the granting of liens by us and the guarantors in favor of the lenders under our 2006 credit facilities, may be subject to review under state and federal laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced at some future date by us, by the guarantors or on behalf of our unpaid creditors or the unpaid creditors of a guarantor. Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer and fraudulent conveyance laws, a court may void or otherwise decline to enforce the notes and a guarantor's guarantee, or a court may subordinate the notes and such guarantee to our or the applicable guarantor's existing and future indebtedness.

While the relevant laws may vary from state to state, a court might void or otherwise decline to enforce the notes if it found that when we issued the outstanding notes, when the applicable guarantor entered into its guarantee or, in some states, when payments became due under the notes or such guarantee, we or the applicable guarantor received less than reasonably equivalent value or fair consideration and either:

we were, or the applicable guarantor was, insolvent, or rendered insolvent by reason of such incurrence; or

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we were, or the applicable guarantor was, engaged in a business or transaction for which our or the applicable guarantor's remaining assets constituted unreasonably small capital; or

we or the applicable guarantor intended to incur, or believed or reasonably should have believed that we or the applicable guarantor would incur, debts beyond our or such guarantor's ability to pay such debts as they mature; or

we were, or the applicable guarantor was, a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

The court might also void the notes or a guarantee without regard to the above factors if the court found that we issued the notes or the applicable guarantor entered into its guarantee with actual intent to hinder, delay or defraud our or its creditors.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the outstanding notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the outstanding notes or the applicable guarantee. As a general matter, value is given for a note or guarantee if, in exchange for the note or guarantee, property is transferred or an antecedent debt is satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor. For example, in a leveraged transaction, such as the Transactions, there is increased risk of a determination that the issuer incurred debt obligations for less than reasonably equivalent value or fair consideration as a court may find that the benefit of the transaction went to our stockholders, while neither we nor the guarantors benefited substantially or directly from the notes or the guarantees.

The measures of insolvency applied by courts will vary depending upon the particular fraudulent transfer law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

the sum of its debts, including subordinated and contingent liabilities, was greater than the fair saleable value of its assets; or

if the present fair saleable value of its assets were less than the amount that would be required to pay the probable liability on its existing debts, including subordinated and contingent liabilities, as they become absolute and mature; or

it cannot pay its debts as they become due.

In the event of a finding that a fraudulent conveyance or transfer has occurred, the court may void, or hold unenforceable, the notes or any of the guarantees, which could mean that you may not receive any payments on the notes and the court may direct you to repay any amounts that you have already received from us or any guarantor to us, such guarantor or a fund for the benefit of our or such guarantor's creditors. Furthermore, the holders of voided notes would cease to have any direct claim against us or the applicable guarantor. Consequently, our or the applicable guarantor's assets would be applied first to satisfy our or the applicable guarantor's other liabilities, before any portion of its assets could be applied to the payment of the notes. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. Moreover, the voidance of the notes or a guarantee could result in an event of default with respect to our and our guarantors other debt that could result in acceleration of such debt (if not otherwise accelerated due to our or our guarantors' insolvency or other proceeding).

Although each guarantee contains a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent

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transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

Because each guarantor's liability under its guarantee may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors.

You have the benefit of the guarantees of the guarantors. However, the guarantees by the guarantors are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor's liability under its guarantee could be reduced to zero, depending upon the amount of other obligations of such guarantor. Furthermore, under the circumstances discussed more fully above, a court under federal or state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under Description of Senior Exchange Notes Subsidiary Guarantees and Description of Senior Subordinated Exchange Notes Subsidiary Guarantees.

We are indirectly owned and controlled by the Sponsor, and the Sponsor's interests as an equity holder may conflict with yours as a creditor.

We are a wholly-owned subsidiary of Holdings, the Investors directly or indirectly own all of our equity interests, and the Sponsor has the ability to control our policies and operations. The interests of the Sponsor may not in all cases be aligned with your interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our equity holders might conflict with your interest as a note holder. In addition, our equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to you as a holder of the notes. Furthermore, the Sponsor may in the future own businesses that directly or indirectly compete with us. The Sponsor also may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. For information concerning our arrangements with the Sponsors following the Transactions, see Certain Relationships and Related Party Transactions.

Risks Related to the Exchange Offer and Holding the Exchange Notes

There is no public market for the exchange notes, and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.

The exchange notes are a new issue of securities for which there is no existing trading market. Accordingly, we cannot assure you that a liquid market will develop for the exchange notes, that you will be able to sell your exchange notes at a particular time or that the prices that you receive when you sell the exchange notes will be favorable.

We do not intend to apply for listing or quotation of the notes on any securities exchange or stock market, although our outstanding notes trade on the PORTAL Market. The liquidity of any market for the exchange notes will depend on a number of factors, including:

the number of holders of exchange notes;

our operating performance and financial condition;

our ability to complete the offer to exchange the outstanding notes for the exchange notes;

the market for similar securities;

the interest of securities dealers in making a market in the exchange notes; and

prevailing interest rates.

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You may have difficulty selling the outstanding notes that you do not exchange.

If you do not exchange your outstanding notes for exchange notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your outstanding notes described in the legend on your outstanding notes. The restrictions on transfer of your outstanding notes arise because we issued the outstanding notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the outstanding notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. Except as required by the registration rights agreement, we do not intend to register the outstanding notes under the Securities Act. The tender of outstanding notes under the exchange offer will reduce the principal amount of the currently outstanding notes. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any currently outstanding notes that you continue to hold following completion of the exchange offer. See [The Exchange Offer Consequences of Failure to Exchange Outstanding Notes](#).

You must comply with the exchange offer procedures in order to receive new, freely tradable exchange notes.

Delivery of exchange notes in exchange for outstanding notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of outstanding notes into the exchange agent's account at DTC, as depositary, including an agent's message (as defined herein). We are not required to notify you of defects or irregularities in tenders of outstanding notes for exchange. outstanding notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See [The Exchange Offer How to Tender Outstanding Notes for Exchange](#) and [The Exchange Offer Consequences of Failure to Exchange Outstanding Notes](#).

Some holders who exchange their outstanding notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your outstanding notes in the exchange offer for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

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USE OF PROCEEDS

This exchange offer is intended to satisfy certain of our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the exchange notes in the exchange offer. In exchange for each of the exchange notes, we will receive outstanding notes in like principal amount. We will retire or cancel all of the outstanding notes tendered in the exchange offer. Accordingly, issuance of the exchange notes will not result in any change in our capitalization.

Table of Contents**CAPITALIZATION**

The following table sets forth cash and cash equivalents and our capitalization as of March 31, 2007. You should read this table in conjunction with Summary Historical Consolidated and Unaudited Pro Forma Condensed Combined Financial and Other Data, Selected Historical Financial and Operating Data, Unaudited Pro Forma Condensed Combined Financial Information, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of March 31, 2007 (unaudited)
	(in millions)
Cash and cash equivalents	\$ 85.9
Debt	
Revolving credit facility: (1)	
U.S.	228.0
European	69.3
Canadian	40.7
Term loan facility:	
U.S.	825.0
European	404.7
Senior notes	600.0
Senior subordinated notes	400.0
Other (2)	32.7
Total Debt	\$ 2,600.4
Stockholder's equity	801.4
Total Capitalization	\$ 3,401.8

(1) The borrowing base under our revolving credit facility as of March 31, 2007 was \$750.0 million, the maximum amount under the terms of the revolving credit facility, and as of such date we had utilized approximately \$361.3 million of our borrowing capacity under such facility, including approximately \$23.3 million in respect of letters of credit.

(2) We had \$32.7 million of other debt outstanding as of March 31, 2007, primarily consisting of industrial revenue bonds and obligations under capital leases.

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THE TRANSACTIONS

On August 7, 2006, we entered into an Agreement and Plan of Merger with Merger Sub and its parent company, Holdings, pursuant to which each share of our common stock (other than shares held in treasury or owned by Holdings, Merger Sub or any direct or indirect subsidiary of us or Holdings, and other than shares held by stockholders who properly demanded appraisal rights) was converted into the right to receive \$52.50 in cash, without interest and less any required withholding taxes. As a result of the merger, all of the issued and outstanding capital stock of Holdings is owned, directly or indirectly, by the Investors (as defined below). The merger was structured as a reverse subsidiary merger, under which Merger Sub was merged with and into us at the closing on December 19, 2006, and we are the surviving corporation. As the surviving corporation in the merger, we assumed, by operation of law, all of the rights and obligations of Merger Sub. We refer to the merger of Merger Sub with and into Aleris through which we became a wholly owned subsidiary of Holdings as the Acquisition.

The amount of equity contributions made as part of the Acquisition funding was \$848.8 million, consisting of amounts contributed by (i) investment funds associated with TPG, which we collectively refer to as the Sponsor Funds, and (ii) certain of our executive officers and members of our senior management, who we collectively refer to as the Management Participants. We refer to the Sponsor Funds and the Management Participants collectively as the Investors.

TPG financed the purchase of Aleris through application of the proceeds from the outstanding notes, initial borrowings under the 2006 credit facilities, the equity investments described above and our cash on hand. The closing of the Acquisition occurred simultaneously with the closing of the offering of the outstanding notes, the closing of the 2006 credit facilities, and the equity investments described above.

As a result of the Acquisition, we are a wholly-owned subsidiary of Holdings and the Investors directly or indirectly own all of our equity interests. Holdings is an entity that was formed in connection with the Transactions and has no assets or liabilities other than the shares of Aleris.

For a more complete description of the Transactions, see the sections entitled Capitalization, Unaudited Pro Forma Condensed Combined Financial Information, Management, Certain Relationships and Related Party Transactions, Description of Other Indebtedness, Description of Senior Exchange Notes and Description of Senior Subordinated Exchange Notes.

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined statement of operations for the year ended December 31, 2006 and the accompanying notes thereto, have been prepared to illustrate the effects of the Transactions and the acquisition of Corus Aluminum on our historical results of operations. The Aleris historical amounts include the results of the acquisition of Corus Aluminum from the acquisition date.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2006 has been derived from the following historical financial statements:

our audited consolidated financial statements for the period from January 1, 2006 to December 19, 2006 and for the period from December 20, 2006 to December 31, 2006, included elsewhere in this prospectus;

the unaudited combined financial statements of Corus Aluminum for the six months ended June 30, 2006, included elsewhere in this prospectus; and

the unaudited combined financial statements of Corus Aluminum for the month of July 2006, which are not included in this prospectus.

Corus Aluminum's historical combined financial statements from which these pro forma condensed combined financial statements are, in part, derived were prepared in accordance with IFRS as adopted by the European Union, which differ in certain material respects from U.S. GAAP. The pro forma information for the year ended December 31, 2006 were, in part, derived from the combined financial statements, including the reconciliation from IFRS to U.S. GAAP that was included in Note 13 of Corus Aluminum's unaudited combined financial statements.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2006 is presented assuming the Transactions and the acquisition of Corus Aluminum had each occurred on January 1, 2006. The unaudited pro forma condensed combined statement of operations is presented for informational purposes only and does not purport to represent our financial condition or operating results had the Transactions and the acquisition of Corus Aluminum occurred as of January 1, 2006. In addition, the unaudited pro forma condensed combined statement of operations does not purport to project our future financial position or operating results as of any future date or for any future period.

The unaudited pro forma condensed combined financial statements reflect the application of pro forma adjustments related to the acquisition of Corus Aluminum as well as the Transactions. The pro forma adjustments and certain assumptions underlying these adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined statement of operations. The unaudited pro forma condensed combined statement of operations includes preliminary estimates with respect to the valuation of our long-lived tangible and intangible assets. Accordingly, the final allocation of purchase price and the resulting effect on operating results will differ from the pro forma amounts included herein, and the differences may be material. The unaudited pro forma condensed combined statement of operations does not include any adjustments related to restructuring charges, profit improvements, potential cost savings or one-time charges which may result from the merger. In addition, in accordance with SEC rules, the unaudited pro forma condensed combined financial information contained in this prospectus does not give effect to the Wabash Alloys Acquisition for which we entered into a definitive purchase agreement on July 3, 2007, as the Wabash Alloys Acquisition is below the significance threshold contained in applicable SEC rules.

The unaudited pro forma condensed combined financial information, and the accompanying notes thereto, should be read in conjunction with our historical financial statements and related notes thereto included elsewhere in this prospectus, as well as the information set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Table of Contents**ALERIS INTERNATIONAL, INC. AND SUBSIDIARIES****Unaudited Pro Forma Condensed Combined Statement of Operations****For the Year Ended December 31, 2006****(in millions)**

	Aleris		Corus		Pro Forma Adjustments		Pro Forma Combined
	Historical(a)	Historical(b)	Aluminum Historical(b)	Acquisitions	Financing Transactions		
Revenues	\$ 4,748.8	\$ 1,286.0		\$ (7.1)(c)			\$ 6,027.7
Cost of sales	4,333.0	1,133.9		(7.1)(c)			5,495.2
				29.2(d)			
				7.4(e)			
				(1.2)(e)			
Gross profit	415.8	152.1		(35.4)			532.5
Selling, general and administrative expense	167.4	80.4		7.2(d)			264.0
Restructuring and other charges	41.9			9.0(f)			43.1
Gains on derivative financial instruments	(30.8)			1.2(e)			43.1
				(7.4)(e)			(38.2)
Operating income	237.3	71.7		(45.4)			263.6
Interest expense	90.6	2.5			131.5(i)		224.6
Loss on early extinguishment of debt	54.4						54.4
Other expense, net	(21.7)						(21.7)
Income (loss) from continuing operations before provision for income taxes and minority interests	114.0	69.2		(45.4)		(131.5)	6.3
Provision for (benefit from) income taxes	43.6	19.8		(17.5)(g)		(49.0)(g)	(3.1)
Income (loss) from continuing operations before minority interests	70.4	49.4		(27.9)		(82.5)	9.4
Minority interests, net of provision for income taxes	0.1	(1.2)		1.2(h)			0.1
Income (loss) from continuing operations	\$ 70.3	\$ 50.6		\$ (29.1)		\$ (82.5)	\$ 9.3

See Notes to Unaudited Pro Forma Condensed Combined Statement of Operations.

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The unaudited pro forma condensed combined statement of operations reflect the following pro forma adjustments as further described below:

- (a) The pro forma statement of operations for the year ended December 31, 2006 reflects our combined historical operating results for the periods from January 1, 2006 to December 19, 2006 and from December 20, 2006 to December 31, 2006 as presented in our audited consolidated financial statements included elsewhere in this prospectus.
- (b) The pro forma statement of operations for the year ended December 31, 2006 includes the historical combined results of Corus Aluminum for the six months ended June 30, 2006, including the U.S. GAAP adjustments disclosed in the footnotes to Corus Aluminum's unaudited combined financial statements included elsewhere in this prospectus, as well as the historical results of Corus Aluminum for the month of July 2006, including U.S. GAAP adjustments, which are not included in this prospectus.
- (c) To eliminate revenues and cost of sales between Corus Aluminum and us.
- (d) To record the incremental depreciation and amortization expense on the write-up of the property, plant and equipment and intangible assets of the Company based upon the final appraised values and useful lives of Corus Aluminum and to record incremental depreciation on the estimated write-up of the property, plant and equipment for our other facilities as a result of the Acquisition as follows:

	Depreciation	Amortization
	(in millions)	
Other Aleris entities	\$ 16.3	\$
Corus Aluminum	13.6	6.5
Total incremental depreciation and amortization expense	\$ 29.9	\$ 6.5

Appraisals of our long-lived tangible and intangible assets are expected to result in increases to the historical values for all entities except for the recently acquired Corus Aluminum entities for which valuations were completed in December 2006. As a result, we have included a pro forma adjustment to increase historical depreciation expense for all entities other than Corus Aluminum by 30%, our estimate of the potential increase in the value of long-lived tangible assets. While we expect that the appraisals will result in the identification of additional long-lived intangible assets, estimating the fair value associated with these intangible assets or the related amortization expense is not practicable. The actual increases to depreciation and amortization expense are subject to the completion of the appraisals and could differ significantly from the adjustments shown above.

- (e) To reclassify Corus Aluminum's unrealized losses (gains) on derivative financial instruments and restructuring charges to conform to our presentation.
- (f) Reflects the \$9.0 million annual management fee to be paid to our Sponsor in accordance with the management services agreement to be entered into at closing. See Certain Relationships and Related Party Transactions.
- (g) The pro forma income tax expense was determined by computing the pro forma effective tax rates, giving effect to the acquisition of Corus Aluminum and the Transactions. The pro forma income tax adjustment included in the Acquisitions column represents the adjustment to historical income tax expense necessary to state pro forma income tax expense at this rate. The pro forma adjustments to income tax expense included in the Financing Transactions column represent the application of the pro forma statutory tax rates to the pro forma

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adjustments to interest expense. The overall effective rate used in the pro forma combined column differs from the U.S. statutory rate of 35% primarily due to lower tax rates on non-U.S. earnings.

- (h) To remove the minority interest loss associated with Corus Aluminum's Canadian operations, 100% of which were acquired by us.

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- (i) To reflect the estimated impact of the financing transactions as follows:

	(in millions)
Elimination of historical interest expense:	
Aleris interest expense	\$ 83.3
Aleris deferred financing costs amortization	5.8
Corus Aluminum interest expense	2.5
Total historical interest expense	\$ 91.6
Estimated interest expense on new indebtedness:	
Term loan facility	\$ 93.8
Revolving credit facility	23.6
Senior notes	54.0
Senior subordinated notes	40.0
Deferred financing costs amortization	11.7
Total interest expense on new indebtedness	\$ 223.1
Incremental interest expense	\$ 131.5

The incremental interest expense calculations for the term loan facility, the revolving credit facility, the senior notes and the senior subordinated notes are based on interest rates of 7.657%, 7.182%, 9% and 10%, respectively. Each 0.125% variance in assumed interest rates for the term loan facility and the revolving credit facility would amount to a change in pro forma cash interest expense of \$1.9 million for the year ended December 31, 2006 based on our debt level for those facilities at the transaction date.

Table of Contents**SELECTED HISTORICAL FINANCIAL AND OPERATING DATA**

	For the three months ended March 31,		For the period from December 20, 2006 to December 31, 2006 (Successor)	For the period from January 1, 2006 to December 19, 2006	For the year ended December 31,			
	2007	2006			2005	2004	2003	2002
	(unaudited) (Successor)	(unaudited) (Predecessor)			(in millions, except ratios) (Predecessor)			
Statement of Operations Data:								
Revenues	\$ 1,599.1	\$ 847.6	\$ 111.8	\$ 4,637.0	\$ 2,429.0	\$ 1,226.6	\$ 892.0	\$ 687.2
Operating income	3.3	59.5	2.4	234.9	118.7	12.7	13.8	19.9
(Loss) income before cumulative effect of accounting change	(53.1)	28.2	(3.4)	73.7	74.3	(23.8)	(0.8)	6.8
Cumulative effect of accounting change, net of tax benefit (a)								(58.7)
Net (loss) income	\$ (53.1)	\$ 28.2	\$ (3.4)	\$ 73.7	\$ 74.3	\$ (23.8)	\$ (0.8)	\$ (51.9)
Balance Sheet Data (at end of period):								
Cash and cash equivalents	\$ 85.9	\$ 8.2	\$ 126.1		\$ 6.8	\$ 17.8	\$ 14.8	\$ 6.9
Total assets	4,821.6	1,611.8	4,808.4		1,554.1	1,081.1	550.7	351.4
Total debt	2,600.4	628.2	2,588.0		651.8	412.4	256.2	108.6
Total stockholder's equity	801.4	420.1	845.4		393.8	282.7	121.7	116.9
Other Financial Data:								
Net cash provided by (used in):								
Operating activities	\$ 2.8	\$ 35.4	\$ (147.1)	\$ 338.0	\$ 102.3	\$ 2.1	\$ (8.3)	\$ 38.4
Investing activities	(52.0)	(11.0)	(1,736.1)	(902.5)	(373.9)	(38.9)	(5.2)	(16.3)
Financing activities	7.8	(23.2)	1,880.5	699.9	261.3	38.7	20.7	(18.4)
Depreciation and amortization	40.1	15.7	5.4	103.7	55.0	30.6	29.7	23.7
Capital expenditures	44.7	11.0	10.7	113.2	62.1	44.8	20.8	19.3
Ratio of earnings to fixed charges (b)		4.0x		2.3x	2.6x			2.0x

(a) On January 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, and recorded an impairment charge of \$58.7 million net of tax benefits, as a cumulative effect of an accounting change. Subsequent to the adoption of SFAS No. 142, goodwill is no longer amortized.

(b) For purposes of computing the ratio of earnings to fixed charges, earnings consists of income (loss) before income tax expense (benefit) and minority interest, plus cash dividends received from equity interests less the equity income recorded. Fixed charges consist of interest expense, including amortization of debt issuance costs and capitalized interest and the interest portion of rental expense. For the three months ended March 31, 2007, the period from December 20, 2006 to December 31, 2006 and for the years ended December 31, 2004 and 2003, earnings were insufficient to cover fixed charges by approximately \$54.8 million, \$4.1 million, \$16.3 million and \$2.3 million, respectively.

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

The following Management's Discussion and Analysis of our Financial Condition and Results of Operations ("MD&A") is intended to help you understand our operations as well as the industry in which we operate. This discussion should be read in conjunction with our audited financial statements and notes and other financial information appearing elsewhere in this prospectus. Our discussions of our financial condition and results of operations also include various forward-looking statements about our industry, the demand for our products and services and our projected results. These statements are based on certain assumptions that we consider reasonable. For information about these assumptions and other risks relating to our businesses and our company, you should refer to "Risk Factors."

Our Business

We are a global leader in aluminum rolled products and extrusions, aluminum recycling and specification alloy production. We are also a recycler of zinc and a leading U.S. manufacturer of zinc metal and value-added zinc products that include zinc oxide and zinc dust. We generate substantially all of our revenues from the manufacture and sale of these products. We operate 50 production facilities in North America, Europe, South America and Asia. We possess a combination of low-cost, flexible and technically advanced manufacturing operations supported by an industry-leading research and development platform. Our facilities are strategically located and well positioned to service our customers, which include a number of the world's largest companies in the aerospace, building and construction, containers and packaging, metal distribution and transportation industries.

The acquisition of Corus Aluminum increased the size and scope of our international operations substantially, and, as a result, management re-aligned our reporting structure into global business units. Our reportable segments consist of global rolled and extruded products, global recycling and global zinc.

Global rolled and extruded products

Our global rolled and extruded products operations utilize both scrap and primary aluminum to produce rolled aluminum sheet, plate and extruded profiles for use in the aerospace, building and construction, distribution and transportation industry segments. We generally have not competed in the aluminum can sheet, foil, and certain other industry segments where more exacting tolerances are required, although the acquisition of Corus Aluminum has expanded our product offerings into the aerospace industry segment where exacting tolerances are also required. In 2006, approximately 57% of our consolidated revenues and approximately 55% of our consolidated segment income were generated by this segment of our business.

Global recycling

Our global recycling segment consists of our U.S. and international recycling operations. This segment melts either company-owned or customer-owned aluminum scrap for use in the automotive, can sheet and other industries. In 2006, the global recycling segment generated approximately 31% of our consolidated revenues and approximately 25% of our consolidated segment income.

Global zinc

Our global zinc segment processes zinc scrap as well as primary zinc into various value-added zinc products, including zinc oxide used by tire and other rubber-based manufacturers, zinc dust used by specialty chemicals and paint companies as a corrosion deterrent, and zinc metal used by steel companies in the galvanizing process. We also supply our customers with unprocessed primary zinc for use in their operations. In 2006, approximately 12% of our consolidated revenues and approximately 20% of our consolidated segment income were generated by this segment of our business.

The Aluminum Industry

We participate in select segments of the aluminum industry, including rolled and extruded products and recycling. The aluminum industry is highly cyclical and is affected by global economic conditions, industry

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competition, product development and commercialization. Compared to several substitute metals, aluminum is light weight, has a high strength-to-weight ratio and is resistant to corrosion. Aluminum's greatest advantage, however, is that it can be recycled again and again without any material decline in performance or quality.

Aluminum prices are determined by worldwide market forces of supply and demand, and, as a result, prices are volatile. The overall aluminum industry consists of primary aluminum producers, aluminum casters, extruders and sheet producers and aluminum recyclers. Primary aluminum is a commodity traded and priced daily on the LME. Most primary aluminum producers are engaged in the mining of bauxite ore and refining of the ore into alumina. Alumina is then smelted to form aluminum ingots and billets. Aluminum recyclers produce aluminum in molten or ingot form. Ingots and billets are further processed by aluminum sheet manufacturers and extruders to form plate, sheet and foil and extrusions profiles, or they are sold to aluminum traders or to the commodity markets.

We do not mine bauxite, refine alumina, or smelt primary aluminum as part of our business.

Critical Measures of Our Financial Performance

In addition to analyzing our consolidated operating performance based upon revenues, net income and earnings before interest, taxes, depreciation and amortization (EBITDA) we measure the performance of our operating segments utilizing segment income. Segment income includes gross profits, segment specific realized gains and losses on derivative financial instruments, other expense (income) and selling, general and administrative expense. Corporate other expense (income), corporate general and administrative expenses, unrealized gains and losses on derivative financial instruments, restructuring and other charges, management fees to affiliates of TPG, interest expense, interest income, losses on the early extinguishment of debt, amortization of capitalized debt issuance costs and provisions for income taxes are not allocated to individual segments. Segment income of each segment is the result of several factors, the most critical of which are as follows:

Global rolled and extruded products

The critical measures of the performance of our global rolled and extruded products segment include the following:

pounds shipped;

rolling margin;

metal price lag;

scrap spreads;

material margin; and

cash conversion costs.

The profitability of our global rolled and extruded products segment is primarily determined by the difference between the per pound selling price and per pound metal cost (including any coating). We refer to this as material margin. The majority of our rolled and extruded products are priced using a conversion fee-based model, where we charge customers the prevailing market price for the metal content of their order plus a fee to convert the metal, called the rolling margin. The remaining products are priced under long-term arrangements using fixed prices for the metal content.

Although our conversion fee-based pricing model is designed to reduce our exposure to changing primary aluminum prices, we remain susceptible to primary aluminum price changes in our fixed price sales contracts and other customer agreements where price is agreed upon prior to the physical purchase of the metal. In addition, our operations require that a significant amount of inventory be kept on hand to meet future

production requirements. This base level of inventory is also susceptible to changing primary metal prices to the extent it is not committed to fixed price sales orders. In order to reduce these exposures, we focus on reducing working

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capital and seek to offset our purchase and sales price risk on a global basis. We also utilize various derivative financial instruments designed to reduce the impact of changing primary aluminum prices on future sales for which aluminum has not yet been purchased and on our base inventory level. Our risk management practices reduce but do not eliminate our exposure to changing primary aluminum prices. While we have limited our exposure to unfavorable primary aluminum price changes, we have also limited our ability to benefit from favorable price changes.

The results of our global rolled and extruded products operations are also impacted by the time difference between when we purchase metal to fill customer orders and when that metal impacts our operating results. In general, our conversion fee-based model allows us to pass along changes in the price of primary aluminum to our customers. We, in turn, will pay higher or lower prices for the physical metal we purchase. However, as we value our inventories under the first-in, first-out method, the inventory typically impacts our cost of sales in periods subsequent to when the sales price impacts our revenues. This lag will, generally, increase our earnings in times of rising primary aluminum prices and decrease our earnings in times of decreasing primary aluminum prices; however, our use of derivative financial instruments as discussed above reduces this impact. We refer to this as metal price lag.

Also included in our material margin is the impact of differences between changes in the prices of primary and scrap aluminum. As we price our product using the prevailing price of primary aluminum but purchase large amounts of scrap aluminum to produce our products, primarily in our North American operations, we benefit when primary aluminum price increases exceed scrap price increases. Conversely, when scrap price increases exceed primary aluminum price increases, our material margin will be negatively impacted. The difference between the price of primary aluminum and scrap prices is referred to as the scrap spread and is impacted by the effectiveness of our scrap purchasing activities, our furnace recovery of aluminum from scrap and by the supply of scrap available.

The capital intensive nature of our operations as well as the significant amount of energy (primarily natural gas) required to re-heat and roll aluminum slabs into rolled sheet results in a significant amount of fixed and variable overhead costs. We measure the effectiveness of our rolling operations by determining the per pound cash conversion costs.

Global recycling

The profitability of our global recycling segment is largely dependent on the level of demand for our recycling services. Increased production will result in lower per unit costs and increased profitability. In addition, recoveries are a key financial measure which we track for this segment. As in the global rolled and extruded products segment, energy costs are a significant expenditure and have a significant impact on this segment's profitability. Revenues and margin percentages in this segment are subject to fluctuations based upon the percentage of customer-owned pounds processed. Historically, increased processing under such tolling agreements has resulted in lower revenues while not affecting segment income and generally has also resulted in higher percentages of gross profit and segment income. Tolling agreements subject us to less risk of changing metal prices and reduce our working capital requirements. Although tolling agreements are beneficial to us in these ways, the percentage of our pounds able to be processed under these agreements is limited by the amount of metal our customers own and their willingness to enter into such arrangements. Segment profitability may also be impacted by changes in the price of primary aluminum, although the impact of changes in primary aluminum prices is mitigated due to the higher percentage of tolling and short time period from order entry to order fulfillment that characterize this segment. However, changing scrap spreads can significantly impact segment performance.

Global zinc

Our zinc products are priced primarily as a percentage of or at a premium over the LME price of zinc. However, as with aluminum scrap prices, zinc scrap price movements do not necessarily match those of the primary market. Therefore, as the LME price increases in excess of the purchase price of zinc scrap, segment income will also increase. Thus, both the level of the LME and scrap spreads are key drivers of segment performance.

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Results of Operations

Highlights of the Three Months Ended March 31, 2007

In the three months ended March 31, 2007, we generated revenues of \$1.6 billion and segment income of \$25.9 million compared to revenues of \$847.6 million and segment income of \$75.6 million in the three months ended March 31, 2006. Our segment operating results for the three months ended March 31, 2007 were impacted by both the acquisition of Aleris by TPG and our acquisition of Corus Aluminum. The acquired operations of Corus Aluminum generated revenues of \$647.1 million in the three months ended March 31, 2007 and contributed a segment loss of \$14.5 million. The acquisition by TPG required that all of our assets and liabilities be adjusted to fair value through purchase accounting. These adjustments resulted in an increase in the value of the acquired inventory of approximately \$58.0 million. As substantially all of the acquired inventory was sold during the three months ended March 31, 2007, we included approximately \$55.2 million of this write-up in cost of sales, significantly reducing our segment operating results. In addition, the application of purchase accounting rules prohibited us from reflecting \$11.5 million of economic benefits associated with settled derivative financial instruments in segment income.

Our continued focus on achieving cost reductions from the implementation of companywide productivity initiatives and synergies from the Corus Aluminum acquisition led to the realization of cost reductions totaling approximately \$25.0 million in the three months ended March 31, 2007, \$12.0 million of which were attributable to the Corus Aluminum acquisition.

However, the positive impact of these cost savings was more than offset by lower volumes and material margins in our North American rolled products operations which reduced segment income by an estimated \$24.3 million and lower volumes in our zinc operations which reduced segment income by an estimated \$3.6 million. Higher volumes and improved pricing in our global recycling segment were more than offset by tighter scrap spreads.

Further impacting our operating results in the three months ended March 31, 2007 was interest expense of \$55.8 million compared to \$14.0 million in the three months ended March 31, 2006. The increased interest expense reflects the increased indebtedness resulting from the acquisition of Corus Aluminum and the Acquisition.

Table of Contents**Results of Operations for the Three Months Ended March 31, 2007 Compared to the Three Months Ended March 31, 2006**

The following table presents key financial and operating data on a consolidated basis for the three months ended March 31, 2007 and 2006. The 2007 period reflects the change in the basis of accounting necessitated by the Acquisition and is referred to as the Successor Period while the 2006 period is referred to as the Predecessor Period.

	(Successor) For the three months ended March 31, 2007 (in millions, except percentages)	(Predecessor) For the three months ended March 31, 2006	Percent change
Revenues	\$ 1,599.1	\$ 847.6	89%
Cost of sales	1,532.3	757.2	102
Gross profit	66.8	90.4	(26)
Gross profit as a percentage of revenues	4.2%	10.7%	
Selling, general and administrative expense	61.7	26.8	130
Restructuring and other charges	7.2		100
(Gains) losses on derivative financial instruments	(5.4)	4.1	*
Operating income	3.3	59.5	(94)
Interest expense	55.8	14.0	299
Interest income	(1.4)	(0.2)	600
Other expense, net	1.7	0.5	240
(Loss) income before provisions for income taxes and minority interests	(52.8)	45.2	*
Provision for income taxes	0.1	16.8	*
(Loss) income before minority interests	(52.9)	28.4	*
Minority interests, net of provision for income taxes	0.2	0.2	
Net (loss) income	\$ (53.1)	\$ 28.2	*%
Total segment income	\$ 25.9	\$ 75.6	
Corporate general and administrative expenses	(18.1)	(15.4)	
Restructuring and other charges	(7.2)		
Interest expense	(55.8)	(14.0)	
Unrealized gains (losses) on derivative financial instruments	0.9	(0.8)	
Unallocated interest and other income (expense), net	1.5	(0.2)	
(Loss) income before provision for income taxes and minority interests	\$ (52.8)	\$ 45.2	

* Result not meaningful

Table of Contents**Revenues and Shipments**

The following tables show revenues and shipments by segment and the percentage changes from the prior year period:

	(Successor) For the three months ended March 31, 2007	(Predecessor) For the three months ended March 31, 2006	Percent change
(in millions, except percentages)			
Revenues:			
Global rolled and extruded products	\$ 1,063.6	\$ 412.5	158%
Global recycling	424.1	345.6	23
Global zinc	142.6	96.9	47
Intersegment revenues	(31.2)	(7.4)	(322)
Consolidated revenues	\$ 1,599.1	\$ 847.6	89%
Pounds shipped:			
Global rolled and extruded products	552.0	\$ 274.9	101%
Global recycling	789.0	730.3	8
Global zinc	87.0	102.8	(15)
Total pounds shipped	1,428.0	1,108.0	29%

Consolidated revenues for the three months ended March 31, 2007 increased \$751.5 million compared to the three months ended March 31, 2006. The acquired operations of Corus Aluminum accounted for \$647.1 million of this increase. Excluding the impact of Corus Aluminum, global rolled and extruded products revenues increased \$4.0 million in the three months ended March 31, 2007 compared to the three months ended March 31, 2006 as the impact of higher average primary aluminum prices was substantially offset by lower shipment levels. Global recycling segment revenues increased \$78.5 million in the three months ended March 31, 2007 compared to the prior year period due to higher average aluminum prices and higher shipment levels. Global zinc revenues increased \$45.7 million in the first quarter of 2007 as compared to the first quarter of 2006 as higher average primary zinc prices more than offset a 15% reduction in shipments.

Global Rolled and Extruded Products Revenues

Global rolled and extruded products revenues for the three months ended March 31, 2007 increased \$651.1 million compared to the three months ended March 31, 2006. The increase in revenues resulted primarily from the acquisition of Corus Aluminum, which generated revenues of \$647.1 million in the three months ended March 31, 2007. Further, an 18% increase in the average price of primary aluminum included in our invoiced prices in the first quarter of 2007 as compared to the first quarter of 2006 increased revenues by an estimated \$51.7 million. Shipment levels in the three months ended March 31, 2007, excluding the impact of Corus Aluminum, decreased by 12% which decreased revenues by an estimated \$43.9 million. The reduction in shipments was due to reduced demand in the North American housing market and across most other industry segments served by our North American operations. Despite the lower demand, rolling margins remained comparable to 2006 levels through the first quarter of 2007.

Global Recycling Revenues

Global recycling revenues increased \$78.5 million in the three months ended March 31, 2007 as compared to the three months ended March 31, 2006 primarily as a result of higher aluminum prices which increased revenues by approximately \$47.5 million. Shipment levels increased by 8% in the three months ended March 31, 2007 compared to the prior year period, resulting in a \$26.8 million increase in revenues. The increase in shipment levels was principally due to strong European industrial activity year over year.

Table of Contents*Global Zinc Revenues*

Global zinc revenues increased \$45.7 million in the three months ended March 31, 2007 compared to the three months ended March 31, 2006 driven by an approximate 79% increase in the average LME price of zinc which increased revenues an estimated \$75.7 million. Partially offsetting this increase was a 15% reduction in shipments due to weak demand for zinc from our tire and rubber customers and our decision to exit lower margin business. This volume reduction decreased revenues by an estimated \$26.4 million.

Segment Income and Gross Profit

	(Successor) For the three months ended March 31, 2007 (in millions, except percentages)	(Predecessor) For the three months ended March 31, 2006	Percent change
Segment income (loss):			
Global rolled and extruded products	\$ 10.8	\$ 42.4	(75)%
Global recycling	15.7	18.1	(13)
Global zinc	(0.6)	15.1	*
Total segment income (loss)	\$ 25.9	\$ 75.6	(66)%
Items not included in gross profit:			
Segment selling, general and administrative expense	43.6	\$ 11.4	282%
Realized (gains) losses on derivative financial instruments	(4.5)	3.3	*
Other expenses, net	1.8	0.1	*
Gross profit	\$ 66.8	\$ 90.4	(26)%

* Result not meaningful

Global Rolled and Extruded Products Segment Income

Global rolled and extruded products segment income for the three months ended March 31, 2007 decreased \$31.6 million compared to the three months ended March 31, 2006. This net decrease was primarily due to the following:

\$39.0 million of additional cost of sales recognized during the first quarter of 2007 as a result of the application of purchase accounting rules under U.S. GAAP. The rules effectively eliminate the profit associated with acquired work-in-process and finished goods inventories by requiring those inventories to be adjusted to fair value through the purchase price allocation. Further, approximately \$13.2 million of economic benefits associated with settled derivative financial instruments were not included within segment income as a result of the Acquisition;

The acquired operations of Corus Aluminum which generated segment loss of \$14.5 million in the three months ended March 31, 2007, including approximately \$44.1 million of the higher costs associated with the impacts of purchase accounting discussed above;

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Lower volumes, excluding the impact of Corus Aluminum, during the first quarter of 2007 compared to the prior year period which reduced segment income by approximately \$7.9 million;

Lower material margins, excluding Corus Aluminum, resulting from lower year over year benefits from the impact of metal price lag created by rising primary aluminum prices reduced segment income by an estimated \$16.4 million; and

Productivity improvements and cost reductions resulting from the implementation of Six Sigma initiatives increased segment income by approximately \$8.4 million in addition to the \$12.0 million of benefits realized by the acquired operations of Corus Aluminum.

Table of Contents*Global Recycling Segment Income*

Global recycling segment income in the three months ended March 31, 2007 decreased by \$2.4 million compared to the same period in 2006 primarily due to \$3.6 million of higher costs associated with purchase accounting. These costs were offset by cost savings related to productivity initiatives which resulted in an estimated \$4.6 million increase in segment income in 2007. While the segment experienced higher volumes and slightly higher pricing in the three months ended March 31, 2007 compared to the three months ended March 31, 2006, tighter scrap spreads and higher operating costs more than offset the impact of these increases.

Global Zinc Segment Income

Global zinc segment income decreased by \$15.7 million in the three months ended March 31, 2007 compared to the same period in 2006. This decrease is primarily attributable to the impact of purchase accounting adjustments which resulted in \$10.8 million in higher costs. Lower volumes also reduced segment income by \$3.6 million.

Selling, General and Administrative Expenses

Consolidated selling, general and administrative expenses (SG&A) increased \$34.9 million in the three months ended March 31, 2007 as compared to the prior year period. Corporate SG&A expense increased \$2.7 million primarily due to sponsor management fees of \$2.3 million while segment SG&A expense increased \$32.2 million as a result of the acquisition of Corus Aluminum. As a percentage of revenues, consolidated SG&A expense increased from 3.2% in the three months ended March 31, 2006 to 3.9% in the three months ended March 31, 2007, which is consistent with the three months ended December 31, 2006.

Restructuring and Other Charges

During the three months ended March 31, 2007, we incurred \$7.2 million of costs primarily related to a potential acquisition that was not consummated.

(Gains) Losses on Derivative Financial Instruments

Amounts recorded within (Gains) losses on derivative financial instruments include the realized and unrealized gains and losses associated with derivatives that we do not account for as hedges. During the three months ended March 31, 2007 we recorded net realized and unrealized gains of \$4.4 million and \$1.0 million on our metal and currency derivative financial instruments, respectively. During the three months ended March 31, 2006 we recorded net realized and unrealized losses of \$4.1 million on our metal derivative financial instruments.

Interest Expense

Interest expense in the three months ended March 31, 2007 increased \$41.8 million from the comparable period of 2006. The increase resulted from higher levels of debt outstanding as a result of the acquisition of Corus Aluminum and the Acquisition.

Provision for Income Taxes

Our effective tax rate was 1.2% and 36.8% for the three months ended March 31, 2007 and 2006, respectively. The effective tax rate for the three months ended March 31, 2007 differed from the federal statutory rate applied to losses before income taxes primarily as a result of the mix of income, losses and tax rates between tax jurisdictions.

We have valuation allowances recorded to reduce certain deferred tax assets to amounts that are more likely than not to be realized. The remaining valuation allowances relate to our potential inability to utilize certain

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foreign net operating loss carry forwards and U.S. state net operating loss and tax credit carry forwards. We intend to maintain these existing valuation allowances until sufficient positive evidence exists (such as cumulative positive earnings and estimated future taxable income) to support their reversal. Any subsequent reversal of the state income tax valuation allowance will result in a reduction in the otherwise determinable income tax expense, and any reversal of the international valuation allowance will result in a reduction of goodwill and other intangible assets.

Highlights of the Year Ended December 31, 2006

We continued to make improvements in our manufacturing and procurement processes through the execution of our Six Sigma-based initiatives. These initiatives and our continuous focus on identifying and executing synergistic benefits associated with the acquisitions of Corus Aluminum, Commonwealth and the 2005 Acquisitions generated estimated savings of \$100.0 million in the year ended December 31, 2006. We also continued to experience rapid growth with the acquisition of Corus Aluminum on August 1, 2006 and the inclusion of the 2005 Acquisitions in our consolidated operating results for the entire year. In addition to the growth resulting from acquisitions, our core businesses also experienced significant increases in profitability in 2006 as the rising prices of primary metals such as aluminum and zinc favorably impacted our selling prices and segment income.

The following discusses the significant highlights, events and factors that impacted our business in 2006. Additional discussion of these items is included throughout MD&A and the audited consolidated financial statements.

On July 14, 2006, TPG formed Holdings and Merger Sub for purposes of acquiring us. On August 7, 2006, we entered into an Agreement and Plan of Merger with Holdings, pursuant to which each share of our common stock (other than shares held in treasury or owned by Holdings) would be converted into the right to receive \$52.50 in cash. The Acquisition was completed on December 19, 2006 at which time TPG and certain members of our management made a cash contribution of \$844.9 million and a non-cash contribution of \$3.9 million to Holdings in exchange for 8,520,000 shares of common stock of Holdings. The non-cash contribution consisted of shares of common stock held by management. Holdings contributed this amount to Merger Sub in exchange for Merger Sub issuing 900 shares of its common stock to Holdings. The cash contribution, along with the additional indebtedness jointly entered into by us and Merger Sub, was used to acquire all of our then outstanding common stock, including non-vested restricted stock, pay the holders of all outstanding stock options, refinance substantially all of our indebtedness and pay fees and expenses associated with the Acquisition. The Acquisition is more fully described in Note B of the audited consolidated financial statements while the refinancing is more fully described in Liquidity and Capital Resources and in Note K of the audited consolidated financial statements.

Immediately upon consummation of the Acquisition, the Merger Sub was merged with and into the Company. As the surviving corporation in the merger, we assumed, by operation of law, all of the rights and obligations of Merger Sub. Subsequent to the Acquisition, our common shares were delisted from the New York Stock Exchange.

Our focus on synergy benefits and productivity improvements led to the realization of approximately \$100.0 million of cost reductions in 2006.

We continued to execute our strategy of growth through strategic acquisitions and completed the acquisition of Corus Aluminum on August 1, 2006. We believe that the Corus Aluminum acquisition transformed us as it has expanded our product offering, increased our participation in high-growth industry segments and strengthened our technology platform. Aggregate net cash consideration for the acquisition was 695.5 million (approximately \$885.7 million), subject to adjustment based on the finalization of the net debt assumed and the working capital delivered. Based on preliminary

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information, we recorded an adjustment to increase the purchase price by \$65.0 million. Final determination of this adjustment is expected to occur in 2007.

Corus Aluminum contributed revenues of \$949.4 million during the five months in which its operating results were included in our consolidated operating results. However, these operations incurred a segment loss of \$27.1 million as purchase accounting rules prevented us from reflecting the majority of the normal profit associated with the sale of acquired inventories and from reflecting the full economic benefits associated with the settlement of acquired aluminum and currency derivatives in our consolidated operating results.

Excluding the impact of the Corus Aluminum acquisition, our global rolled and extruded products segment reported an increase in segment income of \$47.1 million in 2006 as a result of the 2005 Acquisitions, the closure of our Carson, California rolling mill, the benefit of metal price lag created by rising primary aluminum prices, improving scrap spreads, and productivity and acquisition synergies. These factors more than offset lower volumes, exclusive of the impact of the acquired businesses, slightly lower rolling margins and higher energy and incentive compensation expenses.

Our global zinc segment benefited from a 242% increase in the average LME price of zinc from 2005 to 2006. The rising price of zinc contributed to a \$44.0 million increase in segment income in 2006.

Our global recycling segment benefited from a 35% increase in the average LME price of aluminum from 2005 to 2006 as well as from continued productivity initiatives. Global recycling's segment income increased \$43.0 million in 2006.

During 2006, we implemented a program of hedging a portion of our base inventory levels within the global rolled and extruded products segment.

We also face many challenges in our business and industry, the following of which are the most significant:

We incurred significant indebtedness in connection with the Acquisition and are highly leveraged. While substantially all of our indebtedness matures in 2011 or later, we will incur and pay significantly more interest expense under our new capital structure than we paid in 2006. We estimate that our interest payments, excluding interest on our revolving credit facility, will be approximately \$178.1 million in the year ending December 31, 2007. Our ability to continue to meet these obligations will depend on our continued profitability.

The Acquisition has also required that all of our assets and liabilities be adjusted to fair value through purchase accounting. These adjustments have impacted and will continue to impact the amount of goodwill recorded in our consolidated balance sheet as purchase accounting adjustments related to appraisals of long-lived tangible and intangible assets, deferred income taxes and certain other assets and liabilities are finalized in 2007.

We remain susceptible to changing primary metal and natural gas prices as well as changing currency and interest rates. We continually evaluate our risk management and hedging activities in an attempt to reduce the impact of these changes on our operating results and cash flows. As mentioned previously, we now utilize derivative financial instruments to fix the selling prices of a portion of the global rolled and extruded products base inventory levels. In 2007, we entered into derivative financial instruments to hedge forecasted sales of our zinc products. Although we have reduced our exposure to unfavorable changes in primary aluminum and zinc prices, we have also reduced our ability to benefit from favorable price changes.

The majority of our derivative financial instruments are not treated as hedges for accounting purposes. As a result, changes in the fair values of these derivatives are recorded immediately in the statement of operations rather than at the time of the settlement of the derivative instrument. This has led to earnings volatility in the past and we expect further earnings volatility in future periods. We

record the changes in the fair value of derivatives not accounted for as hedges, including both unrealized gains and losses

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associated with open contracts and realized gains and losses associated with settled contracts, within (Gains) losses on derivative financial instruments in the consolidated statement of operations. Our definition of segment income includes only the impact of derivative financial instruments that have been settled for cash in the period.

LME zinc prices had been at or near record levels throughout 2006 but as of March 31, 2007, these prices had dropped by 24% compared to December 31, 2006. This has negatively impacted our zinc business through the first quarter of 2007. As noted above, we have implemented a risk management strategy to reduce the impact of further decreases in LME zinc prices.

The North American housing industry has declined significantly in 2006 and in the beginning of 2007. Single family home construction has decreased more than 10% year over year resulting in slower demand for building and construction end-uses in North America.

Results of Operations for the Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005 and for the Year Ended December 31, 2005 Compared to the Year Ended December 31, 2004.

Basis of Presentation

We have prepared our discussion of the results of operations for the year ended December 31, 2006 by comparing the results of operations for the year ended December 31, 2005 to the combined amounts obtained by adding the earnings and cash flows for the period from January 1, 2006 to December 19, 2006 (the Predecessor Period) and the period from December 20, 2006 to December 31, 2006 (the Successor Period). We refer to the sum of these two periods as the Combined Period. We have included this presentation as we believe that it provides a meaningful method of comparison. In addition, we present a separate discussion of the operating results for the Successor Period.

Table of Contents**Historical and Pro Forma Operating Results**

The following provides combined financial and operating data for the year ended December 31, 2006, historical financial and operating data for the years ended December 31, 2005 and pro forma and historical financial and operating data for the year ended December 31, 2004. The acquisition of Commonwealth Industries, Inc. in December 2004 had a dramatic impact on our operating performance and limited the comparability of our historical operating results. As a result, we have provided pro forma financial information for the year ended December 31, 2004. The unaudited pro forma information for 2004 has been prepared assuming that Aleris and Commonwealth had been operating together on a consolidated basis since January 1, 2004, and gives effect to the financing transactions related to the acquisition of Commonwealth as if they had occurred at that time.

For the year ended December 31,	2006 (Combined)	2005 (Predecessor)	2004 (Predecessor)	Percent Change		Unaudited Pro Forma	
				Combined 2006 vs. 2005	2005 vs. 2004	2004	Percent Change 2005 vs. 2004
				(in millions, except percentages)			
Revenues	\$ 4,748.8	\$ 2,429.0	\$ 1,226.6	96%	98%	\$ 2,244.7	8%
Cost of sales	4,333.0	2,181.3	1,153.1	99	89	2,096.1	4
Gross profit	415.8	247.7	73.5	68	237	148.6	67
Gross profit as a percentage of revenues	9%	10%	6%			7%	
Selling, general and administrative expense	167.4	91.1	54.5	84	67	92.2	(1)
Restructuring and other charges	41.9	29.9	14.9	40	101	37.9	(21)
(Gains) losses on derivative financial instruments	(30.8)	8.0	(8.6)	*	*	(9.4)	*
Operating income	237.3	118.7	12.7	100	835	27.9	325
Interest expense	90.6	41.9	28.8	116	45	44.4	(6)
Equity in net loss of affiliates		1.6	0.2	*	*	0.3	433
Interest and other income, net	(21.7)		(0.2)	*	*	(1.9)	*
Loss on early extinguishment of debt	54.4			*	*		*
Income (loss) before income taxes and minority interests	114.0	75.2	(16.1)	52	*	(14.9)	*
Provision for income taxes	43.6	0.4	7.5	*	(95)	7.5	(95)
Income (loss) before minority interests	70.4	74.8	(23.6)	(6)	*	(22.4)	*
Minority interests, net of provision for income taxes	0.1	0.5	0.2	(80)	150	0.3	67
Net income (loss)	\$ 70.3	\$ 74.3	\$ (23.8)	(5)%	*	\$ (22.7)	*
Total Segment Income	\$ 330.5	\$ 223.4	\$ 55.0				
Corporate general and administrative expenses	(72.8)	(58.2)	(32.2)				
Restructuring and other charges	(41.9)	(29.9)	(14.9)				
Interest expense	(90.6)	(41.9)	(28.8)				
Unrealized gains (losses) from derivative financial instruments	28.3	(18.6)	4.2				
	14.9	0.4	0.6				

Unallocated interest and other income, net			
Loss on early extinguishment of debt		(54.4)	
Income (loss) before income taxes and minority interests	\$ 114.0	\$ 75.2	\$ (16.1)

* Result is not meaningful.

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The following table shows revenues and shipment data by segment and the percentage changes from the prior period:

For the year ended December 31	2006 (Combined)	2005 (Predecessor)	2004 (Predecessor)	Combined 2006 over 2005 % change	2005 over 2004 % change
	(in millions, except percentages)				
Revenues:					
Global rolled and extruded products	\$ 2,726.2	\$ 1,246.7	\$ 95.1	119%	*
Global recycling	1,489.0	967.9	926.5	54	4%
Global zinc	553.2	244.1	206.9	127	18
Intersegment revenues	(19.6)	(29.7)	(1.9)	(34)	*
 Consolidated revenues	 \$ 4,748.8	 \$ 2,429.0	 \$ 1,226.6	 96%	 98%
Pounds shipped:					
Global rolled and extruded products	1,640.9	922.3	76.8	78%	*
Global recycling	2,889.5	2,804.9	2,710.0	3	4%
Global zinc	384.1	392.4	423.1	(2)	(7)%

* Result is not meaningful.

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005

Our revenues for the year ended December 31, 2006 increased \$2.3 billion compared to the year ended December 31, 2005. The acquired operations of Corus Aluminum, ALSCO, Tomra Latasa, Alumitech and the acquired assets of Ormet accounted for an estimated \$1.6 billion of this increase. Excluding the impact of the acquired businesses, global rolled and extruded products segment revenues increased \$111.5 million as lower shipment levels and slightly lower rolling margins were more than offset by the impact of the rising price of primary aluminum. Excluding the impact of the acquired businesses, global recycling segment revenues increased by \$334.6 million as a result of improved volumes and higher selling prices resulting from the rising price of primary aluminum and higher tolling fees. Global zinc revenues increased \$309.1 million as average LME zinc prices were approximately 242% higher during the year ended December 31, 2006 compared to the year ended December 31, 2005.

The following table presents the estimated impact of key factors that resulted in the 96% increase in our consolidated revenues from 2005 to 2006:

	Global rolled and extruded products	Global recycling	Global zinc	Consolidated
Price	18%	30%	129%	34%
Volume/mix	(10)	5	(2)	(3)
Acquisitions *	111	19		65
 Total percentage increase	 119%	 54%	 127%	 96%

* Represents the operations acquired as a result of the Corus Aluminum acquisition as well as the year-over-year changes in revenues resulting from our 2005 acquisitions.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

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Revenue increased 98% in the year ended December 31, 2005 compared to the year ended December 31, 2004 primarily due to the 2005 Acquisitions and the acquisition of Commonwealth in December 2004. In

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addition, increasing primary aluminum and zinc prices resulted in higher selling prices for our aluminum recycling and zinc products during the year ended December 31, 2005.

On a pro forma basis, our consolidated revenues would have increased by 8% from 2004. The following table presents, on a percentage basis, the estimated impact of key factors that resulted in the 8% increase in our consolidated revenues from pro forma 2004 to 2005:

	Global rolled and extruded products	Global recycling	Global zinc	Consolidated
Price	17%	3%	30%	13%
Volume/mix	(14)	(2)	(13)	(10)
Acquisitions *	6	3		4
Currency and other	(1)		1	1
Total percentage increase	8%	4%	18%	8%

* Represents the following operations acquired as a result of the acquisitions of 2005: ALSCO in October 2005, certain assets of Ormet in December 2005, Alumitech in December 2005, and Tomra Latasa in August 2005.

Global Rolled and Extruded Products Revenues

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005. Segment revenues increased by \$1.5 billion in the year ended December 31, 2006 compared to the year ended December 31, 2005. The increase in revenues was due to the following:

Corus Aluminum, which generated revenues of \$949.4 million since its acquisition on August 1, 2006;

The fourth quarter 2005 acquisitions of ALSCO and certain of the assets acquired from Ormet, which contributed incremental revenues of \$418.7 million in the year ended December 31, 2006;

A 32% increase in the average price of primary aluminum included in our invoiced prices for the year ended December 31, 2006 compared to the year ended December 31, 2005, excluding the impact of the acquired businesses, which increased revenues by an estimated \$245.6 million;

A 5% reduction in shipment levels in the year ended December 31, 2006 compared to the year ended December 31, 2005, excluding the impact of the acquired businesses, which reduced revenues by approximately \$118.5 million. This decrease was a result of lower demand in North America; and

Rolling margins in the year ended December 31, 2006, excluding the impact of the acquired businesses, which decreased compared to the rolling margins realized in the year ended December 31, 2005.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004. Segment revenues for global rolled and extruded products in 2004 include only the revenue generated from the date of the acquisition of Commonwealth on December 9, 2004 to December 31, 2004. As 2005 includes the Commonwealth operations for the entire year and comparisons of 2005 and 2004 on a reported basis are not meaningful, we use pro forma financial information for the year ended December 31, 2004 as a basis for comparison. Revenues from our global rolled and extruded products segment increased \$94.1 million, or approximately 8%, in 2005 as compared to pro forma 2004. The increase resulted from the following:

Increased selling prices per pound, which resulted in a 17% increase in revenues. This increase was due to a 30% increase in rolling margins charged to customers as a result of new customer agreements which began in January 2005 as well as a 12% increase in primary aluminum prices which was passed on to our customers through our metal plus conversion fee pricing model;

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A 12% decrease in volumes, excluding the impact of the 2005 Acquisitions. The decline in volume reduced revenues by 14% and was the result of customer destocking that occurred during much of the third and fourth quarters of 2005. This destocking was the result of high inventory levels built-up by our distribution and building and construction customers over the prior six months; and

The acquired operations of ALSCO which contributed \$64.9 million of revenues to the segment in 2005.

Global Recycling Revenues

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005. Global recycling revenues increased \$521.1 million in the year ended December 31, 2006 compared to the year ended December 31, 2005 partially as a result of the acquisitions of Alumitech, Tomra Latasa and certain assets of Ormet, which generated incremental revenues of \$186.5 million in the year ended December 31, 2006. Excluding the impact of the acquired businesses, the segment benefited from the 35% increase in the average LME price of aluminum in the year ended December 31, 2006. The higher LME prices contributed to higher selling prices per pound, increasing revenues by approximately \$293.2 million. Pounds shipped decreased as a result of shifting certain recycling facilities to the global rolled and extruded products segment in 2006. Management estimates that global recycling segment revenues would have been lower by approximately \$22.8 million in the year ended December 31, 2005 as a result of this change. Segment results have not been restated to reflect this change. Exclusive of this change and the impact of the acquisitions, pounds shipped increased by 5% in the year ended December 31, 2006 compared to the year ended December 31, 2005, resulting in a \$51.8 million increase in revenue in 2006.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004. Revenues from our global recycling segment increased 4% from 2004 to 2005 primarily as a result of the acquisition of Tomra Latasa in August 2005 which increased segment revenues by approximately 3%. Higher volumes in Germany as a result of the completion of a magnesium recycling facility also contributed to the increase in segment revenues. In the United States, reduced volumes from the automotive industry as well as a slight shift from product sales to toll sales and the resultant lower gross revenue were offset by the higher underlying aluminum value of product sales caused by the increased price of primary aluminum. The shift to toll agreements, as well as a reduction in total product sales, was a deliberate response to the reduced availability of scrap in certain geographic areas and reduced demand from the U.S. automotive industry. The reduced availability of scrap resulted in higher scrap prices during the first half of 2005. In order to limit our exposure to the rising price of scrap aluminum, we shifted a higher percentage of our business to toll sales.

Global Zinc Revenues

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005. Revenues from our global zinc segment increased \$309.1 million in the year ended December 31, 2006 compared to the year ended December 31, 2005, driven by an approximate 131% increase in the average selling prices of our zinc products, which more than offset a 2% decrease in pounds shipped. The increase in selling prices was the result of a 242% increase in the average LME price of zinc.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004. Revenues from our global zinc segment increased 18% in 2005 as compared to 2004, driven by a 30% increase in selling prices, which more than offset a 13% decrease in revenues due to lower shipment levels. The increase in selling price was the result of a 32% increase in the LME price of zinc. The 7% reduction in pounds shipped was due, in part, to reduced automotive demand during the first half of 2005 as well as the closure of our Hillsboro, Illinois facility and management's decision to forego lower margin business.

Table of Contents**Segment Income and Gross Profit**

The following table shows the total income for our segments, the percentage change from the prior period and a reconciliation of segment income to our consolidated gross profit:

For the year ended December 31,				Combined	
	2006 (Combined)	2005 (Predecessor)	2004 (Predecessor)	2006 over 2005 % change	2005 over 2004 % change
(in millions, except percentages)					
Segment income (loss):					
Global rolled and extruded products	\$ 180.7	\$ 160.6	\$ (3.1)	13%	*
Global recycling	84.8	41.8	46.1	103	(9)%
Global zinc	65.0	21.0	12.0	210	75
Total segment income	\$ 330.5	\$ 223.4	\$ 55.0	48%	306%
Items not included in gross profit:					
Segment selling, general and administrative expense	\$ 94.6	\$ 32.9	\$ 22.3	188%	48%
Realized losses (gains) on derivative financial instruments	4.5	(10.6)	(4.4)	*	141
Equity in loss of affiliates		1.6	0.2	*	*
Other (income) expense	(13.8)	0.4	0.4	*	*
Gross profit	\$ 415.8	\$ 247.7	\$ 73.5	68%	237%

* Result is not meaningful.

Global Rolled and Extruded Products Segment Income

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005. Global rolled and extruded products segment income for the year ended December 31, 2006 increased \$20.1 million compared to the year ended December 31, 2005. The net increase was due to the following:

The acquisition of ALSCO and the impact of certain of the assets acquired from Ormet, which increased segment income by an estimated \$44.6 million in the year ended December 31, 2006 compared to the year ended December 31, 2005.

Synergies from the Commonwealth acquisition and productivity benefits, which improved segment income by an estimated \$30.7 million in the year ended December 31, 2006 compared to the year ended December 31, 2005.

A \$13.8 million gain on the sale of the buildings and land at the Carson, California facility in the year ended December 31, 2006.

The closure of the Carson, California rolling mill in March 2006 and the shifting of that facility's production to our lower cost rolling mills in Richmond, Virginia and Uhrichsville, Ohio, which increased segment income by an estimated \$10.4 million in the year ended December 31, 2006.

Material margins, which improved as a result of the impact of the metal price lag of rising aluminum prices and improved scrap spreads, more than offset lower rolling margins.

The acquired operations of Corus Aluminum, which incurred segment losses of \$27.1 million since August 1, 2006. Reported segment income for these operations was negatively impacted by purchase accounting rules under U.S. GAAP which effectively eliminate the profit associated with acquired work-in-process and finished goods inventories by requiring those inventories to be adjusted to fair

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value through the purchase price allocation. This requirement resulted in \$5.4 million of additional costs of sales recorded in the year ended December 31, 2006. In addition, the purchase accounting rules also prevented the recognition of \$34.8 million of the economic benefits of acquired aluminum and currency derivatives that settled during the period.

Lower shipment levels, excluding the acquired businesses, which resulted in a decrease in segment income of approximately \$39.0 million.

Higher freight, energy and personnel costs, which reduced segment income by \$29.4 million.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004. Segment income for the year ended December 31, 2004 includes the operating results of Commonwealth from December 9, 2004 to December 31, 2004. As a result, comparisons to 2005 segment performance are not meaningful. On a pro forma basis, segment income from global rolled and extruded products was \$63.1 million in 2004. The \$97.5 million, or 155%, increase in segment income from pro forma 2004 to 2005 was due primarily to the following:

Material margins increased 41% in the year ended December 31, 2005, which increased segment income by an estimated \$145.0 million. The material margin increase was driven by improved rolling margins as a result of new customer agreements as well as widening scrap spreads.

Productivity improvements and synergistic benefits from the acquisition of Commonwealth, which further improved segment operating results by an estimated \$12.0 million in the year ended December 31, 2005. These improvements and benefits related to reduced procurement, insurance and employee costs.

Shipment levels decreased 12% in the year ended December 31, 2005 compared to the pro forma year ended December 31, 2004, which resulted in a \$48.2 million reduction in segment income.

Higher natural gas and freight costs in the year ended December 31, 2005, which reduced segment income by \$8.4 million.

The requirement to write-up acquired inventories to fair value through purchase accounting for the Commonwealth and ALSCO acquisitions, which reduced segment income by approximately \$6.2 million in 2005 and \$5.4 million in 2004.

Global Recycling Segment Income

Year Ended December 31, 2006 Compared to Year Ended December 31, 2005. Global recycling segment income for the year ended December 31, 2006 increased by \$43.0 million partly due to the acquisitions of Alumitech, Tomra Latasa and certain assets of Ormet, which contributed incremental segment income of \$20.8 million in 2006. In addition, productivity initiatives to reduce metal procurement costs increased segment income by \$20.3 million in 2006 while increased volumes and widening scrap spreads resulting from higher average LME prices increased segment income by \$27.5 million. Higher personnel and other manufacturing costs reduced segment income by \$15.6 million in 2006 as compared to 2005. Segment income for the year ended December 31, 2005, which has not been restated, included \$2.1 million related to the global recycling facilities which are now accounted for as part of the global rolled and extruded products segment.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004. The \$4.3 million decrease in global recycling segment income in the year ended December 31, 2005 compared to the year ended December 31, 2004 was primarily the result of the increasing cost of scrap aluminum in Germany which decreased segment income by an estimated \$10.4 million, rising natural gas costs in the U.S. which reduced segment income by approximately \$5.8 million and a \$1.2 million write-down of a recycling joint venture investment. These items more than offset the \$1.2 million of segment income contributed by the acquisition of Tomra Latasa since its acquisition, the impact of a customer bankruptcy that reduced segment income by \$3.2 million in 2004 and productivity improvements and merger related synergies relating to improved gas usage, operational efficiencies and cost savings related to insurance and workers compensation.

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Year Ended December 31, 2006 Compared to Year Ended December 31, 2005. Global zinc segment income increased \$44.0 million in the year ended December 31, 2006 compared to the year ended December 31, 2005 due to the rising LME price of zinc in 2006. Our global zinc segment prices its product at a premium to the prevailing LME price and, as LME prices rise, our zinc operations benefit. Zinc segment income for the year ended December 31, 2006 was negatively impacted by purchase accounting adjustments which resulted in higher cost of sales of \$1.6 million.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004. Our global zinc segment reported significantly higher profitability in 2005 compared to 2004 as a result of the increase in the LME price of zinc. The higher zinc prices increased segment income by an estimated \$14.1 million in 2005 as compared to 2004 and more than offset lower production volumes. Productivity and recovery improvements further improved segment operating results in 2005.

Selling, General and Administrative Expense

Consolidated SG&A increased \$76.3 million in the year ended December 31, 2006 compared to the year ended December 31, 2005. Corporate SG&A expenses increased \$14.6 million primarily as a result of higher incentive compensation and stock-based compensation expense while segment SG&A expenses increased by \$61.7 million primarily due to the acquisition of Corus Aluminum and the 2005 Acquisitions. As a percentage of revenues, SG&A decreased from 3.8% in 2005 to 3.5% in 2006 due partly to the increasing selling prices resulting from the rising LME prices of aluminum and zinc.

As a percentage of revenues, SG&A expense decreased from 4.4% in 2004 to 3.8% in 2005 due, in part, to \$3.7 million of compensation expense related to 2004 executive severance and the elimination of duplicative general and administrative positions as part of our restructuring and integration plans. Partially offsetting these items were higher accruals related to compliance with the Sarbanes-Oxley Act and incentive compensation accruals under our management and employee incentive plans. On a pro forma basis, SG&A expenses in 2005 were comparable to 2004 with higher incentive compensation accruals and Sarbanes-Oxley Act costs offset by the elimination of redundant positions.

Restructuring and Other Charges

During the year ended December 31, 2006, we recorded restructuring and other charges of \$41.9 million. The charges resulted from the following activities:

As discussed in Note D of the audited consolidated financial statements included in this prospectus, we modified the vesting provisions of certain share units in connection with the Acquisition and recorded \$0.5 million of additional compensation expense associated with the modifications within Restructuring and other charges. In addition, as the outstanding stock options and non-vested restricted shares were, by the terms of those agreements, immediately vested upon the change in control that resulted from the Acquisition, we accelerated the expensing of these awards as well as the original fair value of the share units. The accelerated vesting resulted in \$10.3 million of compensation expense being recorded within Restructuring and other charges. In addition to these charges, we incurred \$20.5 million of expenses associated with the proxy solicitation to our former stockholders and \$5.5 million of bridge loan commitment fees associated with the refinancing which have been included within Restructuring and other charges of the Successor Period.

During the fourth quarter, we recorded asset impairment charges of \$5.0 million associated with certain assets within our global recycling segment. We based the determination of the impairment of the machinery and equipment on the discounted cash flows expected to be realized from the affected assets. In addition, we recorded \$0.8 million of employee severance and benefit costs associated primarily with the realignment of our operating segments as a result of our acquisition of Corus Aluminum. All affected employees have left their positions as of December 31, 2006.

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We reversed approximately \$3.2 million of the employee severance and environmental accruals established in 2005 and recorded additional asset impairments of \$0.9 million and other exit costs of \$1.6 million primarily associated with various contractual obligations at the Carson facility.

The restructuring charges of \$29.9 million recorded in 2005 relate primarily to the closure of our rolled products facility in Carson, California. The closure relates to our acquisition of ALSCO and resulted from our determination that the rolling operations at ALSCO's Richmond, Virginia facility are more efficient and cost effective. The impairment charge totaled \$24.3 million and consisted of non-cash asset impairment charges of \$16.3 million, severance and other employee related benefit costs of \$5.5 million and other exit costs of \$2.5 million. We based the determination of the impairment of the machinery and equipment on the discounted cash flows expected to be realized from the assets to be scrapped. No impairment charge was recorded for assets that will be moved to our other facilities as the expected undiscounted cash flows of those assets is sufficient to recover their carrying value.

We recorded the following additional restructuring and impairment charges in 2005:

A non-cash asset impairment charge of \$0.8 million to write down previously idled assets at our closed Wendover, Utah recycling facility to their estimated fair value. The charge was the result of management's determination that the assets would not be relocated and utilized at our other operations;

Severance and other termination benefits totaling \$2.8 million related to the acquisition of Commonwealth. As part of the acquisition, we eliminated certain administrative positions at both the former Commonwealth headquarters and at our headquarters. As of September 30, 2006, all of the Aleris employees to be severed had left their positions; and

Lease termination costs of \$1.2 million and non-cash asset impairment charges of \$0.4 million related to the closure of our former headquarters in Irving, Texas.

During 2004, we recorded \$14.9 million of charges primarily related to our initial plans to integrate Commonwealth. The charges consisted of employee severance and benefit costs, and accelerated vesting of non-vested shares and share units. In addition, we recorded asset impairment charges totaling \$4.2 million related to certain of our recycling facilities.

We evaluate the performance of our reportable segments exclusive of restructuring and other charges. As a result, the amounts discussed above have not been included in segment income but have been recorded at the corporate level. See Note D of our audited consolidated financial statements included elsewhere in this prospectus.

(Gains) Losses on Derivative Financial Instruments

Amounts recorded within (Gains) losses on derivative financial instruments include the changes in fair value of those derivative financial instruments that we do not account for as hedges. During the year ended December 31, 2006, we recorded a \$9.8 million gain from currency option contracts used to hedge a portion of the purchase price paid to acquire Corus Aluminum. We also recorded net realized and unrealized gains of \$20.8 million on our aluminum derivative financial instruments as a result of the rising price of primary aluminum during the year.

During the year ended December 31, 2005, we recorded net losses on our derivative financial instruments as primary aluminum prices were lower at December 31, 2005 compared to December 31, 2004.

Interest Expense

Interest expense increased in 2006 compared to 2005 as a result of increased debt levels in connection with the Acquisition and the acquisition of Corus Aluminum. Our average debt outstanding increased from \$421.1 million in 2005 to \$1.1 billion in 2006.

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Interest expense increased in 2005 compared to 2004 primarily due to higher levels of debt resulting from the acquisition of Commonwealth and the 2005 Acquisitions. Our average debt outstanding increased from \$267.8 million in 2004 to \$421.1 million in 2005.

Loss on Early Extinguishment of Debt

In connection with the acquisition of Corus Aluminum, we refinanced substantially all of our indebtedness as of August 1, 2006. As a result of this refinancing, we incurred charges of \$54.4 million related to the prepayment premiums associated with the 9% notes and the 10^{3/8}% notes and the write-off of existing deferred financing costs and debt discounts. See Liquidity and Capital Resources December 2006 Refinancing and Note K of the audited consolidated financial statements included in this prospectus.

Other (Income) Expense

As discussed previously, during 2006 we sold the land and buildings at our Carson, California rolling mill and recorded a gain of \$13.8 million on the sale.

Provision for (Benefit from) Income Taxes

Income tax expense was \$43.6 million in 2006 compared to \$0.4 million in 2005. The 2006 income tax expense consisted of a provision of \$3.6 million from non-U.S. tax jurisdictions and \$40.0 million from the U.S. In 2006, management released the remaining federal valuation allowance of \$0.9 million based upon positive evidence that it was more likely than not that our future taxable income, including reversals of taxable temporary differences, would be substantial enough to realize our net U.S. deferred tax assets.

At December 31, 2006 we had a valuation allowance of \$93.7 million to reduce certain deferred tax assets to amounts that are more likely than not to be realized. Of the total 2006