OREGON STEEL MILLS INC
Form S-4
August 16, 2002

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As filed with the Securities and Exchange Commission on August 16, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
Under
The Securities Act of 1933

OREGON STEEL MILLS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**3312**	**94-0506370**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1000 S.W. Broadway, Suite 2200
Portland, Oregon 97205
(503) 223-9228
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

L. RAY ADAMS
Vice President, Finance, Chief Financial Officer and Treasurer
1000 S.W. Broadway, Suite 2200
Portland, Oregon 97205
(503) 223-9228
(Name, address, including zip code, and telephone number, including area code, of agent for service)

It is respectfully requested that the Commission send copies of all notices, orders and communications to:

ROBERT J. MOORMAN
STEVEN H. HULL
Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, Oregon 97204
(503) 224-3380

Approximate date of commencement of proposed sale to the public: As promptly as practicable after this registration statement becomes effective.

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. **o**

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. **o**

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. **o**

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be Registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
10% First Mortgage Notes due 2009	$305,000,000	100%(1)	$305,000,000	$27,716(2)
Guarantees of 10% First Mortgage Notes due 2009	$305,000,000			(3)

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457 of the Securities Act of 1933.

(2) The registration fee for the securities offered hereby has been calculated under Rule 457(f)(2) under the Securities Act based on a book value of the securities of $301,254,600.

(3) Pursuant to Rule 457(n) under the Securities Act, no separate fee is payable for the Guarantees.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants 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 a date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Exact name of registrant as specified in its charter; address, including zip code, and telephone number, including area code, of principal executive offices	State or other jurisdiction of incorporation or organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
New CF&I, Inc. 1000 S.W. Broadway, Suite 2200 Portland, OR 97205 (503) 240-5787	Delaware	3310	93-1086900
CF&I Steel, L.P. 1000 S.W. Broadway, Suite 2200 Portland, OR 97205 (503) 240-5787	Delaware	3310	93-1103440

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SUBJECT TO COMPLETION, DATED AUGUST 16, 2002

Offer for all Outstanding
10% First Mortgage Notes due 2009
in Exchange for
10% First Mortgage Notes due 2009, which have been registered under the Securities Act of 1933,
of

OREGON STEEL MILLS, INC.

The Exchange Offer will expire at 5:00 p.m. New York City time, on , 2002, unless extended.

We are offering to exchange all of our $305,000,000 10% first mortgage notes due 2009, which we refer to as the original notes, for $305,000,000 in registered 10% first mortgage notes due 2009, which we refer to as the exchange notes. The original notes and the exchange notes are collectively referred to as the notes. The original notes were issued on July 15, 2002. The exchange notes represent the same indebtedness as the original notes. The terms of the exchange notes are substantially identical to the terms of the original notes except that the exchange notes are registered under the Securities Act of 1933 and therefore are freely transferable, subject to certain conditions.

You should consider the following:

- Participating in the exchange offer involves risks. See "Risk Factors" beginning on page of this prospectus.
- Our offer to exchange the original notes for exchange notes will expire at 5:00 p.m. New York City time on , 2002 unless we extend the time of expiration.
- You may withdraw your tender of original notes at any time before the expiration of this exchange offer.
- All original notes that are validly tendered in the exchange offer and not validly withdrawn will be exchanged.
- The exchange of original notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.
- The exchange offer is subject to customary conditions, including that it does not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.
- We will not receive any proceeds from the exchange offer.
- The exchange notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods. The exchange notes will not be listed on any securities exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2002.

You should rely only on the information contained in this prospectus. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this prospectus, and, if any person gives you any other information or makes other representations, you should not rely upon that information or representation as having been authorized by us. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should be aware that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

Each broker-dealer that receives exchange notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such 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 exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the Expiration Date (as defined herein), it will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution" on page 120.

INCORPORATION OF DOCUMENTS BY REFERENCE

We are "incorporating by reference" the information we file with the Securities and Exchange Commission, or SEC, into this prospectus, which means that this prospectus incorporates important business and financial information about our company that is not included in or delivered with this prospectus. The information incorporated by reference is considered to be part of this prospectus, and information in documents that we file later with the SEC will automatically update and supersede

information in this prospectus. We incorporate by reference the documents listed below into this prospectus, and any future filings made by us, CF&I Steel, L.P. or New CF&I, Inc. with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, until we close this Exchange Offer. The documents we incorporate by reference are:

- our quarterly report on Form 10-Q for the quarter ended June 30, 2002;
- the quarterly report of New CF&I, Inc. on Form 10-Q for the quarter ended June 30, 2002;

the quarterly report of CF&I Steel, L.P. on Form 10-Q for the quarter ended June 30, 2002;

our current report on Form 8-K filed with the SEC on July 11, 2002;

our current report on Form 8-K filed with the SEC on June 26, 2002;

the current report of New CF&I, Inc. on Form 8-K filed with the SEC on June 26, 2002;

the current report of CF&I Steel, L.P. on Form 8-K filed with the SEC on June 26, 2002;

our quarterly report on Form 10-Q for the quarter ended March 31, 2002;

the quarterly report of New CF&I, Inc. on Form 10-Q for the quarter ended March 31, 2002;

the quarterly report of CF&I Steel, L.P. on Form 10-Q for the quarter ended March 31, 2002;

our annual report on Form 10-K for the fiscal year ended December 31, 2001, as amended;

the annual report of New CF&I, Inc. on Form 10-K for the fiscal year ended December 31, 2001; and

the annual report of CF&I Steel, L.P. on Form 10-K for the fiscal year ended December 31, 2001.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements," as defined by federal securities laws, with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. Statements made in this prospectus that are not statements of historical fact are forward-looking statements. In addition, from time to time, we and our representatives may make statements that are forward-looking. This section provides you with cautionary statements identifying, for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, important factors that could cause our actual results to differ materially from those contained in forward-looking statements made in this prospectus or otherwise made by us or on our behalf. You can identify these forward-looking statements by forward-looking words such as, but not limited to, "expect", "anticipate", "believe", "intend", "plan", "seek", "estimate", "continue", "may", "will", "would", "could", "likely", and similar expressions. You are cautioned not to place undue reliance on these forward-looking statements.

All forward-looking statements involve risks and uncertainties. Many risks and uncertainties are inherent in the steel industry. Others are more specific to our operations. The occurrence of any of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Because of such risks, uncertainties and assumptions, actual results may differ materially from expected results, and the forward-looking events described in the forward-looking statements may not occur. The following are some of the factors that could cause actual results to differ from our expectations, may affect our ability to pay timely amounts due under the notes and/or may affect the value of the notes:

Availability and adequacy of our cash flow to meet our requirements, including payment of amounts due under the notes;

Changes in market supply and demand for steel, including the effect of changes in general economic conditions;

Changes in U.S. or foreign trade policies affecting steel imports or exports;

Changes in the availability and costs of steel scrap, steel scrap substitute materials, steel slab and billets and other raw materials or supplies used by us, as well as the availability and cost of electricity and other utilities;

Unplanned equipment failures and plant outages;

Actions by our domestic and foreign competitors;

Excess production capacity at our facilities or within the steel industry;

Costs of environmental compliance and the impact of governmental regulations;

Changes in our relationship with our workforce;

Our substantial indebtedness, debt service requirements and liquidity constraints;

Risks related to the notes (including the value of the collateral) and to high-yield securities generally;

Our highly leveraged capital structure and the effect of restrictive covenants in our debt instruments on our operating and financial flexibility;

Changes in our business strategies or development plans, and any difficulty or inability to successfully consummate or implement as planned any projects;

Availability of additional capital to support capital improvements and developments;

Risks related to pending environmental matters, including the risk that costs associated with such matters may exceed our expectations or available insurance coverage, if any, and the risk that we may not be able to resolve any matter as expected;

Risks related to the outcome of the pending union dispute;

The effect of other existing and possible future litigation filed by or against us; and

Other factors disclosed under "Risk Factors" in this prospectus and that may be disclosed from time to time in our SEC filings or otherwise.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We caution you that any forward-looking statement reflects only our belief at the time the statement is made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made.

INDUSTRY AND MARKET DATA

In this prospectus we rely on and refer to information and statistics regarding our markets. We obtained such information and statistics from various sources, including discussions with our customers and our own internal estimates. We believe these sources and estimates are reliable, but we have not independently verified such information and statistics and cannot guarantee the accuracy or completeness of such information and statistics.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We file annual, quarterly and other reports, proxy statements and other information with the Securities and Exchange Commission. Our SEC filings are available over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facility:

Public Reference Room Office
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Please call 1-800-732-0330 for further information on the operations of the public reference facilities. Our SEC filings are also available at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus incorporates documents by reference which are not presented herein or delivered herewith. These documents are available upon request from Oregon Steel Mills, Inc., 1000 S.W. Broadway, Suite 2200, Portland, Oregon 97205, Attention: Vice President, Corporate Affairs (telephone number (503) 240-5787). To ensure timely delivery of the documents, any request should be made no later than   , 2002, which is five business days before the expiration of the Exchange Offer.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that may be important to you. We urge you to read carefully this entire prospectus and all of the information incorporated by reference into this prospectus, including the "Risk Factors" section and our consolidated financial statements and related notes. In this prospectus (i) except with respect to the notes and unless the context requires otherwise, "Oregon Steel," the "Company," "we," "our" and "us" refer to Oregon Steel Mills, Inc. and its subsidiaries and (ii) EBITDA is defined as the sum of consolidated net income (loss), consolidated depreciation and amortization expenses, consolidated interest expense and consolidated income tax expense or benefit.

GENERAL

On July 15, 2002, we issued an aggregate principal amount of $305 million of 10% first mortgage notes due 2009 in an offering exempt from registration under the Securities Act. We refer to the notes issued in July 2002 as the "original notes." The term "exchange notes" refers to the 10% first mortgage notes due 2009 newly offered under this prospectus. The original notes and the exchange notes are collectively referred to as the "notes."

In connection with the private offering of the original notes, we entered into a registration rights agreement. Under the registration rights agreement, we are obligated, among other things, to deliver to you this prospectus and complete the exchange offer. This exchange offer allows you to exchange your original notes for newly registered exchange notes with substantially similar terms. If the exchange offer is not completed as contemplated in the registration rights agreement, we will be required to pay liquidated damages pursuant to the terms of the registration rights agreement. You should read the registration rights agreement in its entirety for more information. Refer to the section in this prospectus entitled "Where You Can Find More Information" for information on how to obtain a copy of the registration rights agreement.

THE COMPANY

Oregon Steel Mills, Inc. ("Oregon Steel" or the "Company") manufactures and markets one of the broadest lines of specialty and commodity steel products of any domestic minimill company. The Company's specialty products include large diameter pipe, electric resistance welded ("ERW") pipe, seamless pipe, deep-head hardened ("DHH") rail, specialty plate, including coiled plate, and specialty rod. The Company also produces commodity plate, including coiled plate, rail, rod, bar and semifinished blooms and billets. The Company targets a diverse customer base located primarily west of the Mississippi River and in western Canada. The Company's primary customers include energy transmission companies, major U.S. railroads, steel service centers, and heavy equipment manufacturers.

Oregon Steel operates two steel minimills and seven finishing facilities in the western United States and Canada. The Company is organized into two business units known as the Oregon Steel Division and the Rocky Mountain Steel Mills ("RMSM") Division. The Oregon Steel Division is centered on the Company's steel plate minimill in Portland, Oregon (the "Portland Mill"). The Portland Mill is the only hot-rolled steel plate and coil minimill in the eleven western states. The Oregon Steel Division's facility in Napa, California (the "Napa Pipe Mill") is a large diameter steel pipe mill and fabrication facility. The Oregon Steel Division also produces large diameter pipe and ERW pipe at its 60-percent owned pipe mill in Camrose, Alberta, Canada (the "Camrose Pipe Mill"). The annual production capacities of the Portland Mill, Napa Pipe Mill and Camrose Pipe Mill are 1.2 million, 400,000, and 320,000 tons, respectively. The RMSM Division consists of steelmaking and finishing facilities of CF&I Steel, L.P. ("CF&I") located in Pueblo, Colorado (the "Pueblo Mill"). The

Pueblo Mill is a minimill which supplies steel for the Company's rail, rod and bar, and seamless tubular finishing mills. The annual production capacity of the Pueblo Mill is 1.2 million tons.

The Company was founded in 1926 by William G. Gilmore and was incorporated in California in 1928. The Company was reincorporated in Delaware in 1974. Its executive offices are located at 1000 SW Broadway, Suite 2200, Portland, Oregon 97205, and its telephone number is (503) 223-9228.

SUMMARY OF THE EXCHANGE OFFER

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained in "The Exchange Offer" section of this prospectus. For a more detailed description of the exchange notes, see "Description of Notes."

On July 15, 2002, we completed the private offering of the original notes. In this exchange offer, we are offering to exchange, for the original notes, exchange notes that are identical in all material respects to the original notes, except that the exchange notes have been registered under the Securities Act.

Any original notes that you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities. Therefore, you may transfer or resell them only in a transaction registered under or exempt from the Securities Act and applicable state securities laws. We will issue the exchange notes in exchange for the original notes under the exchange offer only following the satisfaction of the procedures and conditions described in "The Exchange Offer."

Because we anticipate that most holders of the original notes will elect to exchange their original notes, we expect that the liquidity of the markets, if any, for any original notes remaining after the completion of the exchange offer will be substantially limited. Any original notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount outstanding of the original notes.

Registration Rights Agreement

We sold the original notes on July 15, 2002 to the initial purchaser Goldman, Sachs & Co. The original notes were issued pursuant to an indenture dated as of July 15, 2002. In connection with the sale of the original notes, we entered into a registration rights agreement that provides for the exchange offer.

In the registration rights agreement we agreed to file a registration statement for the exchange offer within 60 days of the issue date for the original notes and to use our reasonable best efforts to cause the registration statement to become effective as soon as practicable, but no later than 180 days after the issue date for the original notes, and complete the exchange offer within 45 days of the date the registration statement is declared effective.

We will pay liquidated damages on the original notes if we do not file the required registration statement on time, or if the Securities and Exchange Commission, or SEC, does not declare the required registration statement effective on time, or we do not complete the exchange offer on or prior to 45 days of the date the registration statement is declared effective.

The exchange offer satisfies your rights under the registration rights agreement. After the exchange is over, you will not be entitled to any exchange or, with limited exceptions, registration rights with respect to your original notes.

The Exchange Offer

We are offering to exchange up to $305,000,000 aggregate principal amount of our 10% first mortgage notes due 2009 for up to $305,000,000 aggregate principal amount of our 10% first mortgage exchange notes due 2009.

Purpose and Effect

The purpose of the exchange offer is to give you the opportunity to exchange your original notes for exchange notes that have been registered under the Securities Act.

Resale

We believe that the exchange notes may be offered for resale, resold and otherwise transferred by you (unless you are our "affiliate" within the meaning of Rule 405 under the Securities Act) without compliance with the registration or prospectus delivery provisions of the Securities Act if:

- you are acquiring the exchange notes in the ordinary course of your business; and

- you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes.

Each participating broker-dealer that receives exchange notes for its own account under the exchange offer in exchange for original notes that were acquired by the broker-dealer as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. See

"Plan of Distribution."

Any holder of original notes who:

- is our affiliate;
- does not acquire exchange notes in the ordinary course of its business; or
- exchanges original notes in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes

must, in the absence of an exemption, comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the exchange notes.

Record Date	There will be no fixed record date for determining registered holders of original notes entitled to participate in the exchange offer.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2002, unless we decide to extend the expiration date. We do not currently intend to extend the expiration of the exchange offer.
Withdrawal Rights	You may withdraw the tender of your original notes at any time before the expiration date of the exchange offer.

Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may waive. Please refer to the section in this prospectus entitled "The Exchange Offer Conditions to the Exchange Offer."
Procedures for Tendering Original Notes	If you wish to tender your original notes for exchange in this exchange offer, you must transmit to the exchange agent on or before the expiration date either:

- an original or a facsimile of a properly completed and duly executed letter of transmittal, which accompanies this prospectus, together with your original notes and any other documentation required by the letter of transmittal, at the address provided on the cover page of the letter of transmittal; or
- if the original notes you own are held of record by The Depositary Trust Company, or DTC, in book-entry form and you are making delivery by book-entry transfer, a computer-generated message transmitted by means of the Automated Tender Offer Program System of DTC, or ATOP, in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the exchange agent, forms a part of a confirmation of book-entry transfer. As part of the book-entry transfer, DTC will facilitate the exchange of your original notes and update your account to reflect the issuance of the exchange notes to you. ATOP allows you to electronically transmit your acceptance of the exchange offer to DTC instead of physically completing and delivering a letter of transmittal to the exchange agent.

In addition, you must deliver to the exchange agent on or before the expiration date:

- if you are effecting delivery by book-entry transfer, a timely confirmation of book-entry transfer of your original notes into the account of the exchange agent at DTC; or
- if necessary, the documents required for compliance with the guaranteed delivery procedures.

Special Procedures for Beneficial Owners	If you are the beneficial owner of book-entry interests and your name does not appear on a security position listing of DTC as the holder of the book-entry interests, or if you hold original notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should contact the person in whose name your book-entry interests or original notes are registered promptly if you wish to tender original notes. Please refer to the section in this prospectus entitled, "The Exchange Offer Procedures for Tendering Original Notes."

Guaranteed Delivery Procedures	If you wish to tender your original notes and you cannot complete the procedure for book-entry transfer on time, you may tender your original notes according to the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer Procedures for Tendering Original Notes."
Effect on Holders of Original Notes	If you are a holder of original notes and you do not tender your original notes in the exchange offer, you will continue to hold your original notes and will be entitled to all the rights and subject to all the limitations applicable to the original notes in the indenture. The trading market for original notes could be adversely affected if some but not all of the original notes are tendered and accepted in the exchange offer.
Consequences of Failure to Exchange Your Original Notes	All untendered original notes will remain subject to the restrictions on transfer provided for in the original notes and in the indenture. Generally, the original notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities and may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the original notes under the

	Securities Act.
	Because we anticipate that most holders of the original notes will elect to exchange their original notes, we expect that the liquidity of the markets, if any, for any original notes remaining after the completion of the exchange offer will be substantially limited.
Use of Proceeds; Expenses	We will not receive any cash proceeds from the exchange offer. We will pay all of our expenses related to the exchange offer.
Federal Income Tax Consequences	The exchange of the original notes for exchange notes will not be a taxable event to you for U.S. federal income tax purposes. Please refer to the section in this prospectus entitled "Certain U.S. Federal Tax Considerations."
Exchange Agent	U.S. Bank National Association is serving as exchange agent in the exchange offer. Please refer to the section in this prospectus entitled "The Exchange Offer Exchange Agent." You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery, as well as deliver all executed letters of transmittal and any other required documents, to the exchange agent at the addresses listed below:

By Mail	**By Overnight Carrier**	**By Hand**
U.S. Bank National Association 180 E. Fifth Street St. Paul, MN 55101	U.S. Bank National Association 180 E. Fifth Street St. Paul, MN 55101	U.S. Bank National Association 180 E. Fifth Street St. Paul, MN 55101
Attn: Specialized Finance Group 4th Floor	Attn: Specialized Finance Group 4th Floor	Attn: Specialized Finance Group 4th Floor Bond Drop Window

By Facsimile Transmission

(For Eligible Institutions Only)
(651) 244-1537

To confirm by Telephone
(800) 934-6802

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. The "Description of Notes" section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

Issuer	Oregon Steel Mills, Inc., a Delaware corporation.

Securities Offered	$305,000,000 aggregate principal amount of 10% First Mortgage Notes due July 15, 2009.
Maturity Date	July 15, 2009.
Interest Payment Dates	January 15 and July 15 of each year, beginning January 15, 2003.
Optional Redemption	We may redeem the notes, in whole or in part, at our option at any time on or after July 15, 2006, at the redemption prices listed in "Description of Notes Optional Redemption," plus accrued and unpaid interest to the date of redemption. In addition, before July 15, 2005, we may, at our option, use the net cash proceeds from one or more public equity offerings to redeem up to 35% of the original aggregate principal amount of the notes at a price equal to 110% of the principal amount thereof, plus accrued and unpaid interest to the date of redemption.
Sinking Fund	None.
Ranking	The notes will be our senior secured obligations and, except as described in the following two paragraphs, will be senior in right of payment to all of our and the subsidiary guarantors' existing and future subordinated debt and equal in right of payment with all of our and the subsidiary guarantors' existing and future senior debt. Because of the security interests in the note collateral described below, the notes will be effectively senior to all of our and the subsidiary guarantors' existing and future indebtedness to the extent of the value of the note collateral. The notes will be effectively subordinated to all of our and the subsidiary guarantors' indebtedness (including our new credit facility) secured by assets other than the note collateral (to the extent of the value of such assets) and to indebtedness of any of our subsidiaries that is not a guarantor of the notes. At June 30, 2002, after giving effect to the sale of the original notes and the application of the net proceeds therefrom as described in "Use of Proceeds" (including the discharge and redemption of all of our outstanding 11% First Mortgage Notes due 2003 and the refinancing of our previous revolving credit facility) as if such transactions had occurred on that date and assuming no borrowings under our new credit facility, we would have had outstanding an aggregate of $311.7 million of consolidated debt (including current portion of $9.9 million). The notes would have been effectively subordinated in right of payment to $0.5 million of indebtedness of our non-guarantor subsidiaries and *pari passu* (not taking into account the note collateral) with $9.9 million of such indebtedness.

Guarantees	The notes will be unconditionally guaranteed on a senior secured basis by two of our subsidiaries, CF&I Steel, L.P., a Delaware limited partnership, and New CF&I, Inc., a Delaware corporation. The guarantees, except as described in the following two sentences, will be senior in right of payment to all of the subsidiary guarantors' existing

	and future subordinated debt and equal in right of payment with all of the subsidiary guarantors' existing and future senior debt. Because of the security interests in the note collateral described below, the guarantees will be effectively senior to all of the subsidiary guarantors' existing and future indebtedness to the extent of the value of the note collateral. The guarantees will be effectively subordinated to all of the subsidiary guarantors' indebtedness (including their obligations under our new credit facility) secured by assets other than the note collateral (to the extent of the value of such assets). In the aggregate, our non-guarantor subsidiaries accounted for approximately 6.8% of our consolidated total assets as of June 30, 2002 and approximately 9.5% and 3.1% of our consolidated EBITDA and consolidated net income, respectively, for the twelve months ended June 30, 2002. See "Description of Notes Guarantees."
Security	The notes will be secured by a lien on substantially all of the buildings, fixtures and equipment that comprise our mills located in Portland, Oregon and Napa, California, together with the real property on which the buildings are located. The guarantee of CF&I Steel, L.P. will be secured by a lien on substantially all of the buildings, fixtures and equipment which comprise the mill located in Pueblo, Colorado, together with the real property on which the buildings are located. We and our subsidiary guarantors are required to grant a first priority lien on such property and assets to secure our obligations under the notes and the obligations of our subsidiary guarantors under the guarantees, respectively. The collateral for the notes and the guarantees does not include any partnership interests in CF&I Steel, L.P. or Camrose Pipe Company or any capital stock in New CF&I. New CF&I will not pledge any collateral for its guarantee. See "Description of Notes Security."
Change of Control	If we experience a change of control, we must offer to repurchase all of the Notes at a price of 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. See "Description of Notes Repurchase at the Option of Holders Change of Control."

13

Asset Sale Offer	If we sell assets, we may have to use the proceeds to offer to purchase some of the notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase.
Certain Covenants	The indenture governing the notes contains covenants that, among other things, will limit our ability and the ability of any of the subsidiary guarantors to, among other things:

- pay dividends, redeem stock or make other distributions or restricted payments;
- incur indebtedness or issue preferred shares;
- make certain investments;
- create liens;
- enter into sale and leaseback transactions;
- agree to payment restrictions affecting the subsidiary guarantors;

	consolidate or merge;
	sell or otherwise transfer or dispose of assets, including equity interests of our subsidiaries;
	enter into transactions with our affiliates;
	designate our subsidiaries as unrestricted subsidiaries; and
	use the proceeds of permitted sales of our assets.
	These covenants will be subject to important exceptions and qualifications, which are described under "Description of Notes Certain Covenants."
Trustee	The trustee under the indenture governing the rates is U.S. Bank, National Association.
No Public Market	The notes are a new issue of securities and will not be listed on any securities exchange or included in any automated quotation system. The initial purchaser has advised us that it intends to make a market in the notes. The initial purchaser is not obligated, however, to make a market in the notes, and any such market-making may be discontinued by the initial purchaser in its discretion at any time without notice.

RISK FACTORS

Holders of the original notes should carefully consider the following risk factors, as well as all other information set forth in this prospectus, before tendering their original notes in the Exchange Offer. The risk factors set forth below (other than "Risks Relating to the Exchange Offer") are generally applicable to the original notes as well as the exchange notes.

RISKS RELATING TO THE EXCHANGE OFFER

Because there is no public market for the exchange notes, you may not be able to resell your exchange notes.

The exchange notes will be registered under the Securities Act, but will constitute a new issue of securities with no established trading market, and there can be no assurance as to:

- the liquidity of any trading market that may develop;
- the ability of holders to sell their exchange notes; or
- the price at which the holders would be able to sell their exchange notes.

If a trading market were to develop, the exchange notes might trade at higher or lower prices than their principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance.

We understand that the initial purchaser presently intends to make a market in the exchange notes. However, the initial purchaser may stop its market-making activities at any time. Any market-making activity will be subject to the limits imposed by the Securities Act and the Securities Exchange Act of 1934, or the Exchange Act, and may be limited during the exchange offer or the pendency of an applicable shelf registration statement. In addition, the liquidity of the trading market in the exchange notes, and the market price quoted for the exchange notes, may be adversely affected by changes in the overall market for high-yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, an active trading market may not develop for the exchange notes.

In addition, any holder of original notes who tenders in the exchange offer for the purpose of participating in a distribution of the exchange notes 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. For a description of these requirements, see "Exchange Offer."

Your original notes will not be accepted for exchange if you fail to follow the exchange offer procedures and, as a result, your original notes will continue to be subject to existing transfer restrictions and you may not be able to sell your original notes.

We will not accept your original notes for exchange if you do not follow the exchange offer procedures. We will issue exchange notes as part of this exchange offer only after a timely receipt of your original notes, a properly completed and duly executed letter of transmittal or computer generated message from DTC and all other required documents. Therefore, if you want to tender your original notes, please allow sufficient time to ensure timely delivery. If we do not receive your original notes, letter of transmittal and other required documents by the expiration date of the exchange offer, we will not accept your original notes for exchange. We are under no duty to give notification of defects or irregularities with respect to the tenders of original notes for exchange. If there are defects or irregularities with respect to your tender of original notes, we intend not to accept your original notes for exchange.

If you do not exchange your original notes, your original notes will continue to be subject to the existing transfer restrictions and you may not be able to sell your original notes.

We did not register the original notes, nor do we intend to do so following the exchange offer. Original notes that are not tendered will therefore continue to be subject to the existing transfer restrictions and may be transferred only in limited circumstances under the securities laws. If you do not exchange your original notes, you will lose your right to have such original notes registered under the federal securities laws. As a result, if you hold original notes after the exchange offer, you may not be able to sell your original notes.

RISKS RELATED TO OUR SUBSTANTIAL DEBT

Our substantial amount of debt could materially and adversely affect our financial health and prevent us from fulfilling our obligations under the notes and our other outstanding debt.

After giving effect to the sale of the original notes and the application of the net proceeds therefrom as described in "Use of Proceeds" (including the discharge and redemption of all of the outstanding 11% First Mortgage Notes due 2003 and the refinancing of our previous revolving credit facility) and assuming no borrowings under our new credit facility, as of June 30, 2002, we would have had $311.7 million of total debt (including current portion of $9.9 million), $851.2 million of total assets and $304.3 million of total stockholders' equity, and our total debt as a percentage of total capitalization would have been approximately 48.7%.

This debt, the subsidiary guarantees and the related security interests in our assets and the assets of the subsidiary guarantors could have material adverse consequences for you and for us, including but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the notes and our other outstanding debt;
- increasing our vulnerability to adverse economic and industry conditions or a downturn in our business;
- limiting our ability to obtain additional financing;
- requiring a substantial portion of our cash flow from operations to be used for debt payments and reducing our ability to use cash flow to fund working capital, capital expenditures, development projects, acquisitions and other general corporate purposes;

limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and

placing us at a disadvantage to competitors with less debt or greater resources.

If we are unable to satisfy our obligations under the notes or our other debt, it could result in all of the notes and our other debt becoming immediately due and payable and could permit our lenders to foreclose on our assets securing the debt.

Subject to the terms of the notes and our other debt, we may be able to incur additional debt in the future. If we incur additional debt, the related risks that we now face could increase.

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

We may not be able to generate sufficient cash flow to service our debt, to repay the notes or our other debt when due or to meet unanticipated capital needs or shortfalls in our projections. We plan to service interest payments on our debt with cash from operations. Our cash from operations, however, may not be sufficient to repay the principal of the notes or our other debt when due. After giving

effect to the sale of the original notes and the application of the net proceeds therefrom as described in "Use of Proceeds" (including the discharge and redemption of all of the outstanding 11% First Mortgage Notes due 2003 and the refinancing of our previous revolving credit facility) and assuming no borrowings under our new credit facility, for the twelve months ended June 30, 2002, our ratio of total debt to EBITDA would have been approximately 3.2x, our ratio of EBITDA to interest expense would have been approximately 2.5x and our ratio of earnings to fixed charges would have been approximately 1.3x.

Our ability to generate sufficient cash flow to satisfy our obligations will depend on our future performance, which is subject to many economic, political, competitive, regulatory and other factors that are beyond our control. In addition, we face potential costs and liabilities associated with environmental compliance and remediation issues and the labor dispute at the Pueblo Mill. Please refer to the risk factors on pages 28 through 32 under "Risks Related to Our Business" for a description of risks related to those matters. If cash from operations is not sufficient to satisfy our obligations, we may need to seek additional financing in the debt or equity markets, refinance the notes and our other debt, sell selected assets or reduce or delay planned activities and capital expenditures. Any such financing, refinancing or sale of assets might not be available on economically favorable terms, if at all. If we cannot meet our debt service requirements an event of default would occur under the indenture and our other debt instruments. This could result in all of the notes and our other debt becoming immediately due and payable and could permit our lenders to foreclose on our assets securing the debt.

RISKS RELATED TO THE NOTES

The fair market value of the collateral securing the notes may not be sufficient to pay the amounts owed under the notes. As a result, you may not receive full payment on your notes following an event of default.

The proceeds of any sale of collateral following an event of default with respect to the notes may not be sufficient to satisfy, or may be substantially less than, amounts due on the notes. No appraisal of any of the collateral has been prepared in connection with this offering. The consolidated book value (net of depreciation) of the real property and existing machinery and equipment at the Portland, Pueblo and Napa facilities as of June 30, 2002 was approximately $521.3 million.

The value of the collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. The collateral does not include contracts, agreements, licenses (including software licenses) and other rights that by their express terms prohibit the assignment thereof or the grant of a security interest therein. Some of these may be material to us or to the subsidiary guarantors or may be necessary to operate our steel making, finishing or other production facilities, and such exclusion could have a material adverse effect on the value of the collateral. By its nature, some or all of the collateral will be illiquid and may have no readily ascertainable market value.

The collateral may not be saleable or, if saleable, there may be substantial delays in its liquidation. To the extent that liens, rights and easements granted to other parties encumber assets located on property owned by us or any subsidiary guarantor, those parties have or may exercise rights and remedies with respect to the property subject to their liens that could adversely affect the value of the collateral located at the site and the ability of the trustee under the indenture or the holders of the notes to realize or foreclose on collateral at the site.

In addition, under the intercreditor agreement between the trustee and the agent for the lenders under the new credit facility, if action has been taken to enforce the rights of holders of the notes with respect to the collateral and the trustee has obtained possession and control of the collateral, the lenders' agent may enter upon our property or the property of any of the subsidiary guarantors for a period of up to 120 days in order to collect accounts receivable and remove, sell or otherwise dispose

of collateral securing the new credit facility and may also store collateral securing the new credit facility on our property or any property of the subsidiary guarantors for such period. This right of the lenders' agent to enter the property could delay liquidation of the collateral securing the notes.

If the proceeds of any sale of collateral are not sufficient to repay all amounts due on the notes, the holders of the notes (to the extent not repaid from the proceeds of the sale of the collateral), as discussed below, would have only an unsecured claim against our and our subsidiary guarantors' remaining assets.

State law may limit the ability of the trustee and the noteholders to foreclose on the collateral securing the notes.

The notes and the guarantees are secured by, among other things, liens on real property and improvements located in California, Oregon and Colorado. The laws of California, Oregon and Colorado may limit the ability of the trustee and the noteholders to foreclose on the real property collateral located in those states. The notes, because they will be secured in part by liens on certain real property (including improvements) at the Napa Pipe Mill, which is located in California, may be subject to California's "one form of action rule" and "anti-deficiency laws," among other California laws applicable to real property collateral. Section 726 of the California Code of Civil Procedure provides that "[t]here can be but one form of action for the recovery of any debt or the enforcement of any right secured by mortgage upon real property." Under judicial decisions construing that statute, a creditor whose claim is secured by a mortgage or deed of trust (i) must first exhaust all of its real property collateral in California if it wishes to preserve a claim against the debtor for a deficiency and (ii) may be required to realize upon its real property collateral before it may exercise other remedies. If the secured creditor obtains a personal judgment on the debt before exhausting its real property collateral in California, the secured creditor may lose its lien on the real property collateral located in California. Similarly, if the secured creditor employs another form of action in an attempt to realize upon assets of the debtor, such as exercising a right of set-off against funds of the debtor that are on deposit with the secured creditor, the secured creditor may lose both its lien on the real property located in California and its right to obtain a judgment for the portion of the obligation remaining unpaid after such action.

Section 580d of the California Code of Civil Procedure provides that "[n]o judgment shall be rendered for any deficiency upon a note secured by a deed of trust or mortgage upon real property . . . in any case in which the real property . . . has been sold by the mortgagee or trustee under power of sale contained in the mortgage or deed of trust." Accordingly, if a secured creditor wishes to preserve its claim against the debtor for any deficiency, it may be required to first proceed by judicial foreclosure (rather than a non-judicial foreclosure sale) against the real property collateral located in California. Judicial foreclosure can take considerably longer than a non-judicial foreclosure sale. Under Section 726 of the California Code of Civil Procedure, the amount of any deficiency will, in general, be based upon the amount of secured debt less an amount equal to the court's determination of the fair value of the real property collateral (and not the amount realized upon the sale of that collateral in the foreclosure proceeding) unless the amount realized in such foreclosure proceeding is greater than such fair value.

Under Oregon law a creditor holding a trust deed on real property (such as the trust deed which we will grant on certain real property and improvements at the Portland Mill to secure the notes) may enforce the lien of the trust deed through a judicial foreclosure or a non-judicial sale. Oregon law provides, however, that if the creditor proceeds by non-judicial sale, the creditor may not thereafter enforce any unpaid portion of the debt as a personal liability of the debtor, although the creditor would be entitled to proceed against any guarantor of such indebtedness or any other collateral pledged as security for the debt. Accordingly, any election by the trustee to proceed by non-judicial sale of real property collateral located in Oregon (such as the real property and improvements at the Portland

Mill) could preclude recourse by the trustee or the holders of the notes against us as unsecured creditors or otherwise. Judicial foreclosure can take considerably longer than a non-judicial sale.

The applicability of the foregoing provisions of California or Oregon law to real property located in other states is uncertain. A California court could take the position that legal proceedings brought against us or a subsidiary guarantor in Oregon, Colorado or another state could violate the one form of action rule and anti-deficiency laws of California, with the consequences described above. Similarly, an Oregon court could take the position that a non-judicial sale of real property owned by us or a subsidiary guarantor in California, Colorado or another state could preclude the trustee or the holders of the notes from proceeding against us or a subsidiary guarantor for any deficiency as an unsecured creditor. In the event that a California or Oregon court were to take either of these positions, it could have a material adverse effect on the ability of holders to collect amounts due under the notes following an event of default under the indenture.

Under Colorado law, a deed of trust to a public trustee covering real property (including improvements) located in Colorado (such as the deed of trust which CF&I will grant on certain property and improvements at the Pueblo Mill to secure its guarantee) may be foreclosed through a sale by the public trustee only if it secures an "evidence of debt." We do not believe that there has been any definitive judicial interpretation of what constitutes an "evidence of debt" under the applicable Colorado statute and, as a result, CF&I's guarantee may not be found to constitute such an "evidence of debt" and the deed of trust on the real property, buildings, improvements and fixtures at the Pueblo Mill may not be able to be foreclosed through a sale by a public trustee following an event of default under the indenture. If such deed of trust cannot be foreclosed through sale by a public trustee, foreclosure must be made through a judicial foreclosure, which can take considerably longer than the sale by a public trustee. To seek to address the foregoing concerns, CF&I has delivered to the trustee a promissory note evidencing its obligations under its guarantee; however, the promissory note may not be found to constitute an "evidence of debt" within the meaning of the applicable Colorado statute.

In addition, under Colorado law, in order to foreclose a deed of trust to a public trustee which secures an "evidence of debt," the holder of the debt secured thereby must file with the public trustee, among other things, the original "evidence of debt." As a result, if the notes (rather than, or in addition to, the CF&I promissory note) are deemed to constitute the "evidence of debt," the statute would require holders of the notes to deliver the original notes (or a corporate surety bond in lieu thereof) in order to foreclose the deed of trust granted by CF&I on the real property and improvements at the Pueblo Mill. To seek to address the foregoing concern, the notes will initially be represented by one or more global notes which the trustee could present to the public trustee in connection with a foreclosure of the deed of trust.

The noteholders and the trustee also may be limited in their ability to enforce a breach of the "no liens" covenant. Some decisions of the California and Oregon state courts have placed limits on a lender's ability to accelerate debt as a result of a breach of this type of covenant. Under these decisions, a lender seeking to accelerate debt secured by real property upon a breach of covenants prohibiting the creation of certain junior liens or leasehold estates may need to demonstrate that enforcement is reasonably necessary to protect against impairment of the lender's security or to protect against an increased risk of default. Although the foregoing court decisions may have been preempted, at least in part, by certain federal laws, the scope of such preemption, if any, is uncertain. Accordingly, a California or Oregon court could prevent the trustee and the holders of notes from declaring a default and accelerating the notes by reason of a breach of this covenant, which could have a material adverse effect on the ability of holders to enforce the covenant.

Not all of our assets are pledged as collateral for the notes and not all of our subsidiaries are guarantors; therefore, if the notes are undersecured, your right to receive payments on the notes will be effectively subordinated to some of our and our subsidiaries' other liabilities, including our new credit facility, to the extent of the collateral securing these other liabilities.

The notes and the related guarantees are secured by substantially all of the buildings, fixtures and equipment that comprise the Portland Mill, the Pueblo Mill and the Napa Pipe Mill, together with the real property on which the buildings are located. The collateral securing the notes and the guarantees, however, do not include, among other things, the following (the "excluded assets"):

- inventory and accounts receivable and related books and records;
- any partnership interests in CF&I or Camrose Pipe Company ("Camrose") or any capital stock of (or other equity interests in) New CF&I, Inc. ("New CF&I") or any of our other subsidiaries;
- any intercompany debt;
- the approximately 7,900 acres of real property outside the Pueblo Mill that are unrelated to the operation of the mill and any contracts of sale or lease for any of this property;

the approximately 67 acres of real property in Camrose, Alberta, on which the Camrose Pipe Mill is located, together with all buildings, improvements and fixtures thereon, and all related leases, rents and other rights;

motor vehicles and mobile equipment owned by us and our subsidiaries;

intellectual property and other intangibles unrelated to production property, plant and equipment, its operation or the production and manufacturing process; and

rights under contracts, agreements, licenses and other instruments that by their express terms prohibit the assignment thereof or the grant of a security interest therein.

The notes and the guarantees are effectively subordinated to all of our other existing and future liabilities to the extent that any of these excluded assets are collateral for those other liabilities. Each guarantee likewise will be effectively subordinated to all other existing and future liabilities of the respective subsidiary guarantors to the extent that any excluded assets are collateral for those other liabilities. In particular, the notes and the guarantees are effectively subordinated to $75 million principal amount of debt under our new credit facility to the extent of the collateral securing that debt. This collateral includes accounts receivable and inventory and related books and records owned by us, New CF&I and CF&I, intercompany debt and the capital stock of or other equity interests in our subsidiaries. Borrowings under our new credit facility may in the future be secured by similar collateral owned by our other subsidiaries and the amounts borrowed may be increased from time to time. In addition, the indenture permits us and the subsidiary guarantors to create liens on other assets, including liens securing purchase money debt, and the notes and the guarantees also would be effectively subordinated to that purchase money debt and other obligations secured by such permitted liens. As a result, upon any distribution to our creditors or the creditors of any subsidiary guarantors in bankruptcy, liquidation, reorganization or similar proceedings, or following acceleration of our debt or an event of default under that debt, the lenders under our new credit facility, our purchase money debt and any of our or our subsidiary guarantors' other secured debt will be entitled to be repaid in full from the proceeds of the assets securing such debt before any payment is made to you from such proceeds, and you would share *pari passu* with such creditors in any remaining proceeds.

Some of our subsidiaries, including Camrose, did not guarantee the notes or pledge any collateral to secure the notes or the guarantees. The notes and the guarantees are effectively subordinated to all existing and future liabilities of these non-guarantor subsidiaries. As a result, upon any distribution to the creditors of any non-guarantor subsidiary in bankruptcy, liquidation, reorganization or similar

proceedings, or following acceleration of our debt or an event of default under that debt, those creditors would be entitled to be repaid in full before any payment is made to you, and you would share *pari passu* with our other creditors in any remaining proceeds.

In the aggregate, our non-guarantor subsidiaries accounted for approximately 6.8% of our consolidated total assets as of June 30, 2002 and approximately 9.5% and 3.1% of our consolidated EBITDA and consolidated net income, respectively, for the twelve months ended June 30, 2002. After giving effect to the sale of the original notes and the application of the net proceeds as described in "Use of Proceeds" (including the discharge and redemption of all of the outstanding 11% First Mortgage Notes due 2003 and the refinancing of our previous revolving credit facility) and assuming no borrowings under our new credit facility, as of June 30, 2002, our non-guarantor subsidiaries would have had an aggregate of $0.5 million of total long-term debt (none of which would be classified as short-term) and $26.1 million of other liabilities. This total long-term debt represents US$0.5 million of borrowings by Camrose under the Can$15 million Camrose credit facility which is secured by Camrose's assets. Furthermore, New CF&I is a holding company whose only material assets consist of the general partnership interest in CF&I and the capital stock of Colorado and Wyoming Railway Company, a subsidiary, none of which will be pledged as collateral for its guarantee. As a result, the guarantee of New CF&I will initially not be secured by any assets and will only be secured if and to the extent that New CF&I acquires any assets (other than excluded assets) in the future.

The notes and the guarantees will rank *pari passu* in right of payment with all other existing and future senior debt of the Company and the subsidiary guarantors, including borrowings under our new credit facility, with respect to proceeds from assets not constituting collateral for the notes or for such other debt. After giving effect to the sale of the original notes and the application of the net proceeds therefrom as described in "Use of Proceeds" (including the discharge and redemption of all of the outstanding 11% First Mortgage Notes due 2003 and the refinancing of our previous revolving credit facility) and assuming no borrowings under our new credit facility, as of June 30, 2002, we and the subsidiary guarantors would have had, in addition to the notes and our new credit facility and excluding intercompany liabilities, no long-term debt and $194.0 million of other liabilities.

After providing for all senior claims and all *pari passu* claims, there may not be sufficient assets available to satisfy our obligations and the obligations of the subsidiary guarantors under the notes and the guarantees. An event of default under or acceleration of our other senior secured debt also may prohibit us and the subsidiary guarantors from paying the notes or the guarantees.

We conduct substantial operations through our subsidiaries, and therefore our ability to make payments on the notes and service our other debt depends on cash flow from our subsidiaries.

We conduct substantial operations through our subsidiaries, particularly CF&I and Camrose. Consequently, we will depend on distributions or other intercompany transfers of funds from our subsidiaries to make payments on the notes and service our other debt. Distributions and intercompany transfers to us from our subsidiaries will depend on:

- their earnings;
- covenants contained in our debt agreements (including our new credit facility and the indenture governing the notes) and the debt agreements of our subsidiaries;
- covenants contained in other agreements to which we or our subsidiaries are or may become subject;
- business and tax considerations; and
- applicable law, including state laws regulating the payment of dividends and distributions.

The operating results of our subsidiaries at any given time may not be sufficient to make distributions or other payments to us and any distributions may not be adequate to pay principal and interest and any other amounts on the notes or our other debt when due.

Our subsidiaries are separate and distinct legal entities and, except for the subsidiary guarantors, have no obligation, contingent or other, to pay any amounts due on the notes or our other debt or to make any funds available to make these payments. In addition, some of our subsidiaries (including CF&I, New CF&I and Camrose) are not wholly owned. As a result, we may owe a fiduciary duty to the holders of minority interests in those subsidiaries and may therefore be unable to exercise unrestricted control of such subsidiaries.

The agreements governing the notes and our other debt impose restrictions on our business.

The agreement governing our new credit facility and the indenture governing the notes contain covenants imposing financial and operating restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These restrictions limit our ability to, among other things:

- pay dividends, redeem stock or make other distributions or restricted payments;
- incur indebtedness or issue preferred shares;
- make certain investments;
- create liens;

- enter into sale and leaseback transactions;
- agree to payment restrictions affecting the subsidiary guarantors;
- consolidate or merge;
- sell or otherwise transfer or dispose of assets, including equity interests of our subsidiaries;
- enter into transactions with our affiliates;
- designate our subsidiaries as unrestricted subsidiaries; and
- use the proceeds of permitted sales of our assets.

Our new credit facility also requires us to meet a number of financial ratios and tests. Our ability to comply with these financial covenants and the restrictions described above may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these covenants or restrictions could result in an event of default under the indenture governing the notes and under our new credit facility. An event of default under our debt agreements would permit some of our lenders to declare all amounts borrowed from them to be due and payable and could permit them to foreclose on our assets securing such debt.

A court could cancel the guarantees of the notes by our subsidiaries under fraudulent transfer law.

CF&I and New CF&I have guaranteed the notes, and each subsidiary guarantor has granted a security interest in its material assets to secure its guarantee. Although the guarantees provide you with a direct claim against the assets of the subsidiary guarantors, under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, in certain circumstances a court could cancel a guarantee and order the return of any payments made thereunder to the subsidiary guarantor or to a fund for the benefit of its creditors.

A court might take these actions if it found, among other things, that when the subsidiary guarantor incurred the debt evidenced by its guarantee (i) it received less than reasonably equivalent

value or fair consideration for the incurrence of the guarantee and (ii) that any one of the following conditions was satisfied:

- the subsidiary guarantor was insolvent or rendered insolvent by reason of the incurrence;
- the subsidiary guarantor was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- the subsidiary guarantor intended to incur, or believed (or reasonably should have believed) that it would incur, debts beyond its ability to pay as those debts matured.

In applying the above factors, a court would likely find that a subsidiary guarantor did not receive fair consideration or reasonably equivalent value for its guarantee, except to the extent that it benefited directly or indirectly from the notes' issuance. The determination of whether a subsidiary guarantor was or was rendered "insolvent" when it entered into its guarantee will vary depending on the law of the jurisdiction being applied. Generally, an entity would be considered insolvent if the sum of its debts (including contingent or unliquidated debts) is greater than all of its property at a fair valuation or if the present fair salable value of its assets is less than the amount that will be required to pay its probable liability on its existing debts, including contingent or unliquidated debts, as they become absolute and matured.

If a court canceled a subsidiary guarantor's guarantee, you would no longer have a claim against that subsidiary guarantor. Our assets and the assets of the remaining subsidiary guarantor may not be sufficient to pay amounts then due under the notes.

We may be unable to repurchase the notes upon a change of control.

Upon the occurrence of specific change of control events, we will be required to offer to repurchase your notes at 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase. The lenders under our new credit facility will have a similar right to be repaid upon a change of control. Any of our future debt agreements also may contain a similar provision. Our ability to pay cash to the holders of the notes in connection with a repurchase will be limited by our then existing financial resources. Accordingly, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of notes. The terms of our new credit facility also will limit our ability to purchase your notes until all debt under our new credit facility is paid in full. Any of our future debt agreements may contain similar restrictions. Accordingly, it is possible that restrictions in our new credit facility will not allow these repurchases. If we fail to repurchase any notes submitted in a change of control offer, it would constitute an event of default under the indenture which would, in turn, constitute an event of default under our new credit facility and could constitute an event of default under our other debt, even if the change in control itself would not cause a default.

There is currently no public market for the notes, and an active trading market may not develop for the notes.

The notes are a new issue of securities and there is no existing market for the notes. An active market may not develop for the notes and any market that may develop may not be liquid. If an active market does not develop, the market price and liquidity of the notes may be adversely affected. Future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for high-yield debt has been subject to disruptions that have caused substantial fluctuations in the prices of these securities. The market for the notes may be subject to these disruptions, and may be subject to this volatility, either of which could have an adverse effect on the price and liquidity of the notes. The initial purchaser has advised us that it presently intends to make a market in the notes, although it is under no obligation to do so and may discontinue any market-making activities at any time without

notice. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system, but the notes have been designated for trading in The Portal Market. See "Description of Notes Registration Rights, Exchange Offer".

The trustee and holders of the notes may face potential "owner or operator" environmental liability as a result of a foreclosure on the collateral securing the notes.

The notes and the guarantee of CF&I are secured by liens on real property. Under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), a secured lender, in certain circumstances, may be held to have an obligation to remediate or may be held liable for the costs of remediating releases or threatened releases of hazardous substances at a mortgaged property. The costs of environmental remediation are often substantial. In general, secured lenders are excluded from CERCLA's definition of "owner or operator," particularly in light of recent amendments to CERCLA specifically setting forth "safe harbor" provisions for lenders and other secured creditors. State laws, in many cases, have followed suit, including California.

Under the indenture, the trustee may, prior to taking certain actions, request that holders of notes provide an indemnification against its costs, expenses an