SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

COMMONWEALTH INDUSTRIES INC/DE/

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SIC: **3350** Rolling drawing & extruding of nonferrous metals

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 1998

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period From ____ to ____

Commission File Number: 0-25642

COMMONWEALTH INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	13-3245741
(State of incorporation)	(I.R.S. Employer Identification No.)

500 West Jefferson Street 19th Floor Louisville, Kentucky	40202-2823
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: (502) 589-8100
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act:
Common Stock; Stock Purchase Rights

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |_|

The aggregate market value of the common stock held by non-affiliates of the registrant as of February 26, 1999 was $168,079,000.

The number of shares outstanding of the registrant's common stock as of February 26, 1999 was 15,949,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the annual report to stockholders of Commonwealth Industries, Inc. for the year ended December 31, 1998 are incorporated by reference into Parts I and II and portions of the definitive Proxy Statement dated March 17, 1999 for the 1999 Annual Meeting of Stockholders to be held April 23, 1999 are incorporated by reference into Part III.

COMMONWEALTH INDUSTRIES, INC.
FORM 10-K
For the Year Ended December 31, 1998

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PART I

Item 1. Business.

Commonwealth Industries, Inc. (the "Company") is one of North America's leading manufacturers of aluminum sheet and, through its Alflex Corporation subsidiary ("Alflex"), of electrical flexible conduit and prewired armored cable.

The Company's aluminum sheet products are produced using the conventional, direct -chill rolling ingot casting process at the Company's multi-purpose aluminum rolling mill at Lewisport, Kentucky, one of the largest in North America, and by the continuous casting process at its facilities located in Uhrichsville, Ohio, and Carson, California. The Company operates coating lines at the Lewisport mill and at Company facilities in Bedford, Ohio, and Torrance, California. It also operates tube mills at the Bedford and Carson locations. The electrical flexible conduit and prewired armored cable products are manufactured at the Alflex facilities in Long Beach, California.

The aluminum sheet products manufactured by the Company are generally referred to as common alloy products. They are produced in a number of aluminum common alloys with thicknesses (gauge) of 0.008 to 0.250 inches, widths of up to 72 inches, physical properties and packaging, in each case to meet customer specifications. These products are sold to distributors and end-users, principally for use in building and construction products such as roofing, siding, windows and gutters; transportation equipment such as truck trailers and bodies and automotive parts; beverage cans; and consumer durables such as cookware, appliances and lawn furniture. The Bedford and Carson facilities also fabricate aluminum sheet into welded tube products for various markets.

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Substantially all of the Company's aluminum sheet products are produced in response to specific customer orders. Production of aluminum sheet products in 1998 was 894 million pounds or about 89% of capacity. In 1998, the North American market for aluminum sheet products, excluding sheet used to produce aluminum beverage cans, was approximately five billion pounds.

Alflex manufactures metallic (aluminum and steel) and non-metallic (plastic) electrical flexible conduit and prewired armored cable, utilizing aluminum sheet manufactured by the Company. These products provide mechanical protection for electrical wiring installed in buildings in accordance with local building code requirements. Armored cable differs from electrical conduit in that it is pre-wired by Alflex, whereas end-users must pull wire through electrical conduit when conduit is installed. These products are used primarily by electrical contractors in the construction, renovation and remodeling of commercial and industrial facilities and multi-family dwellings. They also are used in the heating, ventilating and air-conditioning ("HVAC"), original equipment manufacturers ("OEM") and Do-It-Yourself ("DIY") markets. The products include preassembled and prepackaged products for commercial and DIY markets and commercial pre-fabricated wiring systems which provide significant savings in labor and installation costs for end-users.

Historically, electrical wires were housed in rigid pipes in the walls of buildings. Rigid pipe remains the most widely used means of protecting wiring in commercial and other non-residential construction. Electrical flexible conduit made from steel was introduced in the 1920s. Flexible conduit is significantly easier to install than rigid pipe, resulting in cost savings to the installer. Aluminum flexible conduit, introduced to the market by Alflex, has in recent years become a significant factor due to its ease of installation, lighter weight and ease of cutting compared to steel flexible conduit or rigid pipe. In wet, harsh or corrosive environments, non-metallic or plastic jacketed steel flexible conduit may be used. Armored cable (conduit with pre-installed wire) made of steel or aluminum has captured an increasing share of the market from rigid pipe due to its pre-assembly, ease of installation and overall cost effectiveness.

The Company estimates that at December 31, 1998 it had a backlog of firm orders for which product specifications have been defined of 305.9 million pounds of aluminum sheet products with an aggregate sales price of $292.2 million, compared to an estimate of 306.7 million pounds with an aggregate sales price of $327.7 million at December 31, 1997. Backlog is not a significant factor for the Company's electrical products.

Aluminum Sheet Products

Manufacturing

The Company's aluminum sheet manufacturing facilities are comprised of the rolling mills at Lewisport, Kentucky, Uhrichsville, Ohio, and Carson, California, coating facilities at Bedford, Ohio, and Torrance, California, and tube mills at Bedford and Carson.

The Lewisport mill uses the conventional, vertical direct-chill, rolling ingot casting process. This process permits the production of traditional aluminum sheet with strength, hardness, formability, finishing and other characteristics preferred for many applications. The flexibility permitted by this multi-purpose rolling mill enables the Company to target higher margin products, manufacture a variety of products with consistent high quality and respond quickly to shifts in market demand. In 1998, the Lewisport mill produced 537 million pounds of aluminum sheet products. At full capacity utilization, unit costs of converting metal to aluminum sheet products at Lewisport are believed to be among the lowest in the industry for plants using the conventional process.

The Uhrichsville and Carson mills use low-cost, scrap-based twin-belt mini-mill continuous casting production technology. This process permits the

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efficient production of aluminum sheet alloys used in building and construction and other applications not requiring the more complex alloys or the physical characteristics better provided by the conventional casting method. The process eliminates several steps associated with conventional casting, thereby reducing manufacturing costs. Capital costs also are significantly lower than for mills using the conventional casting process. Since 1993, the annual capacity of the Uhrichsville and Carson mills has been increased by over 50% from approximately 250 million pounds to 380 million pounds in 1998. The increased capacity and a continuous improvement strategy resulted in a significant reduction in sheet production costs. The Company believes that its continuous cast mill in Uhrichsville has the lowest conversion costs per pound in the world. A current capital spending program is expected to bring the annual capacity of the continuous cast mills to 422 million pounds by midyear 1999.

Aluminum Supply

Most of the aluminum metal used by the Company's rolling mills is purchased, principally from or through aluminum scrap dealers or brokers, in the form of aluminum scrap. The Company believes it is one of the largest users of aluminum scrap other than beverage can scrap in the United States and that the volume of its purchases assists it in obtaining scrap at competitive prices. The Company's remaining requirements are met with purchased primary metal, including metal produced in Russia to specifications that differ from the industry standard for primary aluminum but that is appropriate for the Company's needs.

Casting and Rolling

At Lewisport, scrap, in some cases after processing in the Company's recycling facilities, and primary aluminum are melted in induction or reverbatory furnaces. Small amounts of copper, magnesium, manganese and other metals are added to produce alloys with the desired hardness, formability and other physical characteristics. The molten aluminum is then poured through a mold surrounded by circulating water, which cools and solidifies into an ingot about 24 inches thick and weighing as much as 40,000 pounds. The cooled ingot is conveyed to the rolling mill area for further processing. The Company is planning to spend an estimated $1.1 million during the 1999-2001 period to bring the south casting facilities at Lewisport into compliance with more stringent clean air regulatory regulations expected to come into effect in 2002. In addition, during 1999 the Company is planning to spend $5.3 million in the north casting facilities at Lewisport to increase the Company's ability to utilize lower cost aluminum scrap units.

The rolling ingots are heated to a malleable state in soaking pits or tunnel furnaces. Then, in the next two stages--hot and cold rolling--the ingot is passed between rolls under pressure, causing it to become thinner and longer. The first rolling stage takes place in a "reversing" mill, so named because the ingot is passed back and forth between the work rolls, reversing itself after each pass. After it passes through the reversing mill the aluminum sheet moves through a continuous multi-stand hot mill, and then is cooled and cold rolled to its final thickness.

The Uhrichsville and Carson rolling mills employ a continuous casting process in which molten aluminum is fed into a caster which produces a continuous thin slab that is immediately hot rolled into semi-finished aluminum sheet in a single manufacturing process. The aluminum sheet is then cooled and cold rolled to its final thickness as in the conventional process. The Uhrichsville and Carson mills use twin-belt thin-slab continuous casting, which the Company believes is the most efficient and most productive form of continuous casting.

The Company and IMCO Recycling, Inc ("IMCO") are parties to a Supply Agreement under which IMCO serves as the major supplier of recycled aluminum for the Company's Uhrichsville mill. Under the Supply Agreement, the Company purchases aluminum scrap and delivers it to IMCO who then processes and converts it into molten metal at its recycling and processing facility located adjacent

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to the Company's mill. The Company is responsible for the treatment and disposal of the waste generated as a result of IMCO's processing services on behalf of the Company. The Supply Agreement expires March 31, 2003, subject to the Company's option to renew the agreement for an additional 10-year term. The Company has an option to purchase up to a 49% interest in the IMCO facility and a right of first refusal if IMCO wishes to sell the facility. The Company and IMCO are currently discussing an extension to the current contract which could increase the amount of scrap delivered to IMCO for processing and conversion into molten metal. This contract extension could extend the Supply Agreement to an expiration date of March 31, 2008, subject to the Company's option to renew the agreement for an additional 10-year term.

The Carson rolling mill processes its own scrap to produce molten metal, utilizing current delacquering and melting technology.

The Company has paid a one-time license fee for certain technology used in its continuous casting process. The license agreement allows the Company the use of certain inventions, technical discoveries and apparatus of the licensor in the manufacturing process.

Finishing and Coating

After hot and cold rolling is complete, the aluminum sheet is leveled to ensure required flatness and may be slit into narrower widths, embossed or painted to customers' specifications.

The Company is an industry leader in the development and production of superior quality coated aluminum products and operates at Lewisport the largest coating line integrated with a United States rolling mill. Coating lines at the Company's Bedford and Torrance facilities serve the Uhrichsville and Carson rolling mills. In the coating process, aluminum sheet is chemically cleaned, painted and then cured to produce a durable coated surface.

Packaging and Shipping

Finished products are shipped to customers by truck or rail in coils of various size and weighing up to 30,000 pounds.

Electrical Products

Alflex fabricates its flexible conduit and armored cable at its Long Beach, California, facility. Alflex purchases its aluminum sheet from the Company's nearby Carson, California, rolling mill, making Alflex the only backward integrated manufacturer of electric flexible conduit and cable. Alflex also uses significant amounts of copper and steel as raw materials.

Alflex designs and builds much of the equipment used to manufacture its products. The Company believes that the ability of Alflex to design and build its own equipment has significantly reduced its manufacturing costs by lowering its cost of capital, increasing output and reducing set-up times and waste.

Alflex fabricates its electrical products by slitting aluminum or steel sheet on specialized narrow-width slitting equipment, after which the sheet is coiled. The coils are then fed through proprietary forming machines to produce the flexible conduit. For its cable products, Alflex draws copper into wire, coats the wire with plastic insulation and, for certain products, wraps the coated wire with paper or plastic. The protective armoring is then wrapped around the cabled wire. To produce its non-metallic conduit, Alflex uses a specialized co-extrusion process involving both rigid and flexible plastics (PVC). After production, the conduit and cable products are cut to length and packaged.

During 1998, the Company executed a strategic alliance with General Cable Corporation whereby beginning in the second half of 1999, Alflex will cease drawing wire and coating the wire with plastic insulation, and will

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instead purchase all of its copper wire requirements from General Cable.

Alflex has designed its manufacturing processes to allow it to produce a wide range of electrical flexible conduit and prewired armored cable products. The Company believes this manufacturing flexibility has contributed significantly to the growth in this business. Also, since the acquisition of the Alflex business, the Company has increased Alflex's electrical conduit and cable manufacturing capacity. Production volume increased from 519 million feet in 1997 to 527 million feet in 1998.

Alflex net sales in 1998 were $121 million, or 12.5% of the Company's total net sales compared to $127 million, or 11.6% of the Company's net sales in 1997. Sales for 1998 were adversely affected due to substantial employee turnover in late 1997 and the time involved in employee skills training.

During 1998, Alflex announced plans to build a manufacturing facility in Rocky Mount, North Carolina. This facility will increase Alflex's capacity for cable products by 50%. Production from this facility is expected to begin during the second quarter of 1999 with full production capacity expected to come on line by the fourth quarter 1999.

Customers and Markets

The Company's aluminum sheet products are sold to distributors as well as end-users, principally in the building and construction, transportation, beverage can and consumer durables markets.

The following table sets forth for 1998 and 1997 the percentage of aluminum sheet net shipments contributed by each of these classes of customers and the Company's estimate of its share of these markets in North America.

	% of Net Shipments		% Market Share	
	1998	1997	1998	1997
Building and construction	39	37	32	36
Distribution	30	30	21	23
Transportation	12	11	17	19
Consumer durables and other	11	14	11	18
Beverage cans	8	8	2	2
	100	100		

The building and construction sector is the largest end-use market other than beverage cans for common alloy aluminum sheet products.

The Company believes it is the largest supplier of common alloy aluminum sheet to distributors. Distributors, in some cases after slitting, punching, leveling or other processing, resell the Company's products into end-use markets, including the building and construction, transportation and consumer durables markets.

The Company is one of the largest suppliers of aluminum sheet products to North American manufacturers of transportation equipment, including truck trailers and bodies, recreational vehicles and automobile parts.

The largest volume in the category of consumer durables and other markets for the Company is reroll stock sold for further processing and conversion for a variety of markets. Other major end-uses of this product category are cookware, appliances and irrigation pipe.

The Company also produces aluminum sheet for the manufacture of beverage cans. Can sheet is the largest single end-use of aluminum sheet, accounting for about one-half of the estimated world-wide market. Much of this

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product is produced by large, single-purpose rolling mills.

Market share estimates exclude heat-treated aluminum plate and sheet, which the Company does not produce. The Company estimates that heat-treated products constitute an immaterial portion of the end-use markets served by the Company.

Company sales are made to customers located primarily throughout North America. Sales outside North America have not been significant. No single customer accounted for more than 10% of 1998 net sales.

Sales of aluminum sheet products are made through the Company's own sales force which is strategically located to provide North American coverage. An integrated computer system provides the Company's employees with on-line access to inventory status, production schedules, shipping information and pricing data to facilitate immediate response to customer inquiries.

Many of the Company's aluminum sheet markets are seasonal. Demand in the building and construction and transportation markets is generally lower in the fall and winter seasons than in the spring and summer. Warmer temperatures in the spring and summer boost sales of can sheet as a result of increased beverage consumption. Such factors typically result in higher operating income in the spring and summer months.

Alflex electrical products are sold primarily through independent sales representatives to electrical distributors. Distributors represented approximately 81% of Alflex net sales in 1998. The remaining sales are made to the DIY, OEM and HVAC markets. The independent sales representatives do not market Alflex's products exclusively, but they may not sell products that are in direct competition with products manufactured and sold by Alflex. Alflex serves approximately 5,800 customers.

Alflex maintains registered trademarks on certain of its flexible conduit and armored cable systems, including Ultratite, Galflex, the Alflex name and its design, Electrician's Choice, Computer Blue, Duraclad, Armorlite and PowerSnap. While Alflex considers these trademarks to be important to its business, it does not believe it is dependent upon the trademarks for the continuation of its business.

Competition

The Company competes in the production and sale of common alloy aluminum sheet products with some 35 other aluminum rolling mills in North America, including large, single-purpose can sheet mills, and with imported products.

Aluminum Company of America ("Alcoa"), Alcan Aluminium Ltd. ("Alcan") and Reynolds Metals Company have a significantly larger share of the United States market for aluminum sheet products, including can sheet and aluminum foil. However, in the market for common alloy aluminum sheet products other than can sheet and aluminum foil, the market share leaders are Alcoa, Alcan and the Company.

The Company competes with other rolled products suppliers on the basis of quality, price, timeliness of delivery and customer service.

Aluminum also competes with other materials such as steel, plastic and glass for various applications.

Alflex competes with national and regional competitors and imported products, both in the electrical flexible conduit and prewired armored cable industry and in the pipe and wire industry. Competition is principally on the basis of product availability and features, price and customer service.

Research and Development

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The Company conducts research and development activities at its rolling mills as part of its ongoing operations to improve product quality and reduce manufacturing costs. Outside consultants also are used.

Alflex focuses its research and development activities on the development of new products and the improvement of its conduit and cable manufacturing processes through the development of proprietary manufacturing equipment and the reduction of scrap.

The estimated amounts spent during 1998, 1997 and 1996 on Company-sponsored research and development activities were $0.9 million, $0.8 million and $1.4 million, respectively.

Environmental Matters

The Company's operations are subject to increasingly stringent environmental laws and regulations governing air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances and wastes and employee health and safety. These laws can impose joint and several liability for releases or threatened releases of hazardous substances upon statutorily defined parties, including the Company, regardless of fault or the lawfulness of the original activity or disposal. The Company believes it is currently in material compliance with applicable environmental laws and regulations.

Future regulations, under the Clean Air Act and otherwise, are expected to impose stricter emission requirements on the aluminum industry. While the Company believes that current pollution control measures at most of the emission sources at its facilities will meet these anticipated future requirements, additional measures at some of the Company's facilities, including Lewisport as discussed above under "Aluminum Sheet Products-Casting and Rolling", may be required.

The Company has been named as a potentially responsible party at six federal superfund sites and is conducting closure activities at two of the sites for past waste disposal activity associated with closed recycling facilities. A trust fund exists to fund the activity at one of the sites undergoing closure and was established through contributions from two other parties in exchange for indemnification from further liability. The Company is reimbursed from the fund as approved closure expenditures are incurred at the site. The balance remaining in the trust fund at December 31, 1998 was approximately $0.8 million. In determining the adequacy of the Company's aggregate environmental contingency accrual, the assets of the trust fund were taken into account. At the four other federal superfund sites, the Company is a minor contributor and expects to resolve its liability for a nominal amount. The Company is under orders by agencies in three states for environmental remediation at sites, two of which are currently operating and two of which have been closed. Based on currently available information, the Company estimates the range of possible remaining expenditures with respect to the above matters is between $9 million and $13 million.

The Company acquired its Lewisport rolling mill and an aluminum smelter at Goldendale, Washington ("Goldendale"), from Lockheed Martin in 1985. In connection with the transaction, Lockheed Martin indemnified the Company against expenses relating to environmental matters arising during the period of Lockheed Martin's ownership of those facilities.

Environmental sampling at Lewisport has disclosed the presence of contaminants, including polychlorinated biphenyls (PCBs), in a closed Company landfill. The Company has not yet determined the extent of the contamination or the nature and extent of remedial measures that may be required. Accordingly, the Company cannot at present estimate the cost of any remediation that may be necessary. Management believes the contamination is covered by the Lockheed Martin indemnification, which Lockheed Martin disputes.

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The aluminum smelter at Goldendale was operated by Lockheed Martin until 1985 and by the Company from 1985 to 1987 when it was sold to Columbia Aluminum Corporation ("Columbia"). Past aluminum smelting activities at Goldendale have resulted in environmental contamination and regulatory involvement. A 1993 Settlement Agreement among the Company, Lockheed Martin and Columbia allocated responsibility for future remediation at 11 sites at the Goldendale smelter. If remediation is required, estimates by outside consultants of the probable aggregate cost to the Company for these sites range from $1.3 million to $7.2 million. The apportionment of responsibility for other sites at Goldendale is left to alternative dispute resolution procedures if and when these locations become the subject of remedial requirements.

The Company has been named as a potentially responsible party at three third-party disposal sites relating to Lockheed Martin operations, for which Lockheed Martin has assumed responsibilitiy.

The Company's aggregate loss contingency accrual for environmental matters was $9.9 million at December 31, 1998, which covers all environmental loss contingencies that the Company has determined to be probable and reasonably estimable. It is not possible, however, to predict the amount or timing of cost for future environmental matters which may subsequently be determined. Although the outcome of any such matters, to the extent they exceed any applicable accrual, could have a material adverse effect on the Company's consolidated results of operations or cash flows for the applicable period, the Company believes that such outcome will not have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

The Company has incurred and will continue to incur capital and operating expenditures for matters relating to environmental control and monitoring. Capital expenditures of the Company for environmental control and monitoring for 1998 and 1997 were $2.1 million and $2.3 million, respectively. All other environmental expenditures of the Company, including remediation expenditures, for 1998, 1997 and 1996 were $1.0 million, $3.1 million, and $1.5 million, respectively.

The Company has planned environmental capital expenditures for 1999 and 2000 of $3.6 million and $2.4 million, respectively, which includes the amounts which may be spent to meet future clean air requirements at Lewisport as discussed above under "Aluminum Sheet Products-Casting and Rolling".

Employees

At December 31, 1998, the Company employed 2,173 persons, of whom 1,551 were full-time non-salaried employees including 758 at Lewisport represented by the United Steel Workers of America ("USW") and 231 at the Uhrichsville and Bedford facilities represented by the Glass, Molders, Pottery, Plastic & Allied Workers International, AFL-CIO, CLC union ("GMP"). Current collective bargaining agreements with the USW and the GMP expire in July 2003 and December 2000, respectively. The Company believes its relationships with its employees are good.

The Company provides gain sharing plans for certain of its non-salaried employees. Contributions to the plans are generally based upon a formula which compares actual performance results to targets agreed upon by management and in some cases the bargaining units. In addition, the Company provides defined contribution 401(k) plans for certain non-salaried and salaried employees.

Item 2. Properties.

The following table sets forth certain information with respect to the Company's principal operating properties. Substantially all of these properties collateralize borrowings under the Company's senior secured bank credit facility.

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Location	Nature	Square Feet	Status
Louisville, Kentucky	Administrative offices	22,000	Leased
Lewisport, Kentucky	Rolling mill	1,700,000	Owned
Uhrichsville, Ohio	Rolling mill	220,000	Owned
Carson, California	Rolling mill and tube mill	103,000	Owned
Bedford, Ohio	Coating facility and tube mill	103,000	Leased
Torrance, California	Coating facility	60,000	Leased
Long Beach, California	Alflex admininistrative offices, manufacturing facility and distribution center	210,000	Leased

Item 3. Legal Proceedings.

The Company is a party to non-environmental legal proceedings and administrative actions all of which are of an ordinary routine nature incidental to the business. In the opinion of management such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of security holders during the fourth quarter ended December 31, 1998.

Item E.O. Executive Officers of the Registrant.

The executive officers of the Company as of March 19, 1999 were:

Name	Age	Position with the Company
Mark V. Kaminski	43	President, Chief Executive Officer and Director
Roderick Macdonald	51	Executive Vice President Alflex
Donald L. Marsh, Jr.	52	Executive Vice President, Chief Financial Officer and Secretary
Robert R. Beal	47	Vice President Communications and Computing Services
Gregory P. Givan	46	Vice President and Treasurer
Katherine R. Gould	35	Vice President Corporate Systems
William G. Toler	42	Vice President Finance and Administration
John F. Barron	47	Controller and Assistant Secretary

Mr. Kaminski joined the Company in 1987 as Marketing Manager. In 1989 he was promoted to Vice President of Operations and in 1991 he became President and Chief Executive Officer. He is a director of the Aluminum Association, Washington, D. C., ARM Financial Group, Inc., and the Indiana University Athletics Board.

Mr. Macdonald was employed by the Company in January 1994. From 1968 until 1993, Mr. Macdonald was an Officer in the British Army (Royal Engineers). He retired from the British Army as a Brigadier General.

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Mr. Marsh joined the Company in March 1996. Prior to that time he was Senior Vice President of Castle Energy Corporation.

Mr. Beal has been with the Company since 1987 and was elected to his present position in January 1998. His most recent previous position was Manager of Process Engineering.

Mr. Givan joined the Company in July 1997. From 1987 until 1997 he was Second Vice President, Corporate Finance and most recently Director, Corporate Finance and Risk Management and Assistant Treasurer of Providian Corp., a financial services company.

Ms. Gould joined the Company in July 1998. From 1996 through 1998 she was Human Resource Manager of Gordonstone Coal Management, a joint venture between ARCO Coal Australia and Mitsui. Prior to 1996 she held operations and human resource management positions with Comalco Limited, an Australia-based aluminum company.

Mr. Toler has been with the Company since 1980 and was elected to his present position in April 1997. His most recent previous position was Vice President Materials.

Mr. Barron joined the Company in February 1997. From 1986 to 1996 he held the position of Senior Vice President and Assistant Comptroller of Bank One Kentucky, N.A.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The Company's Common Stock is traded on the Nasdaq National Market under the symbol CMIN. On February 26, 1999, there were 173 holders of record of the Company's Common Stock. The Company estimates that there were a total of 4,800 stockholders on that date, including beneficial owners. Since becoming publicly owned in March 1995, the Company has paid quarterly cash dividends on its Common Stock of $0.05 per share.

The following table sets out the high and low sales prices for the Common Stock for each quarterly period indicated, as quoted in the Nasdaq National Market:

1998	High	Low
First Quarter	$17.44	$13.75
Second Quarter	17.75	9.00
Third Quarter	10.75	5.50
Fourth Quarter	10.13	6.38
1997		
First Quarter	$20.25	$15.38
Second Quarter	21.00	16.00
Third Quarter	22.50	15.63
Fourth Quarter	19.50	13.50

Item 6. Selected Financial Data.

The information captioned "Consolidated Selected Financial Data" included on page 10 of the Company's annual report to stockholders for the year ended December 31, 1998 is incorporated herein by reference. This information sets forth selected consolidated statement of operations, operating and balance sheet data for the years indicated. The financial information is derived from

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the audited consolidated financial statements of the Company for such years. This information should be read in conjunction with, and is qualified by reference to, the consolidated financial statements of the Company and the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" also incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" included on pages 11 through 16 of the Company's annual report to stockholders for the year ended December 31, 1998 is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information under the subcaption "Risk Management" included in the information captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" included on pages 11 through 16 of the Company's annual report to stockholders for the year ended December 31, 1998 is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The following consolidated financial statements of the Company and report of independent auditors included on pages 17 through 35 of the Company's annual report to stockholders for the year ended December 31, 1998 are incorporated herein by reference.

Consolidated Balance Sheet
Consolidated Statement of Income
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Stockholders' Equity
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Report of Independent Auditors

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by Item 401 (other than paragraph (b) thereof) and Item 405 of Regulation S-K may be found under the caption Election of Directors of the Company's Proxy Statement dated March 17, 1999 for the Annual Meeting of Stockholders to be held on April 23, 1999 (the "Proxy Statement") and is incorporated herein by reference. The information required by Item 401(b) of Regulation S-K may be found under Item E.O. above.

Item 11. Executive Compensation.

The information required by Item 402 of Regulation S-K may be found under the caption Executive Compensation in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by Item 403 of Regulation S-K may be found under the caption Beneficial Ownership of Common Stock in the Proxy Statement

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and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

The information required by Item 404 of Regulation S-K may be found under the caption Election of Directors--Compensation and Other Transactions with Directors; Management Development and Compensation Committee Interlocks and Insider Participation in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) (1) List of Financial Statements filed

The following consolidated financial statements of the Company and report of independent auditors included in the Company's annual report to stockholders for the year ended December 31, 1998 were incorporated by reference in Part II, item 8 of this report:

Consolidated Balance Sheet
Consolidated Statement of Income
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Stockholders' Equity
Consolidated Statement of Cash Flows
Notes to Consolidated Financial Statements
Report of Independent Auditors

(a) (2) List of Financial Statement Schedules filed

The following report of independent accountants and financial statement schedule should be read in conjunction with the Company's consolidated financial statements.

Supplemental Schedule II - Valuation and Qualifying Accounts is filed on page 19 of this report.

Report of Independent Accountants on the Company's financial statement schedule filed as a part hereof for the years ended December 31, 1998, 1997 and 1996 is filed on page 18 of this report.

Financial statement schedules other than listed above have been omitted since they are either not required or not applicable or the information is otherwise included.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the fourth quarter ended December 31, 1998.

(c) Exhibits

3.1 Restated Certificate of Incorporation, effective April 18, 1997 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).

3.2 By-laws (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement No. 33-87294 on Form S-1).

3.3 Stockholder Protection Rights Agreement, dated as of March 6, 1996, including forms of Rights Certificate,

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Election to Exercise and Certificate of Designation and Terms of Participating Preferred Stock of the Company (incorporated by reference to Exhibits (1), (2) and (3) to the Company's Registration Statement No. 0-25642 on Form 8-A).

10.1	Executive Incentive Compensation Plan, as amended December 4, 1995 (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
10.2	Long-term Executive Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement No. 33-87294 on Form S-1).
10.3	Salaried Employees Pension Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement No. 33-87294 on Form S-1).
10.4	Salaried Employees Performance Sharing Plan (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement No. 33-87294 on Form S-1).
10.5	1995 Stock Incentive Plan as amended and restated April 17, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
10.6	1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
10.6.1	Amendment No. 1 to 1997 Stock Incentive Plan, effective July 1, 1998.
10.7	Form of Severance Agreements between the Company and Mark V. Kaminski, Scott T. Davis, Roderick Macdonald, Donald L. Marsh, Jr., James K. O'Donnell, William G. Toler and John J. Wasz (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
10.8	Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996).
10.9	Second Amended and Restated Credit Agreement among the Company, subsidiaries of the Company, the several lenders from time to time parties thereto, and National Westminster Bank PLC, as agent, dated as of December 19, 1997 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.9.1	Amendment No. 1, dated as of December 22, 1998, to Second Amended and Restated Credit Agreement among the Company, subsidiaries of the Company, the several lenders from time to time parties thereto, and National Westminster Bank PLC, as agent, dated as of December 19, 1997.
10.10	Amended and Restated Pledge and Security Agreement entered into by the Company and its subsidiaries,

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collectively, in favor of National Westminster Bank PLC, as agent, dated November 29, 1996 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).

10.11 Amendment No. 1, dated as of December 19, 1997, to the Amended and Restated Pledge and Security Agreement entered into by the Company and its subsidiaries, collectively, in favor of National Westminster Bank PLC, as agent, dated November 29, 1996 (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

10.12 Receivables Purchase Agreement among Commonwealth Financing Corp., the Company, Market Street Funding Corporation and PNC Bank, National Association, dated as of September 29, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).

10.13 Non-exclusive License Agreement between Hazelett Strip-Casting Corporation and Barmet of Kentucky, Inc. dated as of June 2, 1982 (incorporated by reference to Exhibit 10.07 to the CasTech Aluminum Group Inc.
Registration Statement No. 33-77116 on Form S-1).

10.14 Agreement between Hazelett Strip-Casting Corporation, Barmet of Kentucky, Inc. and Barmet Aluminum Corporation, dated as of November 29, 1984 (incorporated by reference to Exhibit 10.08 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).

10.15 Supply agreement between Barmet Aluminum Corporation and IMCO, dated as of March 2, 1992 (incorporated by reference to Exhibit 10.09 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).

10.16 Lease of 2630 El Presidio Street, Long Beach, California by Alflex Corporation from Brian L. Harvey, expiring October 31, 2004 (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).

10.17 Industrial Real Estate Lease of 2303 Jefferson Street, Torrance, California, by Barmet Aluminum Corporation from Cypress Land Company, expiring April 30, 1999 (incorporated by reference to Exhibit 10.16 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).

10.18 Indenture dated as of September 20, 1996 between the Company, the Subsidiary Guarantors named therein and Harris Trust and Savings Bank, Trustee (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement No. 333-13661 on Form S-4).

10.19 First Supplemental Indenture, dated as of November 12, 1996, to Indenture dated as of September 20, 1996 (incorporated by reference to Exhibit 10.16 to the

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Company's Annual Report on Form 10-K for the year ended December 31, 1996).

10.20 Second Supplemental Indenture, dated as of October 16, 1998, to Indenture dated as of September 20, 1996.

13 Portions of the annual report to stockholders for the year ended December 31, 1998 which are expressly incorporated by reference in this filing.

21 Subsidiaries.

23 Consent of PricewaterhouseCoopers LLP.

27 Financial Data Schedule.

Report of Independent Accountants

Board of Directors
Commonwealth Industries, Inc.

Our audits of the consolidated financial statements referred to in our report dated January 22, 1999 appearing on page 35 of the 1998 Annual Report to Stockholders of Commonwealth Industries, Inc. and subsidiaries (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the consolidated financial statement schedule listed in Item 14 (a) (2) of this Form 10-K. In our opinion, this consolidated financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky
January 22, 1999

Supplemental Schedule II
Commonwealth Industries, Inc.
Valuation and Qualifying Accounts
December 31, 1998, 1997 and 1996
(in thousands)

<TABLE>
<CAPTION>

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Allowance for uncollectible accounts					
December 31,1998	$2,348	$1,131	$ -	$ 995	$2,484
December 31,1997	2,235	242	-	129	2,348
December 31,1996	1,009	111	1,490 (a)	375	2,235
Allowance for obsolete stores inventory					
December 31,1998	$1,100	$ -	$ -	$ -	$1,100
December 31,1997	1,000	100	-	-	1,100

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December 31,1996	1,000	-	-	-	1,000

Note (a) - relates to the acquisition of CasTech.
</TABLE>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on March xx, 1999.

COMMONWEALTH INDUSTRIES, INC.

By /s/ Mark V. Kaminski

Mark V. Kaminski, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<TABLE>
<CAPTION>

Signature	Title	Date
<S>	<C>	<C>
/s/ Paul E.Lego		
Paul E. Lego	Chairman of the Board	March 26, 1999
/s/ Mark V. Kaminski		
Mark V. Kaminski	President, Chief Executive Officer and Director (Principal Executive Officer)	March 26, 1999
/s/ Catherine G. Burke		
Catherine G. Burke	Director	March 26, 1999
/s/ C. Frederick Fetterolf		
C. Frederick Fetterolf	Director	March 26, 1999
/s/ John E. Merow		
John E. Merow	Director	March 26, 1999
/s/ Victor Torasso		
Victor Torasso	Director	March 26, 1999
/s/ Donald L. Marsh, Jr.		
Donald L. Marsh, Jr.	Executive Vice President, Chief Financial Officer and Secretary (Principal Financial Officer)	March 26, 1999
/s/ William G. Toler		

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William G. Toler	Vice President - Finance and Administration (Principal Accounting Officer)	March 26, 1999
/s/ John F. Barron -------------------------- John F. Barron	Controller and Assistant Secretary	March 26, 1999

</TABLE>

Exhibit Index

Exhibit Number	Description
3.1	Restated Certificate of Incorporation, effective April 18, 1997 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
3.2	By-laws (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement No. 33-87294 on Form S-1).
3.3	Stockholder Protection Rights Agreement, dated as of March 6, 1996, including forms of Rights Certificate, Election to Exercise and Certificate of Designation and Terms of Participating Preferred Stock of the Company (incorporated by reference to Exhibits (1), (2) and (3) to the Company's Registration Statement No. 0-25642 on Form 8-A).
10.1	Executive Incentive Compensation Plan, as amended December 4, 1995 (incorporated by reference to Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
10.2	Long-term Executive Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement No. 33-87294 on Form S-1).
10.3	Salaried Employees Pension Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement No. 33-87294 on Form S-1).
10.4	Salaried Employees Performance Sharing Plan (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement No. 33-87294 on Form S-1).
10.5	1995 Stock Incentive Plan as amended and restated April 17, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
10.6	1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997).
10.6.1	Amendment No. 1 to 1997 Stock Incentive Plan, effective July 1, 1998.

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10.7	Form of Severance Agreements between the Company and Mark V. Kaminski, Scott T. Davis, Roderick Macdonald, Donald L. Marsh, Jr., James K. O'Donnell, William G. Toler and John J. Wasz (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
10.8	Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996).
10.9	Second Amended and Restated Credit Agreement among the Company, subsidiaries of the Company, the several lenders from time to time parties thereto, and National Westminster Bank PLC, as agent, dated as of December 19, 1997 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.9.1	Amendment No. 1, dated as of December 22, 1998, to Second Amended and Restated Credit Agreement among the Company, subsidiaries of the Company, the several lenders from time to time parties thereto, and National Westminster Bank PLC, as agent, dated as of December 19, 1997.
10.10	Amended and Restated Pledge and Security Agreement entered into by the Company and its subsidiaries, collectively, in favor of National Westminster Bank PLC, as agent, dated November 29, 1996 (incorporated by reference to Exhibit 10.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
10.11	Amendment No.1, dated as of December 19, 1997, to the Amended and Restated Pledge and Security Agreement entered into by the Company and its subsidiaries, collectively, in favor of National Westminster Bank PLC, as agent, dated November 29, 1996 (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
10.12	Receivables Purchase Agreement among Commonwealth Financing Corp., the Company, Market Street Funding Corporation and PNC Bank, National Association, dated as of September 29, 1997 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
10.13	Non-exclusive License Agreement between Hazelett Strip-Casting Corporation and Barmet of Kentucky, Inc. dated as of June 2, 1982 (incorporated by reference to Exhibit 10.07 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).
10.14	Agreement between Hazelett Strip-Casting Corporation, Barmet of Kentucky, Inc. and Barmet Aluminum Corporation, dated as of November 29, 1984 (incorporated by reference to Exhibit 10.08 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).
10.15	Supply agreement between Barmet Aluminum Corporation

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	and IMCO, dated as of March 2, 1992 (incorporated by reference to Exhibit 10.09 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).
10.16	Lease of 2630 El Presidio Street, Long Beach, California by Alflex Corporation from Brian L. Harvey, expiring October 31, 2004 (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
10.17	Industrial Real Estate Lease of 2303 Jefferson Street, Torrance, California, by Barmet Aluminum Corporation from Cypress Land Company, expiring April 30, 1999 (incorporated by reference to Exhibit 10.16 to the CasTech Aluminum Group Inc. Registration Statement No. 33-77116 on Form S-1).
10.18	Indenture dated as of September 20, 1996 between the Company, the Subsidiary Guarantors named therein and Harris Trust and Savings Bank, Trustee (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement No. 333-13661 on Form S-4).
10.19	First Supplemental Indenture, dated as of November 12, 1996, to Indenture dated as of September 20, 1996 (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
10.20	Second Supplemental Indenture, dated as of October 16, 1998, to Indenture dated as of September 20, 1996.
13	Portions of the annual report to stockholders for the year ended December 31, 1998 which are expressly incorporated by reference in this filing.
21	Subsidiaries.
23	Consent of PricewaterhouseCoopers LLP.
27	Financial Data Schedule.

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COMMONWEALTH INDUSTRIES, INC.

Amendment No. 1 to
1997 Stock Incentive Plan

The first sentence of Section 7 is amended, effective July 1, 1998, to read in its entirety as follows:

Nonqualified Stock Options to purchase 2,500 shares of Common Stock, the number of shares being in each case subject to adjustment pursuant to Section 13, shall be granted automatically to each Non-Employee Director (a) upon the date such director joins the Board or becomes a Non-Employee Director and (b) on each succeeding January 1 which is not less than 90 days after the date referred to in clause (a).

April 24, 1998

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Execution Counterpart

AMENDMENT NO. 1 TO CREDIT AGREEMENT

AMENDMENT NO. 1 TO CREDIT AGREEMENT dated as of December 22, 1998 between:

(1) COMMONWEALTH INDUSTRIES, INC., a corporation duly organized and validly existing under the laws of the State of Delaware (the "Parent");

(2) CI HOLDINGS, INC., a corporation duly organized and validly existing under the laws of the State of Delaware ("Holdings");

(3) COMMONWEALTH ALUMINUM CORPORATION, a corporation duly organized and validly existing under the laws of the State of Delaware ("CAC");

(4) ALFLEX CORPORATION, a corporation duly organized and validly existing under the laws of the State of Delaware ("Alflex");

(5) COMMONWEALTH ALUMINUM CONCAST, INC., a corporation duly organized and validly existing under the laws of the State of Ohio ("CACI") and, together with CAC and Alflex, each a "Borrower" and, collectively, the "Borrowers");

(6) each of the Subsidiaries of the Parent identified under the caption "SUBSIDIARY GUARANTORS" on the signature pages hereto (each, a "Subsidiary Guarantor" and, collectively, the "Subsidiary Guarantors", and together with the Parent, Holdings and the Borrowers, the "Obligors");

(7) each of the lenders identified under the caption "LENDERS" on the signature pages hereto (individually, a "Lender" and, collectively, the "Lenders"); and

(8) NATIONAL WESTMINSTER BANK PLC, as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Parent, Holdings, CAC, Alflex, CACI, the Subsidiary Guarantors, the Lenders, and the Administrative Agent are parties to a Second Amended and Restated Credit Agreement dated as of December 19, 1997 (as heretofore amended, the "Credit Agreement"), providing, subject to the terms and conditions thereof, for loans to be made by said Lenders to the Company in an aggregate principal or face amount not exceeding $100,000,000.

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The Obligors have requested that the Credit Agreement be amended in certain respects, and accordingly, the parties hereto hereby agree as follows:

Section 1. Definitions. Except as otherwise defined in this Amendment No. 1, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Amendments. Effective as of the date hereof (subject to satisfaction of the conditions set forth in Section 4 hereof), the Credit Agreement shall be amended as follows:

A. The definition of "Applicable Facility Fee Percentage" in Section 1.01 of the Credit Agreement shall be amended to read in its entirety as follows:

"Applicable Facility Fee Percentage" shall mean, at any time, the percentage set forth in the schedule below opposite the Applicable Pricing Level in effect at such time:

Applicable Pricing Level	Applicable Facility Fee Percentage
1	0.425%
2	0.450%
3	0.475%
4	0.500%

B. The definition of "Applicable Margin" in Section 1.01 of the Credit Agreement shall be amended to read in its entirety as follows:

"Applicable Margin" shall mean, at any time, for each Type of Loan set forth below, the percentage set forth below such Type opposite the Applicable Pricing Level in effect at such time:

Applicable Pricing Level	Base Rate Loans	Eurodollar Loans
1	0.075%	1.325%
2	0.175%	1.425%
3	0.275%	1.525%
4	0.500%	1.750%

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The Applicable Margin for Swingline Loans at any time shall be the Applicable Margin in effect for Revolving Credit Loans that are Base Rate Loans at such time.

C. Section 9.10(b) shall be amended in its entirety to read as follows:

"(b) Interest Coverage Ratio.

The Parent will not permit the Total Interest Coverage Ratio to be less than the following respective ratios at any time during the following respective periods:

Period	Ratio
From the Restatement Effective Date through December 30, 1998	2.00 to 1.00
From December 31, 1998 through September 29, 1999	2.25 to 1.00
From September 30, 1999 through December 30, 1999	2.50 to 1.00
From December 31, 1999 through December 30, 2000	3.00 to 1.00
From December 31, 2000 and at all times thereafter	3.50 to 1.00"

D. Extension of Scottsboro Consent. The Parent, Holdings, CAC, Alflex, CACI, the Subsidiary Guarantors, the Lenders, and the Administrative Agent are parties to a Consent dated as of August 26, 1998 (as heretofore amended, the "Consent"), by which the Lenders, subject to the terms and conditions thereof, consented to the Scottsboro Acquisition (as defined in the Consent). The parties hereto hereby agree to extend the period for which the Scottsboro Acquisition may occur by amending Section 2 of the Consent to replace the date "November 30, 1998" set forth at the end of the first sentence of said Section with "March 31, 1999". Furthermore, each Obligor represents and warrants to the Lenders and the Administrative Agent that the representations and warranties set forth in Section 4 of the Consent are true and complete in all material respects on the date hereof. Except as expressly herein provided, the Consent shall remain unchanged and in full force and effect.

E. General. Each reference in the Credit Agreement to "this Agreement", "the Credit Agreement" or words of similar import, or in the Notes or other Credit Documents to "the Credit Agreement" or words of similar import, shall be deemed to refer to the Credit Agreement as amended hereby.

Section 3. Representations and Warranties. Each of the

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Obligors represents and warrants to the Lenders and the Administrative Agent that (i) no Default has occurred and is continuing on the date hereof both before and after giving effect to this Amendment No. 1 and (ii) the representations and warranties set forth in Section 8 of the Credit Agreement and in the other Credit Documents are true and complete in all material respects on the date hereof (or, if any such representation and warranty is expressly stated to have been made as of a specific date, as of such specific date) and as if each reference therein to the Credit Agreement referred to each of the Credit Agreement as amended hereby and this Amendment No. 1. The Obligors agree that the foregoing representation and warranty shall be a representation and warranty made by an Obligor in a modification to the Credit Agreement for purposes of Section 10(c) of the Credit Agreement.

Section 4. Conditions Precedent. The amendments and the extension in Section 2 hereof shall become effective as of the date hereof upon (i) receipt by the Administrative Agent of one or more counterpart of this Amendment No. 1 executed by each of the Obligors and the Lenders constituting the Majority Lenders (or evidence satisfactory to the Administrative Agent of such execution) and (ii) payment by the Parent of the consent fee the Parent has agreed to pay to each Lender who has heretofore executed and delivered this Amendment No. 1.

Section 5. Miscellaneous. Except as expressly herein provided, the Credit Agreement shall remain unchanged and in full force and effect. The Parent shall reimburse the Administrative Agent for all reasonable out-of-pocket costs and expenses (including reasonable legal fees and disbursements) incurred by it in connection with this Amendment No. 1. This Amendment No. 1 may be executed in any number of counterparts, all of which taken together shall constitute one and the same amendatory instrument and any of the parties hereto may execute this Amendment No. 1 by signing any such counterpart. This Amendment No. 1 shall be governed by, and construed in accordance with, the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed and delivered as of the day and year first above written.

THE PARENT

COMMONWEALTH INDUSTRIES, INC.

By_________________________
Title:

HOLDINGS

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CI HOLDINGS, INC.

By____________________________
Title:

THE BORROWERS

COMMONWEALTH ALUMINUM
CORPORATION

By____________________________
Title:

ALFLEX CORPORATION

By____________________________
Title:

COMMONWEALTH ALUMINUM CONCAST,
INC.

By____________________________
Title:

SUBSIDIARY GUARANTOR

COMMONWEALTH ALUMINUM SALES CORPORATION

By____________________________
Title:

LENDERS

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NATIONAL WESTMINSTER BANK PLC

By____________________________
Title:

PNC BANK, NATIONAL ASSOCIATION

By____________________________
Title:

ABN AMRO BANK N.V.

By____________________________
Title:

BANK OF MONTREAL

By____________________________
Title:

CREDIT AGRICOLE INDOSUEZ

By____________________________
Title:

By____________________________
Title:

MELLON BANK, N.A.

By____________________________
Title:

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THE INDUSTRIAL BANK
OF JAPAN, LIMITED

By_________________________
Title:

FIFTH THIRD BANK OF KENTUCKY, INC.

By_________________________
Title:

THE ADMINISTRATIVE AGENT

NATIONAL WESTMINSTER BANK PLC,
as Administrative Agent

By_________________________
Title:

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SECOND SUPPLEMENTAL INDENTURE, dated as of October 16, 1998, to the Indenture, dated as of September 20, 1996, as heretofore amended and supplemented (the "Indenture"), between Commonwealth Industries, Inc. (formerly Commonwealth Aluminum Corporation), a Delaware corporation (the "Company"), each of the Subsidiary Guarantors (as defined therein) and Harris Trust and Savings Bank, as Trustee (the "Trustee").

RECITALS:

The Indenture has heretofore been amended and supplemented by a First Supplemental Indenture, dated as of November 12, 1996. Subsequent to the date of the First Supplemental Indenture and prior to the date hereof, the former Commonwealth Aluminum Corporation changed its name to Commonwealth Industries, Inc., the former Commonwealth Industries, Inc. changed its name to CI Holdings, Inc. and thereafter was merged into Commonwealth Industries, Inc., the former Commonwealth Aluminum Lewisport, Inc. changed its name to Commonwealth Aluminum Corporation and then to Commonwealth Aluminum Lewisport, Inc., and the former Barmet Aluminum Corporation changed its name to Commonwealth Aluminum Concast, Inc.

The Company has duly organized Commonwealth Aluminum Corporation, a Delaware corporation, as a Restricted Subsidiary, and it is proposed that this corporation (the "new subsidiary") become an additional Subsidiary Guarantor, as permitted by Section 901(7) of the Indenture.

The Company, each of the Subsidiary Guarantors and the new subsidiary have been authorized by Board Resolutions to enter into this supplemental indenture.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE ONE

Definitions

For all purposes of this supplemental indenture, unless the context otherwise requires, the terms used herein shall have the same meanings as in the Indenture.

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ARTICLE TWO

Subsidiary Guarantors

The new subsidiary is hereby subjected to the provisions (including the representations and warranties) of the Indenture as a Subsidiary Guarantor, all as contemplated by Section 1303 of the Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this supplemental indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

COMMONWEALTH INDUSTRIES, INC.
COMMONWEALTH ALUMINUM CORPORATION
COMMONWEALTH ALUMINUM CONCAST,INC.
COMMONWEALTH ALUMINUM LEWISPORT,INC.
COMMONWEALTH ALUMINUM SALES CORPORATION
ALFLEX CORPORATION

By ______________________
Mark V. Kaminski, President

Attest:

Secretary

HARRIS TRUST AND SAVINGS BANK,
as Trustee

By ___________________________

Attest:

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COMMONWEALTH OF KENTUCKY)
ss.:
COUNTY OF JEFFERSON)

On the __ day of October, 1998, before me personally came Mark V. Kaminski, to me known, who, being by me duly sworn, did depose and say that he is President of each of Commonwealth Industries, Inc., Commonwealth Aluminum Corporation, Commonwealth Aluminum Concast, Inc., Commonwealth Aluminum Lewisport, Inc., Commonwealth Aluminum Sales Corporation and Alflex Corporation, corporations described in and which executed the foregoing instrument; that he knows the seal of said corporations; that the seals affixed to said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations, and that he signed his name thereto by like authority.

STATE OF ILLINOIS)
ss.:
COUNTY OF COOK)

On the ____ day of __________, 1998, before me personally came _____________, to me known, who, being by me duly sworn, did depose and say that she is a _____________________ of Harris Trust and Savings Bank, one of the corporations described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that she signed her name thereto by like authority.

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Exhibit 13

Portions of the annual report to stockholders for the year ended December 31, 1998 which are expressly incorporated by reference in this filing follow. Such items are proceeded by an index which shows the location in this Annual Report on Form 10-K where such items are incorporated by reference and the location of the item in the annual report to stockholders for the year ended December 31, 1998.

INDEX

Reference letter in this Exhibit	Incorporation location in this Form 10-K	Description of Item	Page number in annual report to stockholders
(A)	Part II, item 6	Consolidated Selected Financial Data	page 10
(B)	Part II, item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	pages 11 thru 16
	Part II, item 7A	Quantitative and Qualitative Disclosures About Market Risk	pages 14 thru 15
(C)	Part II, item 8	Consolidated Balance Sheet	page 17
	Part II, item 8	Consolidated Statement of Income	page 18
	Part II, item 8	Consolidated Statement of Comprehensive Income	page 18
	Part II, item 8	Consolidated Statement of Changes in Stockholders' Equity	page 19
	Part II, item 8	Consolidated Statement of Cash Flows	page 20
	Part II, item 8	Notes to Consolidated Financial Statements	pages 21 thru 34
	Part II, item 8	Report of Independent Auditors	page 35

The items follow:

Exhibit 13 item (A)

COMMONWEALTH INDUSTRIES, INC.
Consolidated Selected Financial Data
(in thousands except per share data)

<TABLE>
<CAPTION>

	Year ended December 31,				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Statement of Income Data:					
Net sales	$ 967,949	$ 1,090,777	$ 739,218	$ 671,501	$ 496,529
Gross profi	69,455	88,043	49,312	64,750	41,406
Operating income	21,421	41,593	19,262	42,240	20,262
Income before extraordinary loss	143	9,122	14,756	33,787	22,091
Net income	143	7,941	13,401	33,787	22,091
Net income per share data:					
Basic					
Income before extraordinary loss	$ 0.01	$ 0.78	$ 1.45	$ 3.32	
Extraordinary loss	-	(0.10)	(0.13)	-	
Net income	$ 0.01	$ 0.68	$ 1.32	$ 3.32	
Diluted					
Income before extraordinary loss	$ 0.01	$ 0.78	$ 1.45	$ 3.31	
Extraordinary loss	-	(0.10)	(0.13)	-	
Net income	$ 0.01	$ 0.68	$ 1.32	$ 3.31	

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	============	==============	=============	=============	
Cash dividends paid per share	$ 0.20	$ 0.20	$ 0.20	$ 0.15	
Operating Data:					
Depreciation and amortization	$ 34,728	$ 34,710	$ 22,452	$ 18,600	$ 17,397
Capital expenditures	$ 33,650	$ 21,736	$ 14,841	$ 15,153	$ 19,662
Commonwealth Aluminum business unit:					
Net sales	$ 846,696	$ 964,012	$ 704,400	$ 671,501	$ 496,529
Shipments (pounds)	884,169	990,207	712,480	587,932	568,970
Alflex business unit:					
Net sales	$ 121,253	$ 126,765	$ 34,818		
Shipments (feet)	517,380	521,711	136,936		
Balance Sheet Data:					
Working capital	$ 115,192	$ 112,924	$ 207,061	$ 153,292	$ 134,026
Total assets	648,399	667,421	794,582	420,684	439,454
Total debt	125,000	125,650	342,250	48,375	-
Total stockholders' equity	326,529	330,473	227,223	213,063	242,690

</TABLE>

Exhibit 13 item (B)

COMMONWEALTH INDUSTRIES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion of the consolidated financial condition and results of operations of the Company for each of the years in the three-year period ended December 31, 1998, and certain factors that may affect the Company's prospective financial condition. This section should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 1998 and the notes thereto. The following discussion contains statements which are forward-looking rather than historical fact. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties that could render them materially different, including, but not limited to, the effect of global economic conditions, the impact of competitive products and pricing, product development and commercialization, availability and cost of critical raw materials, the rate of technological change, product demand and market acceptance risks, capacity and supply constraints or difficulties and other risks as detailed in the Company's various Securities and Exchange Commission filings.

Overview

The Company manufactures non-heat treat coiled aluminum sheet for distributors and the transportation, construction and consumer durables end use markets and electrical flexible conduit and prewired armored cable for the non-residential construction and renovation markets. The Company's principal raw materials are aluminum scrap, primary aluminum, copper and steel. Trends in the demand for aluminum sheet products in the United States and in the prices of aluminum primary metal, aluminum scrap and copper commodities affect the business of the Company. The Company's operating results also are affected by factors specific to the Company, such as the margins between selling prices for its products and its cost of raw material ("material margins") and its unit cost of converting raw material into its products ("conversion cost"). While changes in aluminum and copper prices can cause the Company's net sales to change significantly from period to period, net income is more directly impacted by fluctuations in material margins.

Although the demand for aluminum sheet products is cyclical, over the longer term demand has continued to increase, reflecting general population and economic growth and the advantages of aluminum's light weight, high degree of formability, resistance to corrosion and recyclability.

The price of aluminum metal affects the price of the Company's products and in the longer term can have an effect on the competitive position of aluminum in relation to alternative materials. The price of primary metal is determined largely by worldwide supply and demand conditions and is highly cyclical. The price of primary aluminum in world markets greatly influences the price of aluminum scrap, the Company's principal raw material. Significant movements in the price of primary aluminum can affect the Company's margins because aluminum sheet prices do not always move simultaneously nor necessarily to the same degree as the primary markets. The Company seeks to manage its material margins by focusing on higher margin products and by sourcing the scrap and primary metal markets in the most cost-effective manner, including the use of futures contracts and options to hedge anticipated raw material requirements based on firm-priced sales and purchase orders.

During 1998, net sales of the Company's aluminum sheet products declined by 11% from the year 1997. Lower sales and shipment volume were caused by production problems and lower productivity in connection with the expiration of the Company's collective bargaining agreement on July 31 at the Company's Lewisport, Kentucky aluminum rolling mill, as well as weather-related production outages at its mill in Uhrichsville, Ohio. Although the Lewisport mill never actually suffered a strike, mill operations were affected nonetheless as both labor and management prepared for the possibility. While overall demand for

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aluminum sheet products remained strong, material margins had been under pressure for the past two years until the latter part of 1998. Stronger aluminum material margins followed after the Company successfully implemented two price increases, the first beginning in April 1998 and the second in June 1998. Higher material margins during the latter part of 1998 also reflected the Company's efforts to enhance product mix and improve the metal blending process. In addition, although aluminum shipment volume has not completely returned to historic levels, steadily increasing volume since the completion of the Company's new, five-year labor agreement in September 1998 has contributed to improved conversion costs, as have other programs to enhance productivity at Lewisport and the Company's other mills. One such program which was begun in February 1998 at the Lewisport rolling mill, was the elimination of all discretionary overtime hours to reduce the operating cost concurrent with the reduced sales volume.

Demand for the Company's electrical conduit and cable products continued to exceed the Company's capacity to supply these products during 1998. While the Company has been adding additional electrical cable armoring capacity since the second quarter of 1997, this capacity only reached full production in the latter part of 1998 due to substantial labor turnover and the time involved in employee skills training. The strong market for electrical conduit also allowed the Company to concentrate on higher margin products during 1998, even though net sales volume was down slightly from the prior year. Value added products such as MC cable represented a higher ratio of Alflex's 1998 sales compared to the prior year. In addition, the Company announced in the fourth quarter of 1998 the decision to open a new plant in Rocky Mount, North Carolina during the second quarter of 1999. This move will increase production and enhance the Company's competitive position by placing that capacity closer to attractive markets along the eastern seaboard.

On September 20, 1996, the Company acquired CasTech Aluminum Group Inc., ("CasTech") in a transaction that was accounted for under the purchase method of accounting at a cost of $285 million. Concurrently with the acquisition, the Company prepaid its existing indebtedness and that of CasTech. The acquisition and prepayments were financed with a $325 million senior secured bank credit facility (which has subsequently been reduced - see note 7 to the consolidated financial statements) and the proceeds from the issue and sale of $125 million principal amount of 10 3/4% Senior Subordinated Notes Due 2006.

Results of Operations for 1998, 1997 and 1996

Net Sales. Net sales for 1998 decreased 11% to $967.9 million (including $121.3 million from the Company's Alflex electrical products subsidiary) from $1.1 billion (including $126.8 million from Alflex) in 1997. The decrease is due to reduced sales volume at the Lewisport mill which was partially offset by volume increases at the Company's other facilities. Unit sales volume of aluminum products decreased 11% to 884.2 million pounds in 1998 from 990.2 million pounds in 1997. Aluminum sales volume for 1998 decreased due to the reasons outlined in the "overview" section. Additionally 1998 sales volumes at the Company's continuous cast aluminum sheet operations were only slightly above last year's level due to tighter inventory management by customers and unusually wet weather that reduced construction activity in various parts of the United States in the first half of 1998. Alflex unit sales volume was 517.4 million feet for 1998 compared to 521.7 million feet for 1997.

In 1997 net sales grew 48% to $1.1 billion (including $126.8 million from Alflex) from $739.2 million (including $34.8 million from Alflex) in 1996. The increase is due to the CasTech acquisition along with increased sales volume at all facilities. Unit sales volume of aluminum products increased 39% to 990.2 million pounds in 1997 from 712.5 million pounds in 1996. Alflex unit sales volume was 521.7 million feet for 1997 compared to 136.9 million feet for 1996. Giving pro forma effect for the 1996 CasTech acquisition, the Company's aluminum rolling mills generated 5% growth in shipments during 1997 while its Alflex electrical products subsidiary achieved 8% growth. These gains reflected the Company's ability to complete the integration of CasTech's operations and systems successfully, optimizing the product mix between the Company's plants and achieving the operating synergies envisioned at the time of the CasTech acquisition.

Gross Profit. Gross profit decreased 21% (to 7.2% of net sales) in 1998 after a 79% increase (to 8.1% of net sales) in 1997. The 1998 decrease was attributable to decreased sales volume due to the reasons outlined in the "overview" section. The Company's unit manufacturing costs for 1998 increased compared to 1997 as a result of the lower volumes which more than offset any efficiencies due to mill optimization practices. Material margins which were higher in 1998 than in 1997 partially offset the impact of lower volumes. The 1997 increase was attributable to the CasTech acquisition, increased unit sales volumes and lower manufacturing unit costs which more than offset lower material margins.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased 3.8% in 1998. Contributing to the increase were increases at Alflex associated with the infrastructure required to support the growth of this business segment, costs incurred in acquisitions which did not materialize, expenses incurred at the Lewiport mill in anticipation of a possible strike and certain expenses relating to the Company's Year 2000 remediation effort. The realization of various operating synergies envisioned at the time of the CasTech acquisition continued to contribute to holding the 1998 increase down. The 1997 figure was up 45.5% over 1996, primarily due to the CasTech acquisition. Contributing to the increase was corporate relocation, severance and other costs related to the integration of the businesses. Giving

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pro forma effect for the 1996 CasTech acquisition, selling, general and administrative expenses declined 3.4% in 1997 compared to 1996.

Amortization of Goodwill. Goodwill, which relates to the CasTech acquisition, was flat in 1998 versus 1997, after increasing $3.3 million in 1997 compared to 1996 reflecting a full year of amortization in 1997 versus a partial year in 1996.

Operating Income. Operating income decreased by 48% in 1998 to $21.4 million, compared with a 1997 increase of 115.9% to $41.6 million, in each case reflecting the factors mentioned above.

Interest Expense, Net. Interest expense in 1998 decreased 27% to $22.2 million from $30.5 million in 1997. The decrease in the Company's interest expense is due to the reduction in borrowing resulting from the Company's September 1997 equity offering coupled with reduced interest rates due to the accounts receivable securitization facility also implemented in September 1997. Both transactions are described in the "Liquidity and Capital Resources" section which follows. The increase in interest expense in 1997 over 1996 is due to borrowings associated with the CasTech acquisition.

Income Tax Expense (Benefit). Income tax expense (benefit) in 1998, 1997 and 1996 reflect the use of the Company's net operating loss ("NOL") carryforwards to offset taxable income for federal income tax purposes. At December 31, 1998, the Company had remaining available NOL carryforwards of approximately $81 million. These NOL carryforwards will expire in various amounts through 2008. The amount of taxable income that can be offset by NOL carryforwards arising prior to the initial public offering of the Company in March 1995 is subject to an annual limitation of approximately $9.6 million plus certain gains included in taxable income which are attributable to the Company prior to the initial public offering.

The Company recognized an income tax benefit of $0.6 million in 1998 compared to income tax expense of $2.4 million in 1997. The change is due to the decrease in the Company's taxable income and a $1.5 million favorable adjustment recorded in the first quarter of 1998 to the prior year's tax expense. The adjustment resulted from the filing of amended federal income tax returns for prior years. The Company recognized an income tax benefit in 1996 of $5.3 million as a result of revisions to prior year tax estimates and adjustments to the estimated utilization of NOLs.

Extraordinary Loss on Early Extinguishment of Debt. The Company recorded an extraordinary loss on the early extinguishment of debt in both 1997 and 1996 of $1.5 million ($1.2 million and $1.4 million net of income tax benefit, respectively).

Net Income. Net income for 1998 decreased 98% to $0.1 million, after a 41% decrease in 1997 over 1996, in each case reflecting the factors described above for each year.

Liquidity and Capital Resources

The Company's sources of liquidity are cash flows from operations, the Company's accounts receivable securitization facility described below and borrowings under its $100 million revolving credit facility. The Company believes these sources will be sufficient to fund its working capital requirements, capital expenditures, debt service and dividend payments for at least through 1999.

On September 29, 1997, the Company completed a common stock offering of 5.75 million shares at a public offering price of $18 per share. The net proceeds from the offering of approximately $97.7 million were used to repay the entire amount outstanding under the Company's term loan agreement, totaling $95.0 million, as well as $2.7 million outstanding under the Company's revolving credit facility.

On September 26, 1997, the Company sold all of its trade accounts receivables to a 100% owned subsidiary, Commonwealth Financing Corp. ("CFC"). Simultaneously, CFC entered into a three-year accounts receivable securitization facility with a financial institution and its affiliate, whereby CFC sells, on a revolving basis, an undivided interest in certain of its receivables and receives up to $150.0 million from an unrelated third party purchaser at a cost of funds linked to commercial paper rates plus a charge for administrative and credit support services. At December 31, 1998, the Company had outstanding $120.2 million under the agreement and had $15.9 million of net residual interest in the securitized receivables. The net residual interest in the securitized receivables is included in other current assets in the Company's consolidated financial statements.

The Company's cash flows from operations in 1998, 1997 and 1996 were $46.6 million, $134.7 million and $42.0 million, respectively. The increase in cash flow from operations in 1997 was due primarily to the accounts receivable securitization. Working capital increased to $115.2 million at December 31, 1998 from $112.9 million at December 31, 1997. Working capital decreased to $112.9 million at December 31, 1997 from $207.1 million at December 31, 1996, due to the accounts receivable securitization.

The Company's revolving credit facility permits borrowings and letters of credit up to $100.0 million outstanding at any time. Availability is subject to satisfaction of certain covenants and other requirements. At December 31, 1998, $99.3 million was available. The facility expires on September 1, 2002.

Capital expenditures were $33.7 million, $21.7 million and $14.8 million plus the cost of the CasTech acquisition in 1998, 1997 and 1996, respectively, and are estimated to be $38 million in 1999, all generally related to upgrading and expanding the Company's manufacturing and other facilities, including the completion of Alflex's new production and distribution facility in North Carolina, and meeting environmental requirements.

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The indicated annual rate of dividends being paid on the Company's Common Stock is $0.20 per share, or an annual total of about $3.2 million.

Risk Management

Commodity Price Risk. The price of aluminum is subject to fluctuations due to unpredictable factors on the worldwide market. To reduce this market risk, the Company follows the policy of hedging its anticipated raw material requirements based on firm-priced sales and purchase orders. The Company purchases and sells futures contracts and options on the London Metal Exchange ("LME") based on its net metal position. The Company's metal position consists of inventories, purchase commitments, committed and anticipated sales, with the net hedged using LME futures contracts and options. At December 31, 1998, the Company held purchase and sales commitments through 1999 totaling $47 million and $292 million, respectively.

The change in market value of such LME contracts has a high correlation to the price changes of the hedged commodity (aluminum scrap and ingot). To obtain a matching of revenues and expenses realized gains or losses arising from LME contracts are included in inventories as a cost of raw materials and reflected in the consolidated statement of income when the product is sold. The Company had deferred realized losses of $2.2 million and $1.5 million as of December 31, 1998 and 1997, respectively on closed futures contracts and options. Deferred realized losses are recorded as an increase in the carrying value of inventory and deferred realized gains are recorded as a reduction in the carrying value of inventory.

At December 31, 1998 and 1997, the Company's position with respect to open aluminum futures contracts and options was as follows (in millions):

	Fair Value	Net Unrealized (Loss) Gain
December 31, 1998	$100.4	$ (5.6)
December 31, 1997	123.9	0.3

Net unrealized gains and losses on open futures and option contracts are recorded in the consolidated balance sheet as accrued liabilities and prepayments and other current assets, respectively. The net unrealized loss of $5.6 million and net unrealized gain of $0.3 million at December 31, 1998 and 1997, respectively, consists of unrealized gains due from brokers of $4.1 million and $0.6 million, respectively, and unrealized losses due to brokers of $9.7 million and $0.3 million, respectively. Futures contracts and options are valued at the closing price on the last business day of the year.

A sensitivity analysis has been prepared to estimate the Company's exposure to market risk related to its LME position. Market risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in the price of the futures contract. On December 31, 1998 the Company had approximately 62,175 metric tonnes of LME futures contracts. A hypothetical 10 % change from the 1998 year-end three-month high grade aluminum price of $1,223 per metric tonne would result in a change in fair value of $7.6 million in these contracts. However it should be noted that any change in the fair value of these contracts would be significantly offset with an inverse change in the cost of purchased metal.

Credit Risk. As discussed previously, the Company utilizes futures contracts and options to protect against exposures to commodity price risk in the aluminum market. The Company is exposed to losses in the event of non-performance by the counterparties to these agreements; however, the Company does not anticipate non-performance by the counterparties. Prior to conducting business with a potential customer, credit checks are performed on the customer to determine creditworthiness and assess credit risk. In addition, an indirect credit exposure review is performed on all customers. Trading partners (brokers) are evaluated for creditworthiness and risk assessment prior to initiating trading activities with the brokers. However, the Company does not require collateral to support broker transactions. In addition, all brokers trading on the LME with U.S. clients are regulated by the Commodities Trading and Futures Commission, which requires the brokers to be fully insured against unrealized losses owed to clients. At December 31, 1998, credit lines totaling $49 million were available at various brokerages used by the Company.

Interest Rate Risk. The Company manages its ratio of fixed to floating rate debt with the objective of achieving a mix that management believes is appropriate. To manage this mix in a cost-effective manner, the Company, from time to time, enters into interest rate swap agreements. At December 31, 1998 the Company had interest rate swap contracts with a notional amount of approximately $53 million. With respect to these agreements, the Company pays a fixed rate of interest and receives a LIBOR-based floating rate. The counterparties to interest rate contracts are major commercial banks and management believes that losses related to credit risk are remote. The fair value of these interest rate swap agreements at December 31, 1998 was a liability of $1.1 million.

A sensitivity analysis has been prepared to estimate the Company's exposure to market risk related to its interest rate position. Market risk is estimated as the potential loss in fair value resulting from a hypothetical 100 basis point change in interest rates relating to the interest rate swap agreements. A hypothetical 100 basis point change in interest rates would result in a change in fair value of $0.4 million in these interest rate swap agreements.

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Year 2000 Readiness Disclosure

The Company is entering the final stages of a company-wide program to make its computer systems year 2000 compliant. The year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Company's programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations.

As of December 31, 1998, approximately 87 percent of the Company's core business computer systems were Year 2000 compliant, with all computer systems, which includes mainframe, server, desktop and portable computers, embedded systems, in addition to the core business applications, expected to be compliant by the end of the third quarter of 1999 as planned. The total cost of the program is estimated to be $8.0 million, of which the Company has incurred approximately $6.4 million through December 31, 1998, and is being funded through operating cash flows. Maintenance or modification costs are expensed as incurred, while the cost of systems being replaced is capitalized and amortized over the new system's useful life. The Company presently believes that, with these modifications and replacements, the year 2000 issues will not pose significant operational problems for the Company. However, if such modifications and replacements in critical operations are not completed timely, the year 2000 issues may have a material impact on the results of operations or financial condition of the Company.

The Company recognizes the importance of readiness for potential worst case scenarios relating to the Year 2000 issues. The Company is working to identify scenarios requiring contingency plans and has begun to assess the year 2000 compliance efforts of external parties. The Company relies on a number of customers and suppliers, including banks, telecommunication providers, utilities, and other providers of goods and services. The inability of these third parties to conduct their business for a significant period of time due to the Year 2000 issue could have a material adverse impact on the Company's operations. The Company is currently assessing the Year 2000 readiness of its most critical customers and suppliers and planning a due diligence study of those customers and suppliers. There can be no assurance that the systems of other companies that interact with the Company will be sufficiently Year 2000 compliant. If a major supplier or customer is unable to supply raw materials or receive the Company's products, the Company's results of operations or financial condition could be materially impacted.

The Company has notified recipients of previously made Year 2000 statements that these statements, and any other Year 2000 statements released by the Company, are retroactively identified and labeled in their entirety as Year 2000 Readiness Disclosures pursuant to Section 7(b) of the Year 2000 Information and Readiness Disclosure Act of 1998. By doing so, these prior statements are relieved from tort liability.

Recently Issued Accounting Pronouncements

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidance on accounting for the costs of computer software developed or obtained for internal use. SOP 98-1 is effective for financial statements for fiscal years beginning after December 15, 1998. The Company will adopt SOP 98-1 effective January 1, 1999 and does not expect the adoption to have a material impact on the Company's consolidated results of operations, financial position or cash flows.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in net income unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The Company will adopt SFAS No. 133 in the Company's first quarter 2000 reporting as required. Management is currently evaluating the impact of SFAS No. 133 on the Company's future financial reporting.

Exhibit 13 item (C)

COMMONWEALTH INDUSTRIES, INC.
Consolidated Balance Sheet
(in thousands except share data)

<TABLE>
<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>

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Assets		
Current assets:		
Cash and cash equivalents	$ 6	$ -
Accounts receivable, net	228	355
Inventories	174,968	171,633
Prepayments and other current assets	25,367	45,107
Total current assets	200,569	217,095
Property, plant and equipment, net	269,837	266,292
Goodwill, net	169,086	173,562
Other noncurrent assets	8,907	10,472
Total assets	$ 648,399	$ 667,421
Liabilities		
Current liabilities:		
Outstanding checks in excess of deposits	$ -	$ 9,122
Accounts payable	54,244	67,881
Accrued liabilities	31,133	27,168
Total current liabilities	85,377	104,171
Long-term debt	125,000	125,650
Other long-term liabilities	8,859	9,675
Accrued pension benefits	15,930	13,368
Accrued postretirement benefits	86,704	84,084
Total liabilities	321,870	336,948
Commitments and contingencies	-	-
Stockholders' Equity		
Common stock, $.01 par value, 50,000,000 shares authorized, 15,944,000 and 15,941,500 shares outstanding at December 31, 1998 and 1997, respectively	159	159
Additional paid-in capital	398,794	398,757
Accumulated deficit	(69,621)	(66,575)
Unearned compensation	(672)	(1,172)
Accumulated other comprehensive income:		
Minimum pension liability adjustment	(2,131)	(696)
Total stockholders' equity	326,529	330,473
Total liabilities and stockholders' equity	$ 648,399	$ 667,421

</TABLE>

See notes to consolidated financial statements.

COMMONWEALTH INDUSTRIES, INC.
Consolidated Statement of Income
(in thousands except per share data)

<TABLE>
<CAPTION>

	Year ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Net sales	$ 967,949	$1,090,777	$ 739,218
Cost of goods sold	898,494	1,002,734	689,906
Gross profit	69,455	88,043	49,312
Selling, general and administrative expenses	43,558	41,972	28,841
Amortization of goodwill	4,476	4,478	1,209
Operating income	21,421	41,593	19,262
Other income (expense), net	365	487	76
Interest expense, net	(22,221)	(30,536)	(9,875)
Income (loss) before income taxes and extraordinary loss	(435)	11,544	9,463
Income tax expense (benefit)	(578)	2,422	(5,293)
Income before extraordinary loss	143	9,122	14,756
Extraordinary loss on early extinguishment of debt, net of income tax benefit	-	(1,181)	(1,355)
Net income	$ 143	$ 7,941	$ 13,401
Basic and diluted per share data:			
Income before extraordinary loss	$ 0.01	$ 0.78	$ 1.45
Extraordinary loss	-	(0.10)	(0.13)

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Net income	$ 0.01	$ 0.68	$ 1.32
Weighted average shares outstanding			
Basic	15,944	11,687	10,197
Diluted	15,947	11,723	10,203

</TABLE>

See notes to consolidated financial statements.

COMMONWEALTH INDUSTRIES, INC.
Consolidated Statement of Comprehensive Income
(in thousands)

<TABLE>
<CAPTION>

	Year ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Net income	$ 143	$ 7,941	$ 13,401
Other comprehensive income, net of tax:			
Minimum pension liability adjustment	(1,435)	(696)	2,269
Comprehensive income (loss)	$ (1,292)	$ 7,245	$ 15,670

</TABLE>

See notes to consolidated financial statements.

COMMONWEALTH INDUSTRIES, INC.
Consolidated Statement of Changes in Stockholders' Equity
(in thousands except share and per share data)

<TABLE>
<CAPTION>

	Common Stock						
	Number of Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Unearned Compensation	Accumulated Other Comprehensive Income: Minimum Pension Liability Adjustment	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 1995	10,190,000	$ 102	$ 301,114	$ (83,549)	$(2,335)	$(2,269)	$ 213,063
Net income	-	-	-	13,401	-	-	13,401
Cash dividends, $0.20 per share	-	-	-	(2,040)	-	-	(2,040)
Minimum pension liability adjustment	-	-	-	-	-	2,269	2,269
Issuance of restricted stock	25,000	-	420	-	(420)	-	-
Forfeiture of restricted stock	(17,500)	-	(245)	-	245	-	-
Amortization of unearned compensation	-	-	-	-	530	-	530
Balance December 31, 1996	10,197,500	102	301,289	(72,188)	(1,980)	-	227,223
Net income	-	-	-	7,941	-	-	7,941
Cash dividends, $0.20 per share	-	-	-	(2,328)	-	-	(2,328)
Minimum pension liability adjustment	-	-	-	-	-	(696)	(696)
Stock offering	5,750,000	57	97,585	-	-	-	97,642
Issuance of restricted stock	2,500	-	47	-	(47)	-	-
Forfeiture of restricted stock	(22,500)	-	(399)	-	399	-	-
Amortization of unearned compensation	-	-	-	-	456	-	456
Exercise of stock options	9,000	-	151	-	-	-	151
Stock awards	5,000	-	84	-	-	-	84
Balance December 31, 1997	15,941,500	159	398,757	(66,575)	(1,172)	(696)	330,473
Net income	-	-	-	143	-	-	143
Cash dividends, $0.20 per share	-	-	-	(3,189)	-	-	(3,189)
Minimum pension liability adjustment	-	-	-	-	-	(1,435)	(1,435)
Forfeiture of restricted stock	(2,500)	-	(35)	-	35	-	-
Amortization of unearned compensation	-	-	-	-	465	-	465
Stock awards	5,000	-	72	-	-	-	72
Balance December 31, 1998	15,944,000	$ 159	$ 398,794	$(69,621)	$ (672)	$(2,131)	$ 326,529

</TABLE>

See notes to consolidated financial statements.

COMMONWEALTH INDUSTRIES, INC.
Consolidated Statement of Cash Flows
(in thousands)

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<TABLE>
<CAPTION>

<S>	Year ended December 31, 1998 <C>	1997 <C>	1996 <C>
Cash flows from operating activities:			
Net income	$ 143	$ 7,941	$13,401
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	34,728	34,710	22,452
Extraordinary loss on early extinguishment of debt	-	1,495	1,505
Loss on disposal of property, plant and equipment	1,453	1,271	-
Issuance of common stock in connection with stock awards	72	84	-
Proceeds from the initial sale of accounts receivable	-	150,000	-
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable, net	127	(46,650)	12,636
(Increase) decrease in inventories	(3,335)	2,278	(1,563)
Decrease in prepayments and other current assets	19,740	6,970	7,819
Decrease (increase) in other noncurrent assets	398	201	(1,425)
(Decrease) in accounts payable	(13,637)	(14,459)	(3,248)
Increase (decrease) in accrued liabilities	3,965	(9,183)	(1,972)
Increase (decrease) in other liabilities	2,931	13	(7,570)
Net cash provided by operating activities	46,585	134,671	42,035
Cash flows from investing activities:			
Net cash and cash equivalents (outflow) from acquisition	-	(2,894)	(280,921)
Debt issuance costs	-	-	(9,921)
Purchases of property, plant and equipment	(33,650)	(21,736)	(14,841)
Proceeds from sale of property, plant and equipment	32	28	314
Net cash (used in) investing activities	(33,618)	(24,602)	(305,369)
Cash flows from financing activities:			
(Decrease) increase in outstanding checks in excess of deposits	(9,122)	9,122	-
Proceeds from short-term borrowings	-	-	21,000
Repayments of short-term borrowings	-	-	(25,000)
Proceeds from long-term debt	45,150	294,950	343,500
Repayments of long-term debt	(45,800)	(511,550)	(74,847)
Proceeds from issuance of common stock	-	97,793	-
Cash dividends paid	(3,189)	(2,328)	(2,040)
Net cash (used in) provided by financing activities	(12,961)	(112,013)	262,613
Net increase (decrease) in cash and cash equivalents	6	(1,944)	(721)
Cash and cash equivalents at beginning of period	-	1,944	2,665
Cash and cash equivalents at end of period	$ 6	$ -	$ 1,944
Supplemental disclosures:			
Interest paid	$ 22,385	$ 27,046	$ 3,571
Income taxes paid (refund received)	(10)	(1,407)	1,558

</TABLE>

See notes to consolidated financial statements.

COMMONWEALTH INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies
Commonwealth Industries, Inc. (the "Company") operates principally in the United States in two business segments. The aluminum segment manufactures aluminum sheet for distributors and the transportation, construction, and consumer durables end-use markets. The electrical conduit segment manufactures flexible electrical wiring products for the commercial and do-it-yourself markets.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated. Certain prior year amounts have been reclassified to conform with current classifications.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents include demand deposits with banks and highly liquid

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investments with original maturities of three months or less. The carrying amount of cash and cash equivalents approximates their fair value.

Concentrations of Credit Risk
Futures contracts, options, cash investments and accounts receivable potentially subject the Company to concentrations of credit risk. The Company places its cash investments with high credit quality institutions. At times, such cash investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Credit risk with respect to accounts receivable exists related to concentrations of sales to aluminum distributors, who in turn resell the Company's aluminum products to end-use markets, including the consumer durables, building and construction and transportation markets. Concentrations of credit risk with respect to accounts receivable from the sale of electrical products are limited due to the large customer base, and their dispersion across many different geographical areas. During 1996, sales to one major customer amounted to 11.0% of the Company's net sales. The Company performs ongoing credit evaluations of its customers' financial condition but does not require collateral to support customer receivables.

Inventories
Inventories are stated at the lower of cost or market. The methods of accounting for inventories are described in Note 4.

Long-Lived Assets
Property, plant and equipment are carried at cost and are being depreciated on a straight-line basis over the estimated useful lives of the assets which generally range from 15 to 33 years for buildings and improvements and from 5 to 20 years for machinery and equipment. Repair and maintenance costs are charged against income while renewals and betterments are capitalized. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the accounts with any resulting gain or loss reflected in income.

Goodwill represents the excess of cost over the fair value of net assets acquired and is amortized on a straight-line basis over forty years. Accumulated amortization was $10.2 million and $5.7 million at December 31, 1998 and 1997, respectively.

In the event that facts and circumstances indicate that the carrying amount of an asset or group of assets may be impaired, an evaluation of recoverability would be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the assets' carrying amount to determine if a write-down to fair value or discounted cash flow value is required.

Financial Instruments
The Company enters into futures contracts and options to manage price exposure from committed and certain anticipated sales. Gains, losses and premiums on these instruments which effectively hedge exposures are deferred and included in income as a component of the underlying sales transaction.

The Company also uses futures contracts to manage risks associated with its natural gas requirements and interest rate swaps to manage interest rate risk.

Income Taxes
The Company accounts for income taxes using the liability method, whereby deferred income taxes reflect the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. In valuing deferred tax assets, the Company uses judgment in determining if it is more likely than not that some portion or all of a deferred tax asset will not be realized and the amount of the required valuation allowance.

Revenue Recognition
The Company recognizes revenue upon passage of title to the customer, which in most cases coincides with shipment.

Computation of Net Income Per Common Share
Basic net income per common share has been computed by dividing net income by the weighted average number of common shares outstanding during the period.

Diluted net income per share has been computed by dividing net income by the weighted average number of common and common equivalent shares (stock options) outstanding during the period.

Stock-Based Compensation
Compensation cost is measured under the intrinsic value based method. Pro forma disclosures of net income and net income per share are presented, as if the fair value based method had been applied.

Self Insurance
The Company is substantially self-insured for losses related to workers' compensation and health claims. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred based on Company experience and certain actuarial assumptions.

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Environmental Compliance and Remediation
Environmental expenditures relating to current operations are expensed or capitalized as appropriate. Expenditures relating to existing conditions caused by past operations, which do not contribute to current or future revenues, are expensed. Costs to prepare environmental site evaluations and feasibility studies are accrued when the Company commits to perform them. Liabilities for remediation costs and post-remediation monitoring are recorded when they are probable and reasonably estimable, generally the earlier of completion of feasibility studies or the Company's commitment to a plan of action. The assessment of this liability is calculated based on existing technology, considers funds available in the settlement trust discussed in Note 12, does not reflect any offset for possible recoveries from insurance companies and is not discounted.

2. Acquisitions
On September 20, 1996, the Company acquired CasTech Aluminum Group Inc. ("CasTech") for a purchase price of $285 million. The excess of the purchase price over the acquired net assets of $179 million was recorded as goodwill and is being amortized over 40 years. The acquisition was recorded under the purchase method of accounting and accordingly, the results of operations of CasTech prior to the date of acquisition have not been included in the accompanying consolidated financial statements.

3. Accounts Receivable Securitization
On September 26, 1997, the Company sold all of its trade accounts receivables to a 100% owned subsidiary, Commonwealth Financing Corp. ("CFC"). Simultaneously, CFC entered into a three-year accounts receivable securitization facility with a financial institution and its affiliate whereby CFC can sell, on a revolving basis, an undivided interest in certain of its receivables and receive up to $150.0 million from an unrelated third party purchaser at a cost of funds linked to commercial paper rates plus a charge for administrative and credit support services. At December 31, 1998 and 1997, the Company had outstanding under the agreement $120.2 million and $150.0 million, respectively, and had $15.9 million and $39.7 million, respectively, of net residual interest in the securitized receivables which is included in other current assets in the Company's consolidated financial statements.

The Company maintains an allowance for uncollectible accounts based upon the expected collectibility of all consolidated trade accounts receivable, including receivables sold by CFC. The allowance was $2.5 million and $2.3 million at December 31, 1998 and 1997, respectively, and is netted against the net residual interest in the securitized receivables which is included in other current assets in the Company's consolidated financial statements.

4. Inventories
The Company uses the first-in, first-out (FIFO) and the last-in, first-out (LIFO) methods for valuing its inventories. Inventories at December 31 consist of the following (in thousands):

	1998	1997
Raw materials	$34,908	$30,395
Work in process	74,960	76,286
Finished goods	49,079	53,395
Expendable parts an	14,910	14,884
	173,857	174,960
LIFO reserve	3,659	(3,327)
	177,516	171,633
Lower of cost or market reserve	(2,548)	-
	$174,968	$171,633

Inventories of approximately $33.6 million and $35.4 million, included in the above totals (before the LIFO and lower of cost or market reserve) at December 31, 1998 and 1997, respectively, are accounted for under the LIFO method of accounting.

During 1997, LIFO inventory quantities were reduced, resulting in a partial liquidation of the LIFO bases, the effect of which increased net income by approximately $0.7 million.

5. Property, Plant and Equipment
Property, plant and equipment and the related accumulated depreciation at December 31 consist of the following (in thousands):

	1998	1997
Land and improvements	$ 20,704	$ 20,686
Buildings and improvement	67,100	62,764
Machinery and equipment	419,313	408,517
Construction in progress	33,273	19,770

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	540,390	511,737
Less accumulated depreciation	270,553	245,445
Net property, plant and equipment	$269,837	$266,292

Depreciation expense was $28.6 million, $28.2 million and $20.0 million for the years ended 1998, 1997 and 1996, respectively.

6. Financial Instruments

Market and credit risk is managed by the Company through an active risk management program. This program focuses on inventory, purchase commitments and committed and anticipated sales. The Company utilizes futures contracts and options to protect against exposures to price risk in the aluminum market. The Company is exposed to losses in the event of non-performance by the counterparties to these agreements; however, the Company does not anticipate non-performance by the counterparties. Prior to conducting business with a potential customer, credit checks are performed on the customer to determine creditworthiness and assess credit risk. In addition, an indirect credit exposure review is performed on all customers. Trading partners (brokers) are evaluated for creditworthiness and risk assessment prior to initiating trading activities with the brokers, however, the Company does not require collateral to support broker transactions. All brokers trading on the London Metal Exchange with U.S. clients are regulated by the Commodities Trading and Futures Commission, which requires the brokers to be fully insured against unrealized losses owed to clients. At December 31, 1998, credit lines totaling $49 million were available at various brokerages used by the Company.

Gains, losses and premiums on futures contracts and options which effectively hedge exposures are deferred and included in income as a component of the underlying sales transaction. The Company had deferred realized losses of $2.2 million and $1.5 million as of December 31, 1998 and 1997, respectively on closed futures contracts and options. Deferred realized losses are recorded as an increase in the carrying value of inventory and deferred realized gains are recorded as a reduction in the carrying value of inventory.

At December 31, 1998, the Company held purchase and sales commitments through 1999 totaling $47 million and $292 million, respectively. At December 31, 1998 and 1997, the Company's position with respect to open aluminum futures contracts and options was as follows (in millions):

	Fair Value	Net Unrealized (Loss) Gain
December 31, 1998	$100.4	$ (5.6)
December 31, 1997	123.9	0.3

Net unrealized gains and losses on open futures and option contracts are recorded in the consolidated balance sheet as accrued liabilities and prepayments and other current assets, respectively. The net unrealized loss of $5.6 million and net unrealized gain of $0.3 million at December 31, 1998 and 1997, respectively, consists of unrealized gains due from brokers of $4.1 million and $0.6 million, respectively, and unrealized losses due to brokers of $9.7 million and $0.3 million, respectively. Futures contracts and options are valued at the closing price on the last business day of the year.

7. Long-term Debt

Long-term debt of the Company at December 31 consisted of the following (in thousands):

	1998	1997
Senior subordinated notes	$125,000	$125,000
Revolving credit facility	--	650
	125,000	125,650
Less current maturities	--	--
	$125,000	$125,650

During 1996, in connection with the acquisition of CasTech, the Company refinanced its outstanding borrowings and entered into a credit agreement with a syndicate of banks led by National Westminster Bank. The credit agreement included a $100 million term loan and a $225 million revolving credit facility. In addition, the Company issued $125 million of 10.75% senior subordinated notes due 2006. In connection with the refinancing, the Company incurred an extraordinary loss on early extinguishment of debt of $1.5 million (or $1.4 million after tax).

During September 1997, the Company repaid the remaining amount of the term loan under the credit agreement with the net proceeds of approximately $97.7 million

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received from the September 1997 equity offering of the Company. In connection with the repayment of the term loan, the Company incurred an extraordinary loss on early extinguishment of debt of $1.5 million (or $1.2 million after tax). In addition, in December 1997, the Company amended the credit agreement to reduce the revolving credit facility from $225 million to $100 million.

The credit agreement is collateralized by a pledge of all of the outstanding stock of the Company's subsidiaries and substantially all of the Company's assets.

Up to $30 million of the revolving credit facility is available for standby and commercial letters of credit. The revolving credit facility commitment terminates on September 1, 2002.

Borrowings under the credit agreement bear interest at a variable base rate per annum plus up to an additional 1.75% depending on the results of a quarterly financial test as defined in the agreement. In addition, the Company must pay to the lenders under the credit agreement, a quarterly commitment fee ranging from 0.425% to 0.500%. The blended interest rate on outstanding borrowings under the revolving credit facility was 8.50% at December 31, 1997.

The Company must pay a fee ranging from 0.325% to 0.750% per annum on the carrying amount of each outstanding letter of credit. At December 31, 1998 and 1997, letters of credit totaling $0.7 million were outstanding under the revolving credit facility.

The credit agreement includes covenants which, among others, relate to leverage, interest coverage, fixed charges, capital expenditures and the payment of dividends.

The Company uses interest rate swaps to effectively convert a portion of its variable interest rates relating to the Company's revolving credit facility and accounts receivable securitization facility to fixed interest rates. At December 31, 1998, the Company had interest rate swap agreements in place covering approximately $53 million of the Company's exposure to variable interest rates. The fair value of these interest rate swap agreements at December 31, 1998 was a liability of $x.x million. The fixed interest rates range from 5.9% to 7.0%. The counterparties to interest rate contracts are major commercial banks and management believes that losses related to credit risk is remote.

At December 31, 1997, the interest rates on all amounts outstanding under the credit agreement were scheduled to adjust in three months or less. Accordingly, the carrying value of all amounts outstanding under the credit agreement approximates fair value at December 31, 1997. Based on estimated market values at December 31, 1998 and 1997, the fair value of the senior subordinated notes was approximately $123 million and $131 million, respectively.

Future aggregate maturities of long-term debt at December 31, 1998 are as follows (in thousands):

1999	$ --
2000	--
2001	--
2002	--
2003	--
Thereafter	125,000
Total	$125,000

8. Stockholders' Equity

On September 29, 1997, the Company completed a common stock offering of 5.75 million shares at a public offering price of $18 per share. The net proceeds from the offering of approximately $97.7 million were used to repay the entire amount outstanding under the Company's term loan agreement, totaling $95.0 million, as well as $2.7 million outstanding under the Company's revolving credit facility.

9. Pension Plans

The Company has two defined benefit pension plans covering certain salaried and non-salaried employees. The plan benefits are based primarily on years of service and employees' compensation during employment for all employees not covered under a collective bargaining agreement and; on stated amounts based on job grade and years of service prior to retirement for non-salaried employees covered under a collective bargaining agreement. The plans' assets consist primarily of equity securities, guaranteed investment contracts and fixed income pooled accounts.

The financial status of the plans at December 31 is as follows (in thousands):

	1998	1997
Change in benefit obligation:		
Benefit obligation at beginning of year	$77,814	$76,727
Service cost	2,508	2,221

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Interest cost	5,629	5,719
Actuarial loss (gain)	4,892	(3,358)
Benefits paid	(5,722)	(3,495)
Benefit obligation at end of year	85,121	77,814
Change in plan assets:		
Fair value of plan assets at beginning of year	70,530	64,083
Actual return on plan assets	7,571	9,691
Employer contribution	--	251
Benefits paid	(5,722)	(3,495)
Fair value of plan assets at end of year	72,379	70,530
Funded status	(12,742)	(7,284)
Unrecognized net actuarial loss	6,018	2,290
Unrecognized prior service cost	(4,445)	(4,703)
Net amount recognized	$(11,169)	$(9,697)
Amounts recognized in the consolidated balance sheet consist of:		
Prepaid (accrued) pension cost	$(15,930)	$(13,368)
Intangible asset	2,630	2,975
Accumulated other comprehensive income	2,131	696
Net amount recognized	$(11,169)	$(9,697)

The liabilities as of December 31, 1998 and 1997 disclosed above reflect the change in the defined benefit plan covering the salaried employees to a cash balance formula effective January 1, 1998. In addition, reflected in the Company's consolidated balance sheet is an additional minimum liability relative to its underfunded plan in the amount of $4.8 million and $3.7 million at December 31, 1998 and 1997, respectively. A corresponding amount is recorded as an intangible asset to the extent it does not exceed unrecognized prior service cost, while the excess in 1998 and 1997 was charged to stockholders' equity.

The weighted average assumptions and components of net pension expense for the years ended December 31 are as follows (in thousands):

	1998	1997	1996
Weighted average assumptions:			
Discount rate	7.00%	7.25%	7.75%
Expected return on plan assets	9.25	9.25	9.25
Rate of compensation increase	4.50	4.50	4.50
Components of net pension expense:			
Service cost	$2,508	$2,221	$2,378
Interest cost	5,629	5,719	5,514
Actual return on plan assets	(7,571)	(9,691)	(5,699)
Net amortization and deferral	944	4,016	1,102
Net pension expense	$1,510	$2,265	$3,295

The Company's policy for these plans is to make contributions equal to or greater than the requirements prescribed by the Employee Retirement Income Security Act of 1974.

The Company also contributes to a union sponsored defined benefit multi-employer pension plan for certain of its non-salaried employees. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employers Pension Plan Amendment Act of 1980, imposes certain liabilities upon employers who are contributors to multi-employer plans in the event of the employers' withdrawal from such a plan or upon a termination of such a plan. Management does not intend to take any action that would subject the Company to any such liabilities. The Company's contributions to the multi-employer pension plan were approximately $0.2 million for both 1998 and 1997.

In addition to the defined benefit pension plans described above, the Company also sponsors defined contribution plans covering certain employees. In one of the plans, the Company matches 25% to 50% of a participant's voluntary contributions (depending on the respective plant's annual earnings performance) up to a maximum of 6% of a participant's compensation. In the other plan, the Company matches 100% of the first 3% of a participant's voluntary contributions to the plan. The Company's contributions to the plans were approximately $1.4 million, $1.9 million and $1.3 million for 1998, 1997 and 1996, respectively.

10. Postretirement Benefits Other Than Pensions

The Company provides postretirement health care and life insurance benefits to certain employees. The Company accrues the cost of postretirement benefits

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within the employees' active service periods. Effective January 1, 1994, the Company limited the extent of its liability for future increases in medical costs. When the average annual per retiree claim cost exceeds two times the 1993 per retiree claim cost, the employer contribution will be increased each year only for general inflation, regardless of the actual increase in the cost of providing medical benefits. Based on current medical trend assumptions, per retiree medical claims will reach two times the 1993 level in the year 2000. Certain changes were made to the plan as a result of a new labor agreement completed in September 1998 relating to the Company's Lewisport, Kentucky rolling mill. The changes require employees who retire to pay a portion of medical premiums under the plan based upon length of service and also discontinues medical coverage upon the employees being eligible for Medicare benefits. The plan changes reduced the accumulated postretirement benefit obligation by $14.1 million, which will be amortized over the average remaining service lives of the Company's active employees and has the effect of reducing net periodic postretirement benefits cost.

The financial status of the plan at December 31, 1998 and 1997 is as follows (in thousands):

	1998	1997
Change in benefit obligation:		
Benefit obligation at beginning of year	$69,030	$61,244
Service cost	1,827	1,934
Interest cost	4,439	4,529
Amendments	(14,073)	--
Actuarial (gain) loss	(2,854)	3,341
Benefits paid	(1,915)	(2,018)
Benefit obligation at end of year	56,454	69,030
Change in plan assets:		
Fair value of plan assets at beginning of year	--	--
Actual return on plan assets	--	--
Employer contribution	1,915	2,018
Benefits paid	(1,915)	(2,018)
Fair value of plan assets at end of year	--	--
Funded status	(56,454)	(69,030)
Unrecognized net actuarial gain	(11,931)	(9,490)
Unrecognized prior service cost	(18,319)	(5,564)
Prepaid (accrued) postretirement benefit cost	$(86,704)	$(84,084)

The weighted average assumptions and components of net postretirement benefit expense for the years ended December 31 are as follows (in thousands):

	1998	1997	1996
Weighted average assumptions:			
Discount rate	7.00%	7.25%	7.75%
Components of net postretirement benefit expense:			
Service cost	$1,827	$1,934	$1,890
Interest cost	4,439	4,529	4,390
Amortization of prior service cost	(1,318)	(927)	(927)
Recognized net actuarial loss	(413)	(658)	(524)
Net postretirement benefit expense	$4,535	$4,878	$4,829

For measurement purposes, a 7.5% annual health care cost trend rate was assumed for 1998. The rate was assumed to decrease by 1.0% per year to an ultimate rate of 4.5% in 2001 and remain at that level thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. If the health care cost trend rate assumptions were increased by 1%, the postretirement benefit obligation as of December 31, 1998 and the combined service and interest cost components of postretirement benefit expense for the year then ended would be increased by approximately $7.1 million and $1.0 million, respectively, and if the health care cost trend rate assumptions were decreased by 1%, the postretirement benefit obligation as of December 31, 1998 and the combined service and interest cost components of postretirement benefit expense for the year then ended would be decreased by approximately $5.9 million and $0.8 million, respectively.

11. Income Taxes

The components of income tax expense (benefit) for the years ended December 31 are as follows (in thousands):

	1998	1997	1996

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Current:			
Federal	$ (1,093)	$ 606	$(6,079)
State and Local	515	1,816	786
	(578)	2,422	(5,293)
Deferred:			
Federal	--	--	--
State and Local	--	--	--
	$(578)	$2,422	$(5,293)

Deferred tax assets and liabilities at December 31 are as follows (in thousands):

<TABLE>
<CAPTION>

	1998		1997	
	Assets	Liabilities	Assets	Liabilities
<S>	<C>	<C>	<C>	<C>
Inventory	$ 2,460	$ --	$ 1,429	$ --
Property, plant and equipment	--	55,171	--	55,835
Accrued and other liabilities	8,217	--	9,268	--
Accrued pension costs	6,029	--	5,447	--
Accrued postretirement costs	34,682	--	33,634	--
Net operating loss carryforwards	32,576	--	37,341	--
AMT credit carryforwards	5,847	--	7,494	--
Other	425	--	803	--
Totals	$ 90,236	$55,171	$ 95,416	$55,835
Net deferred tax asset	35,065	--	39,581	--
Valuation allowance	(35,065)	--	(39,581)	--
Net deferred taxes	$ --	$ --	$ --	$ --

</TABLE>

The Company has determined that at December 31, 1998 and 1997, its ability to realize future benefits of net deferred tax assets does not meet the "more likely than not" criteria in SFAS No.109, "Accounting for Income Taxes".

At December 31, 1998, the Company had net operating loss ("NOL") carryforwards for federal tax purposes of approximately $81 million, which expire in various amounts through 2008 and approximately $5.8 million in alternative minimum tax ("AMT") credit carryforwards which do not expire. As a result of the Company's initial public offering during 1995, the Company experienced an "ownership change" within the meaning of Section 382 of the Internal Revenue Code. Consequently, the Company is subject to an annual limitation on the amount of net operating loss carryforwards that can be used to offset taxable income. The annual limitation is $9.6 million plus certain gains included in taxable income which are attributable to the Company prior to the ownership change.

Reconciliation of the federal statutory rate and the effective income tax rate is as follows:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Federal statutory rate	35.0%	35.0%	35.0%
Utilization of NOL and AMT credit carryforwards	225.8	(40.0)	(68.9)
Nondeductible goodwill and other permanent differences	(413.5)	15.2	1.0
Adjustment of prior year accrual	--	--	(34.8)
State income taxes, net of federal income tax benefit	(77.0)	9.9	5.1
Alternative minimum tax	--	5.2	6.8
Foreign sales corporation benefits	21.8	--	--
Refund of income taxes attributed to previously accrued securities valuation reserves	340.7	(2.3)	--
Other items	--	(2.0)	(0.1)
Effective income tax rate	132.8%	21.0%	(55.9)%

</TABLE>

12. Contingencies

The Company's operations are subject to increasingly stringent environmental laws and regulations governing air emissions, wastewater discharges, the

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handling, disposal and remediation of hazardous substances and wastes and employee health and safety. These laws can impose joint and several liability for releases or threatened releases of hazardous substances upon statutorily defined parties, including the Company, regardless of fault or the lawfulness of the original activity or disposal. The Company believes it is currently in material compliance with applicable environmental laws and regulations.

Future regulations, under the Clean Air Act and otherwise, are expected to impose stricter emission requirements on the aluminum industry. While the Company believes that current pollution control measures at most of the emission sources at its facilities will meet these anticipated future requirements, additional measures at some of the Company's facilities may be required.

The Company has been named as a potentially responsible party at six federal superfund sites and is conducting closure activities at two of the sites for past waste disposal activity associated with closed recycling facilities. A trust fund exists to fund the activity at one of the sites undergoing closure and was established through contributions from two other parties in exchange for indemnification from further liability. The Company is reimbursed from the trust fund as approved closure expenditures are incurred at the site. The balance remaining in the trust fund at December 31, 1998 was $0.8 million. In determining the adequacy of the Company's aggregate environmental contingency accrual, the assets of the trust fund were taken into account. At the four other federal superfund sites, the Company is a minor contributor and expects to resolve its liability for a nominal amount. The Company is under orders by agencies in three states for environmental remediation at sites, two of which are currently operating and two of which have been closed. Based upon currently available information, the Company estimates the range of possible remaining expenditures with respect to the above matters is between $9 million and $13 million.

The Company acquired its Lewisport, Kentucky ("Lewisport") rolling mill and an aluminum smelter at Goldendale, Washington ("Goldendale"), from Lockheed Martin in 1985. In connection with the transaction, Lockheed Martin indemnified the Company against expenses relating to environmental matters arising during the period of Lockheed Martin's ownership of those facilities.

Environmental sampling at Lewisport has disclosed the presence of contaminants, including polychlorinated biphenyls (PCBs), in a closed Company landfill. The Company has not yet determined the extent of the contamination or the nature and extent of remedial measures that may be required. Accordingly, the Company cannot at present estimate the cost of any remediation that may be necessary. Management believes the contamination is covered by the Lockheed Martin indemnification, which Lockheed Martin disputes.

The aluminum smelter at Goldendale was operated by Lockheed Martin until 1985 and by the Company from 1985 to 1987 when it was sold to Columbia Aluminum Corporation ("Columbia"). Past aluminum smelting activities at Goldendale have resulted in environmental contamination and regulatory involvement. A 1993 Settlement Agreement among the Company, Lockheed Martin and Columbia allocates responsibility for future remediation at 11 sites at the Goldendale smelter. If remediation is required, estimates by outside consultants of the probable aggregate cost to the Company for these sites range from $1.3 million to $7.2 million. The apportionment of responsibility for other sites at Goldendale is left to alternative dispute resolution procedures if and when these locations become the subject of remedial requirements.

The Company has been named as a potentially responsible party at three third-party disposal sites relating to Lockheed Martin operations, for which Lockheed Martin has assumed responsibility.

The Company's aggregate loss contingency accrual for environmental matters was $9.9 million and $10.7 million at December 31, 1998 and 1997, respectively. Of the total reserve, $2.0 million and $2.5 million is included in "accrued liabilities" in the Company's consolidated balance sheets at December 31, 1998 and 1997, respectively, and $7.9 million and $8.2 million is included in "other long-term liabilities" at December 31, 1998 and 1997, respectively.

While the Company believes the overall accrual is adequate to cover all environmental loss contingencies the Company has determined to be probable and reasonably estimable, it is not possible to predict the amount or timing of cost for future environmental matters which may subsequently be determined. Although the outcome of any such matters, to the extent they exceed any applicable accrual, could have a material adverse effect on the Company's consolidated results of operations or cash flows for the applicable period, the Company believes that such outcome will not have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

The Company has incurred and will continue to incur capital and operating expenditures for matters relating to environmental control and monitoring. Capital expenditures of the Company for environmental control and monitoring for 1998 and 1997 were $2.1 million and $2.3 million, respectively. All other environmental expenditures of the Company, including remediation expenditures, for 1998, 1997 and 1996 were $1.0 million, $3.1 million and $1.5 million, respectively.

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The Company is also a party to various non-environmental legal proceedings and administrative actions, all arising from the ordinary course of business. Although it is impossible to predict the outcome of any legal proceeding, the Company believes any liability that may finally be determined with respect to such legal proceedings should not have a material effect on the Company's consolidated financial position, results of operations or cash flows, although resolution in any year or quarter could be material to the consolidated results of operations for that period.

13. Stock Incentives

The Company has stock incentive plans covering certain officers, key employees and directors. The plans provide for the grant of options to purchase common stock, the award of shares of restricted common stock and in the case of non-employee directors, the award of shares of common stock. The total number of shares available under the plans is 1,200,000.

The following summarizes activity under the plans for the years 1996, 1997 and 1998:

<TABLE>
<CAPTION>

	Options			Restricted Stock
	Shares	Range of Exercise Prices	Weighted Average Exercise Price	Shares
<S>	<C>	<C>	<C>	<C>
Outstanding December 31, 1995	69,500	$14.00	$14.00	190,000
Granted	130,500	$15.50 to $16.88	$16.71	25,000
Exercised	--	--	--	--
Forfeited	(4,000)	$14.00	$14.00	(17,500)
Outstanding December 31, 1996	196,000	$14.00 to $16.88	$15.80	197,500
Granted	203,500	$15.38 to $20.00	$15.55	2,500
Exercised	(9,000)	$14.00 to $16.75	$15.60	--
Forfeited	(45,500)	$14.00 to $16.75	$15.60	(22,500)
Stock no longer restricted	--	--	--	(7,500)
Outstanding December 31, 1997	345,000	$14.00 to $20.00	$15.68	170,000
Granted	231,500	$8.25 to $16.00	$14.40	--
Exercised	--	--	--	--
Forfeited	(8,500)	$14.00 to $16.75	$14.99	(2,500)
Outstanding December 31, 1998	568,000	$8.25 to $20.00	$15.17	167,500
(Weighted average contractual life of 8.0 years)				
Exercisable Options:				
December 31, 1996	5,500	$14.00	$14.00	
December 31, 1997	11,000	$14.00 to $15.50	$14.75	
December 31, 1998	71,500	$14.00 to $15.50	$14.24	

</TABLE>

The following table summarizes information about stock options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$8.25 to $14.00	64,500	6.5 years	$13.55	59,500	$14.00
$14.01 to $20.00	503,500	8.2 years	$15.38	12,000	$15.43
$8.25 to $20.00	568,000	8.0 years	$15.17	71,500	$14.24

</TABLE>

The options are issued at the fair value of the underlying stock on the date of grant and become exercisable three years from the grant date for employees and one year from the grant date for non-employee directors. The options expire ten years after the date of grant. The restricted stock, principally issued in connection with the Company's initial public offering in 1995, vests five years from the date of award. The weighted-average fair value of options granted in 1998, 1997 and 1996 was $6.23, $6.11 and $4.24 per share, respectively. Fair value estimates were determined using the Black-Scholes option pricing model

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with the following weighted average asumptions for 1998, 1997 and 1996:

	1998	1997	1996
Risk-free interest rate	5.67%	6.22%	6.50%
Dividend yield	1.40%	1.29%	1.19%
Volatility factor	47%	39%	15%
Expected term of options (in years)	5	5	5

As permitted by Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), the Company follows the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for its stock option plans, and accordingly, no compensation expense has been recognized for options and stock issued under the plans. Had compensation expense been determined based on the fair value of the stock options at the grant date consistent with the provisions of SFAS No. 123, the Company's net income and basic and diluted net income per share would have been reduced for 1998, 1997 and 1996 to the pro forma amounts which follow:

	1998	1997	1996
Net income (loss)			
As reported	$143	$7,941	$13,401
Pro forma	$(442)	$7,592	$13,276
Basic and diluted net income (loss) per share			
As reported	$0.01	$0.68	$1.32
Pro forma	$(0.03)	$0.65	$1.30

14. Net Income Per Share Computations

The following is a reconciliation of the numerator and denominator of the basic and diluted per share computations:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Income (numerator) amounts used for basic and diluted per share computations:			
Income (loss) before extraordinary loss	$ 143	$9,122	$14,756
Extraordinary loss, net of income tax benefit	--	(1,181)	(1,355)
Net income (loss)	$ 143	$7,941	$13,401
Shares (denominator) used for basic per share computations:			
Weighted average shares of common stock outstanding	15,944	11,687	10,197
Shares (denominator) used for diluted per share computations:			
Weighted average shares of common stock outstanding	15,944	11,687	10,197
Plus: dilutive effect of stock options	3	36	6
Adjusted weighted average shares	15,947	11,723	10,203
Basic and diluted per share data:			
Income (loss) before extraordinary loss	$0.01	$0.78	$1.45
Extraordinary loss	--	(0.10)	(0.13)
Net income (loss)	$0.01	$0.68	$1.32

</TABLE>

Options to purchase 563,000, 8,000 and 125,000 common shares for the years ended December 31, 1998, 1997 and 1996, respectively, were excluded from the calculations above because the exercise prices on the options were greater than the average market price for the periods.

15. Lease Commitments

Certain property, plant and equipment are leased under noncancelable leases which provide for minimum rental payments as follows (in thousands):

1999	$2,515
2000	2,389
2001	1,883
2002	1,551
2003	1,511
2004-2006	919

Rental expense under cancelable and noncancelable leases for 1998, 1997 and 1996 was $3.2 million, $3.0 million and $1.2 million, respectively.

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16. Selected Quarterly Financial Data (unaudited) All amounts are in thousands except net income per share.

	Quarter			
	1st	2nd	3rd	4th
1998				
Net sales	$248,927	$258,346	$231,348	$229,328
Gross profit	18,441	13,786	15,958	21,270
Net income (loss)	2,794	(2,643)	(2,139)	2,131
Basic and diluted net income (loss) per share	0.18	(0.17)	(0.13)	0.13
1997				
Net sales	$272,191	$287,240	$271,142	$260,204
Gross profit	24,046	24,247	21,155	18,595
Income before extraordinary loss	2,168	4,163	1,590	1,201
Net income	2,168	4,163	409	1,201
Basic and diluted per share data:				
Income before extraordinary loss	0.21	0.41	0.15	0.08
Net income	0.21	0.41	0.04	0.08

17. Information Concerning Business Segments

The Company has adopted Statement of Financial Accounting Standards No.131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). Under SFAS No. 131, the Company has determined it has two reportable segments: aluminum and electrical conduit. The aluminum segment manufactures aluminum sheet for distributors and the transportation, construction, and consumer durables end-use markets. The electrical conduit segment manufactures flexible electrical wiring products for the commercial and do-it-yourself markets.

The accounting policies of the reportable segments are the same as those described in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies". All intersegment sales prices are market based. The Company evaluates the performance of its operating segments based upon operating income.

The Company's reportable segments are strategic business units that offer different products to different customer groups. They are managed separately because each business requires different technology and marketing strategies.

Summarized financial information concerning the Company's reportable segments is shown in the following table for the years 1998 and 1997. The "Other" column includes corporate related items, including elimination of intersegment transactions, and as it relates to segment operating income, income and expense not allocated to reportable segments. The Company has determined that it is impracticable to disclose this data for the year 1996.

	Aluminum	Electrical Conduit	Other	Total
1998				
Net sales to external customers	$846,696	$121,253	$--	$967,949
Intersegment net sales	26,267	--	(26,267)	--
Operating income	16,853	12,885	(8,317)	21,421
Depreciation and amortization	31,151	3,113	464	34,728
Total assets	546,891	101,356	152	648,399
Capital expenditures	27,985	5,665	--	33,650
1997				
Net sales to external customers	$964,012	$126,765	$--	$1,090,777
Intersegment net sales	26,230	--	(26,230)	--
Operating income	29,293	19,081	(6,781)	41,593
Depreciation and amortization	31,228	3,026	456	34,710
Total assets	576,677	94,214	(3,470)	667,421
Capital expenditures	19,936	1,800	--	21,736

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Report of Independent Auditors

Board of Directors and Stockholders
Commonwealth Industries, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows present fairly, in all material respects, the consolidated financial position of Commonwealth Industries, Inc. and subsidiaries at December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky
January 22, 1999

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Exhibit 21

Direct and Indirect Subsidiaries of Commonwealth Industries, Inc.

Name	Jurisdiction of Incorporation
Commonwealth Financing Corp. (1)	Delaware
Commonwealth Aluminum Lewisport, Inc. (1)	Delaware
Commonwealth Aluminum Sales Corporation (2)	Delaware
Commonal Corporation (2)	Barbados
Alflex Corporation (1)	Delaware
Commonwealth Aluminum Concast, Inc. (3)	Ohio
Commonwealth Aluminum Corporation (4)	Delaware

(1) Subsidiary of Commonwealth Industries, Inc.

(2) Subsidiary of Commonwealth Aluminum Lewisport, Inc.

(3) Subsidiary of Alflex Corporation.

(4) Subsidiary of Commonwealth Aluminum Concast, Inc.

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Exhibit 23

Consent of Independent Accountants

We consent to the incorporation by reference in the registration statements of Commonwealth Industries, Inc. and Subsidiaries on Forms S-8 (File No's. 333-19383, 33-91364 and 33-90292) of our report dated January 22, 1999, on our audits of the consolidated financial statements and financial statement schedule of Commonwealth Industries, Inc. and Subsidiaries as of December 31, 1998 and 1997, and for the years ended Decemebr 31, 1998, 1997 and 1996, which report is included in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP

Louisville, Kentucky
March 22, 1999

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