Metals USA Holdings Corp.
Form 424B3
January 22, 2008
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-146181

Metals USA Holdings Corp.

$300,000,000 aggregate principal amount of our Senior Floating Rate Toggle Notes Due 2012, which have been registered under the Securities Act of 1933, for $300,000,000 aggregate principal amount of our Senior Floating Rate Toggle Notes Due 2012

We hereby offer, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the exchange offer), to exchange up to $300,000,000 aggregate principal amount of our Senior Floating Rate Toggle Notes Due 2012, which we refer to as the exchange notes, for a like principal amount of our outstanding Senior Floating Rate Toggle Notes Due 2012, which we refer to as the old notes. We refer to the old notes and the exchange notes collectively as the notes. The terms of the exchange notes are identical to the terms of the old notes in all material respects, except for the elimination of some transfer restrictions, registration rights and additional interest provisions relating to the old notes. The exchange notes will be issued under the same indenture as the old notes. See Summary Summary of Terms of the Exchange Notes.

We will exchange any and all old notes that are validly tendered and not validly withdrawn prior to 5:00 p.m. (New York time) on February 20, 2008, unless extended.

We will not receive any cash proceeds from the exchange offer. You will be required to make the representations described on page 37. There is no existing market for the exchange notes to be issued, and we have not applied, and do not intend to apply, for their listing on any securities exchange or automated quotation system.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended, which we refer to as the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

See Risk Factors beginning on page 24 of this prospectus for a discussion of risks you should consider before participating in this exchange offer.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is January 22, 2008

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Until April 21, 2008 (90 days after the date of this prospectus), all dealers effecting transactions in the exchange notes, whether or not participating in this exchange offer, may be required to deliver a prospectus.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed with the U.S. Securities and Exchange Commission, which we refer to in this prospectus as the SEC, a registration statement on Form S 4 under the Securities Act relating to the exchange offer. This prospectus does not contain all the information in the registration statement. If we have made references in this prospectus to any contracts, agreements or other documents and also filed any of those contracts, agreements or other documents as exhibits to the registration statement, you should read the relevant exhibit for a more complete understanding of the document or the matter involved.

After the registration statement becomes effective, we will file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may obtain copies of the information and documents referenced in this prospectus at no charge by accessing the SEC s website at http://www.sec.gov or by requesting them from us in writing or by telephone at:

Metals USA Holdings Corp.

One Riverway, Suite 1100

Houston, Texas 77056

Attention: Investor Relations

(713) 965-0990 or (888) 871-8701

To obtain timely delivery of any of our filings, agreements or other documents, you must make your request to us no later than February 15, 2008. In the event that we extend the exchange offer, you must submit your request at least five business days before the expiration date of the exchange offer, as extended. We may extend the exchange offer in our sole discretion. See Exchange Offer for more detailed information.

We also maintain an Internet site at http://www.metalsusa.com. **Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which this prospectus forms a part, and you should not rely on any such information in making your decision whether to purchase our securities.**

INDUSTRY AND MARKET DATA

This prospectus includes industry data that we obtained from periodic industry publications and internal company surveys. Industry publications and surveys generally state that the information contained therein has been obtained from sources believed to be reliable. In addition, this prospectus includes market share and industry data that we prepared primarily based on our knowledge of the industry and industry data. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position relative to our competitors are approximated and based on the above-mentioned third-party data and internal analysis and estimates and have not been verified by independent sources. Unless otherwise noted, all information regarding our market share is based on the latest available data, which in some cases may be several years old, and all references to market shares refer to both revenue and volume.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as believes, expects, may, should, seeks, approximately, intends, plans, or anticipates or similar expressions that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this prospectus.

Important factors that could cause actual results to differ materially from our expectations (cautionary statements) are disclosed under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All forward-looking information in this prospectus and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- our expectations with respect to our acquisition activity;
- our substantial indebtedness described in this prospectus;
- supply, demand, prices and other market conditions for steel and other commodities;
- the timing and extent of changes in commodity prices;
- the effects of competition in our business lines;
- the condition of the steel and metal markets generally, which will be affected by interest rates, foreign currency fluctuations and general economic conditions;
- the ability of our counterparties to satisfy their financial commitments;
- tariffs and other government regulations relating to our products and services;
- operational factors affecting the ongoing commercial operations of our facilities, including catastrophic weather-related damage, regulatory approvals, permit issues, unscheduled blackouts, outages or repairs, unanticipated changes in fuel costs or availability of fuel emission credits or workforce issues;

- the costs of being a public company, including the cost of complying with the Sarbanes-Oxley Act of 2002, which we refer to in this prospectus as Sarbanes-Oxley ;

- our ability to operate our businesses efficiently, manage capital expenditures and costs (including general and administrative expenses) and generate earnings and cash flow; and

- general political conditions and developments in the United States and in foreign countries whose affairs affect supply, demand and markets for steel, metals and metal products.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this prospectus may not in fact occur, and no forward-looking statement can be guaranteed. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

PROSPECTUS SUMMARY

This is an exchange offer for senior floating rate toggle notes due 2012 of Metals USA Holdings Corp. This summary highlights all material information appearing elsewhere in this prospectus. Because this is a summary, it may not contain all of the information that you should consider before investing in the exchange notes and you should carefully read the entire prospectus, including the financial data and related notes and the information presented under the caption Risk Factors.

Except as otherwise indicated herein or as the context otherwise requires, references in this prospectus to (a) Metals USA Holdings refer only to Metals USA Holdings Corp., which was formerly named Flag Holdings Corporation, excluding its subsidiaries, (b) Metals USA refer only to Metals USA, Inc., excluding its subsidiaries, (c) the company, we, our, and us refer collectively to (1) Metals USA and its subsidiaries on a consolidated basis prior to the consummation of the Merger described below and (2) Metals USA Holdings Corp., which was formerly named Flag Holdings Corporation, Flag Intermediate Holdings Corporation, Metals USA, Inc. and Metals USA, Inc. s subsidiaries on a consolidated basis after the consummation of the Merger described below, (d) the exchange notes refer to the senior floating rate toggle notes due 2012 offered hereby, (e) the old notes refer to our outstanding senior floating rate toggle notes due 2012 for which the exchange notes offered hereby are offered for exchange and (f) the notes refer to both the exchange notes and the old notes.

Our Company

As one of the largest metal services center businesses in the United States, we are a leading provider of value-added processed carbon steel, stainless steel, aluminum, red metals and manufactured metal components. We are an important intermediary between primary metal producers that produce and sell large volumes of metals in a limited number of sizes and configurations and end-users, such as contractors and original equipment manufacturers, which we refer to in this prospectus as OEMs, which often require smaller quantities of more customized products delivered on a just-in-time basis. We earn a margin over the cost of metal based upon value-added processing enhancements, which adds stability to our financial results and significantly reduces our earnings volatility relative to metal producers. In addition to our metals services center activities, we have a building products business that supplies a range of manufactured products to the residential remodeling industry. In May 2006, we completed two acquisitions, which we refer to in this prospectus as the 2006 Acquisitions, to bolster the market position and organic growth of our service center and building products businesses. On July 2, 2007, we completed the acquisition of Lynch Metals, Inc. and Lynch Metals of California, Inc., which we refer to collectively in this prospectus as Lynch Metals. Lynch Metals is a metals service center business that provides specialized aluminum processing capabilities to the aerospace and industrial equipment industries. The combination of Lynch Metals to the Metals USA footprint strengthens the Company s non-ferrous presence in the Eastern and Western United States. We have an active pipeline of additional acquisition targets. See Management s Discussion and Analysis of Financial Condition and Results of Operations Matters Impacting Comparability of Results 2006 Acquisitions. As of the date of this prospectus, we served more than 18,500 customers annually from 75 operating locations throughout the United States and Canada.

Our business is primarily divided into three operating groups: Plates and Shapes Group; Flat Rolled and Non-Ferrous Group; and Building Products Group.

Plates and Shapes Group (47% of 2006 net sales). We believe we are one of the largest distributors of metal plates and shapes in the United States. We sell products such as wide-flange beams, plate, tubing, angles, bars and other structural shapes in a number of alloy grades and sizes. A substantial number of our products undergo additional processing prior to being delivered to our customers, such as blasting and painting, tee-splitting, cambering/leveling, cutting, sawing, punching, drilling, beveling, surface grinding, bending, shearing and cutting-to-length. We sell the majority of our products to a diversified customer base, including a large number of small customers who purchase products in small order sizes and require just-in-time delivery. Our Plates and Shapes Group customers generally operate in a limited geographic region and are primarily in the fabrication, construction, machinery and equipment, transportation and energy industries. We serve our customers from 21 metals service centers located primarily in the southern and eastern half of the United States with each center close to its metal suppliers and customers. In May 2006, we completed the acquisition of all of the assets and operations of Port City Metal Services Inc., which we refer to in this prospectus as Port City, a high-value-added plates facility located in Tulsa, Oklahoma, that bolsters our presence in the construction and oil-field services sector. See Management s Discussion and Analysis of Financial Condition and Results of Operations Matters Impacting Comparability of Results 2006 Acquisitions.

Flat Rolled and Non-Ferrous Group (42% of 2006 net sales). The Flat Rolled and Non-Ferrous Group sells a number of products, including carbon and stainless steel, aluminum, brass and copper in a number of alloy grades and sizes. Substantially all of the materials, carbon as well as the non-ferrous materials sold by our Flat Rolled and Non-Ferrous Group, undergo value-added processing including precision blanking, slitting, shearing, cutting-to-length, punching, bending and leveling. Our customers are in the electrical manufacturing, fabrication, furniture, appliance manufacturing, machinery and equipment and transportation industries and include many larger customers (a number of whom purchase through pricing arrangements or contractual agreements) who value the high quality products that we provide together with our customer service and reliability. We serve our customers from 13 metals service centers primarily in the midwestern and southern regions of the United States, that are located near our metal suppliers and our customers. On July 2, 2007, we completed the acquisition of Lynch Metals, a service center business that provides value-added, specialized aluminum processing capabilities to the aerospace and industrial equipment industries. We have focused on increasing the mix of our higher margin non-ferrous sales in recent years. Non-ferrous sales as a percentage of the Flat Rolled and Non-Ferrous Group increased from 32% in 2005 to 39% in 2006 to 49% for the nine months ended September 30, 2007. We expect a similar increasing trend to continue going forward.

Building Products Group (11% of 2006 net sales). The Building Products Group provides diversification to our metal service center business as both its operations and the end-markets that it serves are significantly different from those of our metals services center business. The Building Products Group manufactures and sells sunrooms, roofing products, awnings and solariums for use in residential applications and large area covered canopies, awnings and covered walkways for use in commercial applications. Substantially all of our Building Products Group sales are attributable to the residential remodeling market with the remaining sales attributable to commercial applications. Because our building products business is primarily focused on the residential remodeling market, demand is not directly correlated to housing starts or interest rates, nor are prices generally subject to fluctuations in the demand for or price of metal. Most customers of our Building Products Group are in the home improvement, construction, wholesale trade and building material industries. We generally sell our products through a network of independent distributors and home improvement contractors. We believe we are one of only a few suppliers with national scale across our market segments. We operate through 18 manufacturing locations and 23 sales and distribution facilities throughout the southern and western regions of the United States and Canada. In May 2006, we completed the acquisition of all of the assets and operations of Dura-Loc Roofing Systems Limited (effective June 30, 2007, we changed the trade name to Allmet to better facilitate our marketing objectives), which we refer to in this prospectus as Allmet, a metal roofing manufacturer and distributor with a manufacturing facility located near Toronto, Ontario, Canada that we believe solidifies our position as one of the largest stone-coated metal roofing manufacturers in North America. See Management s Discussion and Analysis of Financial Condition and Results of Operations Matters Impacting Comparability of Results 2006 Acquisitions.

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Industry Overview

Our operations focus on two industry segments: the metal services center business, which includes the Plates and Shapes Group and the Flat Rolled and Non-Ferrous Group, and the building products segment, which includes our Buildings Products Group.

Metal Service Centers. The metal service center industry is highly fragmented, with as many as 5,000 participants throughout North America, generating in excess of $126.5 billion in net sales in 2006. The industry includes both general line distributors that handle a wide range of metal products and specialty distributors that specialize in particular categories of metal products. We are a general line distributor. Metals services centers accounted for approximately one quarter or more of U.S. steel shipment in 2006 based on volume, a market share that has been relatively constant for the last 15 years.

We believe that both primary metals producers and end-users are increasingly seeking to have their metals processing and inventory management requirements met by value-added metals service centers. Primary metals producers, as they have consolidated, increasingly require metal service centers and processors to perform value-added services for end-customers. As a result, most end-users cannot obtain processed products directly from primary metals producers and therefore over 300,000 OEMs, contractors and fabricators nationwide rely on metal service centers. End-users have also recognized the economic advantages associated with outsourcing their customized metals processing and inventory management requirements. Outsourcing permits end-users to reduce total production costs by shifting the responsibility of pre-production processing to metal service centers, whose higher efficiencies in performing these processing services make the ownership and operation of the necessary equipment more financially feasible.

Value-added metal service centers, including ourselves, have also benefited from growing customer demand for inventory management and just-in-time delivery services. These supply-chain services, which are normally not provided by primary metals producers, enable end-users to reduce input costs, decrease capital required for inventory and equipment and save time, labor and other expenses. Some value-added metal service centers, including us, have installed electronic data interchange between their computer systems and those of their customers to facilitate order entry, inventory management, just-in-time delivery and billing.

In addition, manufacturers appear to be reducing their operating costs by limiting the number of suppliers with which they do business, often eliminating suppliers offering limited ranges of products and services. Customers increasingly seek larger suppliers capable of providing sophisticated processing services, such as marine coatings and precision laser cutting.

Building Products. The residential remodeling industry has experienced significant growth over the last ten years and, we believe, is poised for continued growth in the future. The Joint Center for Housing Studies of Harvard University estimates that homeowners and rental property owners spend approximately $300 billion annually on remodeling their homes, which accounted for approximately 40% of all residential construction and improvement spending in 2005, with projected growth to 47% by 2015. Over the last decade, the industry has experienced stable growth due to a number of different macroeconomic and demographic factors (many of which we expect to continue) including favorable borrowing costs, rising disposable incomes, increased rates of home ownership and aging American houses. Existing-home sales impact the remodeling market as owners improve their homes in preparation for sale, and new-home buyers often undertake significant renovations and remodeling projects within the first few months of ownership. The increase in disposable incomes has been a factor in the rise in home ownership to approximately 68% in 2006 from 55% in 1950. The aging of the domestic home supply is also expected to bolster remodeling sales as the average home in the U.S. is now over 30 years old. As Americans continue to improve and upgrade their homes, we believe an increasing number will turn to remodeling as a cost-effective alternative to new housing construction. The most popular remodeling projects include backyard living items, such as pool enclosures, lattices and patio covers, as well as sunrooms and roofing, all of which we manufacture and distribute.

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Our Competitive Strengths

Our competitive strengths include:

Margin Over Metal Creates Financial Stability. Our metal service centers are an important intermediary between large metal producers and smaller end-users, and this allows us to utilize a cost plus business model. Our cost plus business model allows us to earn a margin over the cost of metal for the value-added processing enhancements we add to our products. As a result, over time, we are able to pass along changes in metal prices to our customers. Given that metal costs typically represent approximately 75% of our net sales, our ability to pass through changes in pricing and our cost plus business model significantly reduce the volatility of our earnings and free cash flow relative to metal producers.

Leading Market Position Provides Platform for Stable Growth. We are one of the leading participants in most of the markets we serve, which gives us an excellent platform to make strategic acquisitions that will further enhance our strong market position. We have 75 operating facilities in total, which are focused by group on specific regions, giving us leading positions in each market in which we participate. The service center and building products industries are both highly fragmented, which we believe will provide us with opportunities to generate meaningful synergies through add-on acquisitions. In late 2005, we established and trained a dedicated acquisitions team that is responsible for identifying, evaluating, executing, integrating and monitoring acquisitions. We completed two acquisitions of companies focusing on higher margin plates and shapes processing and building products in our Plates and Shapes Group and Building Products Group, respectively, in the second quarter of 2006. On July 2, 2007, we completed the acquisition of Lynch Metals, a service center business that provides value-added, specialized aluminum processing capabilities to the aerospace and industrial equipment industries, to expand higher margin non-ferrous sales. We have an active pipeline of additional acquisition opportunities that we continue to explore. See Management s Discussion and Analysis of Financial Condition and Results of Operations Matters Impacting Comparability of Results 2006 Acquisitions and Risk Factors Risks Related to Our Business We may not successfully implement our acquisition strategy, and acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our leverage and negatively impact our performance.

Diversified Customer Base and End-Markets. Our three groups supply a broad range of products to a large, diversified customer base (over 18,500 customers per year) which serves a variety of end-markets and industries (as set forth in the chart below), including, among others, fabricated metal products, industry machinery and equipment, home improvement and electrical equipment, among others. The automotive sector, where we sell only to primary and secondary parts suppliers, represented less than 4% of our net sales in 2006. No single customer accounted for more than 3% of our net sales in 2006, while our ten largest customers represented less than 11% of our net sales in 2006. We are also diversified on a geographic market basis, with each of our groups focusing on distinct geographic regions, protecting us against regional fluctuations in demand.

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Broad Product Offering with Superior Customer Service. Our broad range of high-quality products and customized value-added services allows us to offer one-stop shopping to our customers, which we believe provides a significant competitive advantage over smaller service centers (which generally stock fewer products than we do). We seek strong relationships with our customers, through regular interaction between our field sales force and our customers, allowing us to better assess their supply chain requirements, offer just-in-time delivery and respond to short lead-time orders. Our ability to provide leading customer service is enhanced by the breadth of our geographic footprint, as a substantial portion of our customers are located within 250 miles of a facility, allowing us to provide critical value-added services with short turnaround times. We believe the quality of our products and timeliness and reliability of our service have resulted in increased customer loyalty and have significantly enhanced our marketing efforts to new customers.

State-of-the-Art Processing Facilities. Our state-of-the-art processing facilities provide a significant advantage over smaller metal service centers that do not have the capital resources to invest in value-added equipment. Over the past several years, we have bolstered our laser and plasma cutting, painting and other value-added capabilities at select locations, further increasing our ability to quickly and efficiently process metals to customer-specified requirements. Our Port City facility further increases our ability to provide high-value-added and technologically advanced plates and shapes processing, while also providing higher margins. We believe our value-added services enable our customers to improve their manufacturing processes while also reducing their total cost of manufacturing.

Strong Relationships with Key Suppliers. We have established strong relationships with large domestic and international metal suppliers. Because we are a significant customer of our major suppliers, we obtain volume discounts and historically have been able to obtain metal materials in periods of tight supply. For instance, our strong relationships and large purchasing volumes enabled us to maintain ample access to metal when supply became constrained during 2004, and again during 2006. Our negotiation of purchase agreements with suppliers is centralized to leverage our buying power and global market insights.

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Skilled Inventory Management. We manage our inventory to minimize our investment in working capital while maintaining sufficient stock to respond quickly to customer orders. Our inventory and processing services are tailored to the needs of the market where a particular service center is located and our metal service centers share inventory with each other, thereby improving inventory management and customer service. All of our groups utilize management information systems and computer-aided manufacturing technology to track and allocate inventory on a real-time basis. These advanced information systems combined with our strong regional footprint allow our metal service centers to lower their overall inventories without limiting our ability to meet our customers needs through the sharing of inventory. We believe that our decentralized inventory management processes, monitored by senior leadership with their global market insights, and our capital structure flexibility have allowed us to react more quickly than most of our competitors to changing metals prices and customer needs, thereby optimizing our use of working capital. Also, due to the countercyclical nature of cash flows in our business, by proactively managing inventory we have been able to generate significant earnings during rising metal price environments and generate significant free cash flow in declining metal price environments.

Experienced and Proven Management Team. We have a seasoned senior management team which, on average, has over 20 years of experience in the metals industry and has a deep understanding of the dynamics between the various levels of the supply chain. Our President, Chief Executive Officer and Chairman, C. Lourenço Gonçalves, has over 25 years of experience in the metals industry, including as Chief Executive Officer of California Steel Industries (the largest U.S. steel slab re-roller), which we refer to in this prospectus as CSI, which had many of the same value chain dynamics as a service center. Under his leadership, we have implemented a number of operational improvements that have significantly improved our performance. We have also continued to attract, add and promote quality management talent. Roger Krohn became president of the Flat Rolled and Non-Ferrous Group in November 2003. Additionally, in December 2005, Robert McPherson became our Chief Financial Officer and Joe Longo and David Martens assumed their responsibilities as the presidents of the Plates and Shapes Group East and of Plates and Shapes Group West, respectively. See Management.

Our Strategy

Our business strategy includes focusing on the following:

Increase Our Market Share of Higher Margin Products. We will maintain our focus on selling higher margin products such as non-ferrous metals, as well as products that require significant value-added processing or that are highly customized. This focus will enable us to further leverage our state-of-the-art processing facilities and provide higher margin value-added processing functions such as precision blanking, laser and plasma cutting and painting. We believe this will also enable us to fulfill a greater proportion of our customers processing requirements and lead to an increased stability in the demand for our products and services. Our recent acquisitions, completed in May 2006 and July 2007, further this goal.

Expand Value-Added Services Provided to Customers. We are focused on expanding the range of our value-added services that we offer to enhance our relationships with existing customers and to build new customer relationships. We believe customers recognize the benefit from our ability to provide value-added services, including our new supply chain solutions, and that there are significant opportunities to expand the range of such services in areas such as processing equipment, inventory management and logistics systems. We believe that our size, organizational structure and operating expertise enable us to better provide these value-added services and further differentiate ourselves from smaller metal service centers.

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Execute Strategic Acquisitions to Improve Market Position. We will continue to look for value-added businesses that we can acquire at reasonable prices. To drive this effort in late 2005, we combined experienced metals industry veterans and deal professionals to form a dedicated acquisitions team. The team identified and closed two acquisitions in 2006 that have bolstered our position in the Plates and Shapes market in the south-central United States and the Building Products market in the northeastern United States. We believe that we were able to acquire these two businesses at reasonable prices. Both of these businesses have already generated meaningful strategic and financial synergies. In addition, we recently closed the acquisition of Lynch Metals in July 2007 that will increase our non-ferrous presence in the Eastern and Western United States, and which we believe will also generate significant strategic and financial synergies. Our acquisitions team is currently evaluating several additional transactions which we believe complement the higher margin and fastest growing portions of our business. See Management s Discussion and Analysis of Financial Condition and Results of Operations Matters Impacting Comparability of Results 2006 Acquisitions and Risk Factors Risks Related to Our Business We may not successfully implement our acquisition strategy, and acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our leverage and negatively impact our performance.

Capitalize on Changing Market Dynamics and Increasing Demands. As one of the largest metal service centers in the U.S., we intend to use our significant resources to leverage the opportunities presented by the consolidation of steel producers and the fragmentation of our customer base. Steel producers continue to seek long-term relationships with metal service centers that have access to numerous customers, while customers are seeking relationships with metal service centers that can provide a reliable source of high-quality products combined with value-added services. In light of current economic conditions, we believe that demand for products manufactured by our customers will be robust. This increase in end-market demand will drive increased sales of our products and, when combined with the initiatives we have proactively taken to increase the value-added nature of our product mix, is expected to further enhance our profitability and free cash flow.

Maintain Strong Focus on Inventory Management. We will continue managing our inventory to maximize our profitability and cash flow while maintaining sufficient inventory to respond quickly to customer orders. In addition, we intend to further integrate our salespeople and operating employees into the operations of our customers to enhance our visibility into in-process orders and allow us to further improve our just-in-time delivery and customer service.

Continue to Focus on Improving the Performance of Our Building Products Group. In August 2004, our Building Products Group undertook a restructuring to focus the Building Products Group on the steadily growing residential remodeling market. As part of the restructuring, we closed 11 underperforming sales locations, expanded our production capabilities and reduced the operating cost structure of the group. During 2006, we conducted comprehensive reviews of the Building Products Group business operations in an effort to further identify ways in which the group could operate more profitably and cost effectively. In connection with these reviews, we implemented a number of changes during late 2006 and early 2007, including a change in management and management structure, streamlining manufacturing facilities and processes, improving service center operations, closing underperforming locations (three in late 2006), increasing our sales efforts through new lead generation programs, targeting new, larger and more profitable customers and increasing on-the-ground sales personnel.

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Risk Factors

Metals USA Holdings is a holding company and does not have any material assets or operations other than ownership of the capital stock of Flag Intermediate Holdings Corporation, a Delaware corporation, which we refer to in this prospectus as Flag Intermediate, and which is a wholly owned subsidiary of Metals USA Holdings. Flag Intermediate is also a holding company and does not have any material assets or operations other than ownership of the capital stock of Metals USA. All of the operations of Metals USA Holdings are conducted through its subsidiaries. Claims of creditors of such subsidiaries, including trade creditors, and claims of preferred stockholders (if any) of such subsidiaries generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of our creditors, including holders of the notes. In addition, Metals USA Holdings ability to execute on its strategy is subject to substantial risks. These and other risks described under the heading Risk Factors immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy, as well as impact Metals USA Holdings ability to service the notes. You should consider carefully all the information in this prospectus, including matters set forth under the heading Risk Factors.

The Apollo Transactions

On November 30, 2005, Flag Acquisition Corporation, a Delaware corporation, which we refer to in this prospectus as Flag Acquisition, which in turn was a wholly owned subsidiary of Metals USA Holdings Corp., merged with and into Metals USA, with Metals USA as the surviving company. The merger is referred to in this prospectus as the Merger. Metals USA is wholly owned by Flag Intermediate, which in turn is a wholly owned subsidiary of Metals USA Holdings Corp. Metals USA Holdings Corp. was formed by Apollo Management V, L.P. (which we refer to in this prospectus as Apollo Management and, together with its affiliated investment management entities, as Apollo) solely for the purpose of consummating the Merger, and it has no assets, obligations, employees or operations other than those resulting from the Merger and the old notes. All of our operations are conducted by Metals USA.

In connection with the Merger, (a) Metals USA entered into a six-year $450.0 million senior secured asset-based revolving credit facility at the effective time of the Merger, which we refer to in this prospectus as the ABL facility, and (b) Flag Acquisition Corporation completed a private placement of $275.0 million aggregate principal amount of its 11 1/8% senior secured notes due 2015, and Metals USA, pursuant to the Merger, assumed all liabilities of Flag Acquisition pursuant to those notes. In September 2006, Metals USA exchanged $275.0 million aggregate principal amount of 11 1/8% senior secured notes due 2015 that were registered under the Securities Act of 1933, as amended, which we refer to in this prospectus as the Securities Act, for an equal principal amount of the notes issued in connection with the Merger. In this prospectus, we refer to both the notes issued in connection with the Merger and the notes that were registered under the exchange offer as the Metals USA notes.

In addition, at the effective time of the Merger, Apollo and certain members of management of Metals USA contributed $140.0 million to Metals USA Holdings Corp., in exchange for common stock of Metals USA Holdings Corp. The proceeds from the issuance of the Metals USA notes, borrowings under the ABL facility and the equity investment by Apollo and our management members were used to pay the merger consideration to the previous equity holders of Metals USA to pay down certain existing debt of Metals USA and to pay transaction expenses related to the Merger, including $6.0 million of transaction fees paid to Apollo. The issuance and exchange of the Metals USA notes, the borrowings under the ABL facility on the date of the Merger, the equity investment by Apollo and our management members, the Merger and other related transactions are collectively referred to in this prospectus as the Apollo Transactions. For a more complete description of the Apollo Transactions, see Ownership and Corporate Structure, Description of the Apollo Transaction, and Description of Certain Indebtedness.

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Ownership and Corporate Structure

The following diagram sets forth our ownership and corporate structure as of September 30, 2007. The diagram below does not display all of our subsidiaries.

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(1) The ABL facility provides for up to $525.0 million of senior secured revolving credit borrowings and letters of credit, subject to a borrowing base determined primarily by the value of Flag Intermediate s eligible receivables and eligible inventory, subject to certain reserves. As of September 30, 2007, we had eligible collateral of $468.1 million, facility size of $525.0 million, $300.0 million in outstanding advances, $15.5 million in open letters of credit and $145.0 million in additional borrowing capacity.

(2) The Metals USA notes are guaranteed on a senior secured basis by Flag Intermediate and certain of Metal USA s domestic subsidiaries. The Metals USA notes and the related guarantees are secured on a first-priority lien basis by substantially all of the assets (other than accounts, inventory, cash and proceeds and products of the foregoing and certain assets related thereto) of Metals USA and the guarantors and on a second-priority lien basis by the accounts, inventory, cash and proceeds and products of the foregoing and certain assets related thereto of Metals USA and the guarantors.

(3) Consists of an Industrial Revenue Bond, which we refer to in this prospectus as an IRB, with $5.7 million principal amount outstanding as of September 30, 2007, which is payable on May 1, 2016 in one lump-sum payment, a note payable in the amount of $3.8 million recorded in connection with the Lynch Metals acquisition, and $0.4 million in vendor financing and purchase money notes.

Use of Proceeds

We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes, we will receive in exchange the old notes in like principal amount, which will be cancelled and as such will not result in any increase in our indebtedness.

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Principal Stockholder

Founded in 1990, Apollo is a leading private equity and capital markets investor with more than 17 years of experience investing across the capital structure of leveraged companies. The firm employs more than 100 professionals and has offices in New York, Los Angeles, London and Singapore. Since its inception, Apollo has managed more than $33 billion of capital across a wide variety of industries both domestically and internationally. Companies owned or controlled by Apollo Management, L.P. or in which Apollo Management, L.P. or its affiliates have a significant equity investment include, among others, Rexnord Holdings, Inc., Realogy Corporation, CEVA Group Plc, Verso, Momentive Performance Materials, Berry Plastics Group, Hexion Specialty Chemicals, Inc., Affinion Group Holdings and Noranda Aluminum Holding Corporation.

Metals USA Holdings and Metals USA

Metals USA Holdings Corp., which was formerly named Flag Holdings Corporation, was incorporated in Delaware on May 9, 2005. The principal executive offices of Metals USA Holdings Corp. are at One Riverway, Suite 1100, Houston, Texas 77056, and the telephone number there is (713) 965-0990.

We also maintain an internet site at http://www.metalsusa.com. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which this prospectus forms a part, and you should not rely on any such information in making your decision whether to purchase our securities.

Metals USA was incorporated in Delaware on July 3, 1996, and began operations upon completion of an initial public offering on July 11, 1997. On November 14, 2001, Metals USA filed for voluntary protection from its creditors under Chapter 11 of the United States Bankruptcy laws. It emerged from bankruptcy on October 31, 2002. Metals USA Holdings acquired Metals USA on November 30, 2005.

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Summary of Terms of the Exchange Offer

In connection with the issuance of the old notes, we entered into a registration rights agreement with the initial purchasers of the old notes. Under the registration rights agreement, we agreed to deliver to you this prospectus by February 5, 2008, and to consummate the exchange offer by June 4, 2008. In the exchange offer you are entitled to exchange your old notes for exchange notes, which are identical in all material respects to the old notes except that:

- the exchange notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;
- the exchange notes are not entitled to the registration rights that are applicable to the old notes under the registration rights agreement; and
- our obligation to pay additional interest on the old notes if the exchange offer is not consummated by June 4, 2008 does not apply to the exchange notes.

The exchange offer	We are offering to exchange up to $300,000,000 aggregate principal amount of our registered Senior Floating Rate Toggle Notes Due 2012, for a like principal amount of our Senior Floating Rate Toggle Notes Due 2012, which were issued on July 10, 2007. Old notes may be exchanged only in denominations of $2,000 and any integral multiples of $1,000 in excess of $2,000.
Resales	Based on an interpretation by the staff of the SEC, set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for old notes may be offered for resale, resold and otherwise transferred by you (unless you are our affiliate as defined in Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you:

- are acquiring the exchange notes in the ordinary course of business; and
- have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person or entity, including any of our affiliates, to participate in, a distribution of the exchange notes.

In addition, each participating broker-dealer that receives exchange notes for its own account pursuant to the exchange offer in exchange for old notes that were acquired as a result of market-making or other trading activity must also acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. For more information, see Plan of Distribution.

Any holder of old notes, including any broker-dealer, who

- is our affiliate;
- does not acquire the exchange notes in the ordinary course of its business; or

tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of exchange notes;

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	cannot rely on the position of the staff of the SEC expressed in Exxon Capital Holdings Corporation, Morgan Stanley & Co., Incorporated or similar no-action letters and, in the absence of an exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the exchange notes.
Expiration date; withdrawal of tenders	The exchange offer will expire at 5:00 p.m. (New York City time) on February 20, 2008, or such later date and time to which we extend it. We do not currently intend to extend the expiration date. A tender of old notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.
Conditions to the exchange offer	The exchange offer is subject to customary conditions, some of which we may waive. For more information, see The Exchange Offer Certain Conditions to the Exchange Offer.
Procedures for tendering old notes	If you wish to accept the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a copy of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or the copy, together with the old notes and any other required documents, to the exchange agent at the address set forth on the cover of the letter of transmittal. If you hold old notes through The Depository Trust Company, or DTC, and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC, by which you will agree to be bound by the letter of transmittal.
	By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any exchange notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes;
- if you are a broker-dealer that will receive exchange notes for your own account in exchange for old notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of the exchange notes; and
- you are not our affiliate as defined in Rule 405 under the Securities Act, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act.

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Shelf registration statement	We will use our commercially reasonable efforts to cause the SEC to declare effective a shelf registration statement with respect to the resale of the old notes and to keep the shelf registration statement effective up to two years after the effective date of the shelf registration statement. These circumstances include: if the exchange offer is not permitted by applicable law or SEC policy; if the exchange offer has not been consummated on or before June 4, 2008; if any initial purchaser so requests on or prior to the 60th day after the consummation of the registered exchange offer with respect to the old notes not eligible to be exchanged for the exchange notes and held by it following the consummation of the exchange offer; or if any holder that participates in the exchange offer does not receive freely transferable exchange notes in exchange for tendered old notes and so requests on or prior to the 60th day after the consummation of the registered exchange offer. We expect to file a shelf registration statement on Form S-1 contemporaneously with the effectiveness of this exchange offer pursuant to which Apollo may sell all or a portion of any notes it holds in the market.
Guaranteed delivery procedures	If you wish to tender your old notes, and your old notes are not immediately available or you cannot deliver your old notes, the letter of transmittal or any other documents required by the letter of transmittal or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date, you must tender your old notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.
Effect on holders of old notes	As a result of the making of, and upon acceptance for exchange of all validly tendered old notes pursuant to the terms of, the exchange offer, we will have fulfilled a covenant contained in the registration rights agreement and, accordingly, we will not be obligated to pay additional interest as described in the registration rights agreement. If you are a holder of old notes and do not tender your old notes in the exchange offer, you will continue to hold such old notes, and you will be entitled to all the rights and limitations applicable to the old notes in the Indenture dated as of July 10, 2007, which we refer to in this prospectus as the Indenture or the indenture, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.
Consequences of failure to exchange	All untendered old notes will continue to be subject to the restrictions on transfer provided for in the old notes and in the indenture. In general, the old notes may not be offered or sold unless registered

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	under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer and as described in Shelf registration statement above, we do not currently anticipate that we will register the old notes under the Securities Act.
Material United States federal income tax consequences	The exchange of old notes for exchange notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. For more information, see Material United States Federal Income Tax Consequences.
Use of proceeds	We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer.
Exchange agent	Wells Fargo Bank, N.A. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section captioned The Exchange Offer Exchange Agent.

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Summary of Terms of the Exchange Notes

The following summary highlights all material information contained elsewhere in this prospectus but does not contain all the information that you should consider before participating in the exchange offer. The Description of the Notes section contains a more detailed description of the terms and conditions of the exchange notes. We urge you to read this entire prospectus, including the Risk Factors section and the consolidated financial statements and related notes.

In the exchange offer you are entitled to exchange your old notes for exchange notes, which are identical in all material respects to the old notes except that:

- the exchange notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;
- the exchange notes are not entitled to the registration rights that are applicable to the old notes under the registration rights agreement; and
- our obligation to pay additional interest on the old notes if the exchange offer is not consummated by June 4, 2008 does not apply to the exchange notes.

Issuer	Metals USA Holdings Corp.
Securities Offered	$300,000,000 initial aggregate principal amount of Senior Floating Rate Toggle Notes Due 2012.
Maturity Date	The exchange notes mature on July 1, 2012.
Interest Payment Dates	Interest on the exchange notes will be paid January 1, April 1, July 1 and October 1, commencing on October 1, 2007.
Interest	Cash interest on the exchange notes will accrue at a rate per annum, reset quarterly, equal to the London Interbank Offered Rate, which we refer to in this prospectus as LIBOR, plus the Spread (as defined below), and PIK Payment Interest (as defined below), if any, will accrue at a rate per annum, reset quarterly, equal to LIBOR plus 0.75% plus the Spread. The Spread means the amount equal to 6.00% plus (1) 0.25% for each interest period commencing on or after the first anniversary of the date of issuance of the old notes and prior to the second anniversary, (2) 0.50% for each interest period commencing on or after the second anniversary of the date of issuance of the old notes and prior to the third anniversary, and (3) 0.75% for each interest period commencing on or after the third anniversary of the date of issuance of the old notes. The initial four interest payments on the notes will be payable solely in cash. For any interest period thereafter, we may elect to pay interest (1) entirely in cash, (2) entirely by increasing the principal amount of the exchange notes or issuing new notes, which we refer to in this prospectus as the PIK Interest, or (3) on 50% of the outstanding principal amount of the notes in cash and on 50% of the outstanding principal amount of the notes, by increasing the principal amount of the outstanding notes or by issuing new notes, which we refer to in this prospectus as the Partial PIK Interest ; PIK Interest and Partial PIK Interest are each referred to

herein as the PIK Payment. If we elect to make a PIK Payment, we will increase the principal amount of the exchange notes or issue new notes in an amount equal to the

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amount of the PIK Payment for the applicable interest payment period to holders of the exchange notes on the relevant record date. The exchange notes contain the word toggle in their title to highlight to investors that we have the ability to toggle, or switch back and forth, among paying interest in cash, in kind, or 50% in cash and 50% in kind, pursuant to the terms and conditions described in more detail above.

Guarantees	The exchange notes, like the old notes, will not be guaranteed by any of Metals USA Holdings subsidiaries.
Ranking	The exchange notes, like the old notes, will be Metals USA Holdings senior unsecured obligations. The indebtedness evidenced by the notes will rank:

- equally with all of Metals USA Holdings existing and future senior indebtedness;
- senior to all of Metals USA Holdings existing and future subordinated indebtedness; and
- structurally subordinated to all indebtedness and other liabilities (including trade payables) of Metals USA Holdings subsidiaries.

As of September 30, 2007

- Metals USA Holdings had $866.4 million of senior indebtedness (consisting of $300.0 million of advances under the ABL facility, $275.0 million of Metals USA notes, and $291.4 million of the old notes outstanding); and
- Metals USA Holdings subsidiaries had approximately $818.4 million in total liabilities (excluding unused commitments).

See Description of the Notes Ranking.

Optional Redemption	On and after January 15, 2008, Metals USA Holdings may redeem some or all of the exchange notes at any time at the respective redemption prices described in this prospectus, plus accrued and unpaid interest and additional interest, if any, to the redemption date.
Change of Control	If Metals USA Holdings experiences a change of control and does not redeem the exchange notes, it will be required to make an offer to repurchase the exchange notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase.

Repurchase Offer upon Certain Equity Offerings

If Metals USA Holdings makes certain public offerings, sales or issuances of common stock, and does not redeem the exchange notes, it will be required to make an offer to repurchase the maximum principal amount of exchange notes that may be purchased out of the proceeds thereof, at a price equal to 100% of the principal amount, plus accrued and unpaid interest and additional interest, if any, to the date of repurchase.

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Restrictive Covenants	The indenture governing the exchange notes contains covenants that, among other things, limit Metals USA Holdings ability and the ability of certain of its subsidiaries to:

- incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- repurchase or redeem capital stock or subordinated indebtedness;
- pay dividends or make distributions to our stockholders;
- incur restrictions on the ability of our subsidiaries to pay dividends or to make other payments to us;
- transfer or sell assets;
- create liens;
- enter into transactions with our affiliates;
- make investments or acquisitions; and
- merge or consolidate with other companies or transfer all or substantially all of our assets.

These covenants are subject to a number of important limitations and exceptions as described under Description of the Notes Certain Covenants.

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SUMMARY HISTORICAL CONSOLIDATED AND

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

Set forth below are summary historical consolidated financial data and summary unaudited pro forma condensed consolidated financial data of our business, as of the dates and for the periods indicated. The summary historical consolidated financial data for the year ended December 31, 2004 and for the period from January 1, 2005 to November 30, 2005 for the Predecessor Company discussed below, and as of December 31, 2005 and for the period from May 9, 2005 (date of inception) to December 31, 2005 and as of December 31, 2006 and for the year ended December 31, 2006 for the Successor Company discussed below have been derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The Successor Company had no assets and conducted no operations from May 9, 2005 (date of inception) to November 30, 2005. The summary historical consolidated financial data as of December 31, 2004 presented in this table have been derived from our audited consolidated financial statements not included in this prospectus. The summary historical consolidated financial data as of September 30, 2007 and for the nine months ended September 30, 2006 and 2007 have been derived from our unaudited consolidated financial statements which are included elsewhere in this prospectus. The September 30, 2006 and 2007 unaudited financial statements have been prepared on a basis consistent with our audited consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of any interim period are not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year, and the historical results set forth below do not necessarily indicate results expected for any future period.

The summary unaudited pro forma condensed consolidated statements of operations and other financial data for the year ended December 31, 2006 give effect to additional borrowings in connection with the $25.0 million dividend paid to Metals USA Holdings stockholders in May 2006, which we refer to in this prospectus as the May 2006 dividend, the offering of the $150.0 million initial aggregate principal amount 2006 notes and the application of the net proceeds from the offering of the 2006 notes to pay a cash dividend of approximately $144.8 million to Metals USA Holdings stockholders, which include Apollo and certain members of its management, and to make a cash payment (partially in lieu of a cash dividend) of $4.2 million to its vested stock option holders, which include its directors and certain members of management, which we refer to, collectively, as the January 2007 dividend, the additional borrowings in connection with the June 2007 amendment to the ABL facility, as well as the offering of the old notes and the use of the proceeds therefrom as if they occurred on January 1, 2006. The summary unaudited pro forma condensed consolidated statements of operations and other financial data for the nine months ended September 30, 2007 give effect to additional borrowings in connection with the June 2007 amendment to the ABL facility, as well as the offering of the old notes and the use of the proceeds therefrom as if they also occurred on January 1, 2006.

The summary unaudited pro forma condensed consolidated financial data are for informational purposes only and do not purport to represent what our results of operations actually would have been if the May 2006 dividend, the offering of the 2006 notes and the application of the net proceeds from the offering of the 2006 notes to pay the January 2007 dividend and the additional borrowings in connection with the June 2007 amendment to the ABL facility had occurred at any date, and such data do not purport to project the results of operations for any future period.

After the consummation of the Apollo Transactions, Metals USA Holdings, along with its consolidated subsidiaries, are referred to collectively in this prospectus as the Successor Company. Prior to the consummation of the Transactions, Metals USA, along with its consolidated subsidiaries, is referred to collectively in this prospectus as the Predecessor Company. We applied Statement of Financial Accounting Standards No. 141, Business Combinations, which we refer to in this prospectus as SFAS 141, on

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November 30, 2005, or the closing date of the Merger, and, as a result, the Merger consideration was allocated to the respective fair values of the assets acquired and liabilities assumed from the Predecessor Company. As a result of the application of purchase accounting, the Successor Company balances and amounts presented in the consolidated financial statements and footnotes are not comparable with those of the Predecessor Company.

As a result of purchase accounting for the Apollo Transactions, the Merger consideration was allocated to the respective fair values of the assets acquired and liabilities assumed from the Predecessor Company. The fair value of inventories, property and equipment and intangibles (customer lists) were increased by $14.9 million, $118.6 million and $22.2 million, respectively. For the one-month period ended December 31, 2005, the Successor Company s operating costs and expenses increased by $5.2 million ($4.1 million for cost of sales and $1.1 million of additional depreciation and amortization) as the inventory was sold and additional depreciation and amortization was recorded. For the year ended December 31, 2006, the Successor Company s operating costs and expenses increased by $23.9 million ($10.8 million for cost of sales and $13.1 million of additional depreciation and amortization) as the inventory was sold and additional depreciation and amortization was recorded.

The summary historical consolidated and unaudited pro forma condensed consolidated financial data should be read in conjunction with Unaudited Pro Forma Condensed Consolidated Financial Information, Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and our consolidated financial statements and related notes included elsewhere in this prospectus.

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	Historical				Pro Forma	Historical		Pro Forma
	Predecessor Company			Successor Company				
	Year Ended December 31, 2004	Period from January 1 to November 30, 2005	Period from May 9 (Date of Inception) to December 31, 2005	Year Ended December 31, 2006	2006	Nine Months Ended September 30, 2006	2007	2007
				(dollars in millions)				
Operations data:								
Net sales	$ 1,509.8	$ 1,522.1	$ 116.9	$ 1,802.9	$ 1,802.9	$ 1,365.4	$ 1,413.1	$ 1,413.1
Costs and expenses:								
Cost of sales (exclusive of operating and delivery, and depreciation and amortization shown below)	1,080.1	1,189.3	92.5	1,371.8	1,371.8	1,038.6	1,083.2	1,083.2
Operating and delivery	144.4	139.1	12.8	175.5	175.5	131.2	133.6	133.6
Selling, general and administrative	109.6	108.5	9.3	115.2	115.4	87.2	86.5	86.5
Depreciation and amortization(a)	2.0	3.1	1.4	21.4	21.4	13.4	15.5	15.5
Impairment of property and equipment							0.2	0.2
Operating income (loss)	173.7	82.1	0.9	119.0	118.8	95.0	94.1	94.1
Interest expense	8.4	12.0	4.1	54.6	93.5	39.6	63.7	80.9
Loss on debt extinguishment							8.4	8.4
Other (income) expense	(2.5)	(0.1)		(0.7)	(0.7)	(0.5)	(0.8)	(0.8)
Income (loss) before taxes	167.8	70.2	(3.2)	65.1	26.0	55.9	22.8	5.6
Provision (benefit) for income taxes	63.3	26.7	(1.2)	25.8	10.6	22.6	10.7	4.0
Net income (loss)	$ 104.5	$ 43.5	$ (2.0)	$ 39.3	$ 15.4	$ 33.3	$ 12.1	$ 1.6
Cash flow data:								
Cash flows provided by (used in) operating activities	$ (128.6)	$ 170.1	$ 7.3	$ (45.7)	N/A	(51.2)	98.2	N/A
Cash flows provided by (used in) investing activities	(16.0)	(15.8)	(434.5)	(61.0)	N/A	(56.8)	(53.4)	N/A
Cash flows provided by (used in) financing activities	145.8	(120.7)	438.5	251.2	N/A	108.5	(183.3)	N/A
Other operating data:								
Shipments (in thousands of tons)	1,502	1,332	107	1,505	1,505	1,152	1,085	1,085
Capital expenditures	17.4	15.9	4.4	16.9	16.9	11.1	16.0	16.0
Other financial data:								
Deficiency of earnings to fixed charges			$ 3.2(b)					
Ratio of earnings to fixed charges(c)	13.3x	5.1x	0.3x(b)	2.1x	1.3x	2.3x	1.3x	1.1x
Debt covenant compliance								
EBITDA(d)	$ 175.7	$ 85.6	$ 2.4	$ 141.6	$ 141.4	$ 109.2	$ 110.7	$ 110.7
Adjusted EBITDA(d)	$ 180.7	$ 101.6	$ 7.0	$ 156.2	$ 159.9	$ 121.9	$ 116.3	$ 116.3

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	Historical			
	Predecessor Company As of December 31,	Successor Company As of December 31,		As of September 30,
	2004	2005	2006	2007
	(in millions)			
Balance sheet data:				
Cash	$ 12.6	$ 11.3	$ 155.8	$ 17.3
Total assets	710.0	795.3	1,127.0	990.2
Total debt	270.6	473.5	755.4	876.3
Total liabilities	381.8	662.9	979.4	1,117.9
Stockholders equity (deficit)	328.2	132.4	147.6	(127.7)

(a) Excludes depreciation expense reflected in cost of sales for the Building Products Group.

(b) The ratio of earnings to fixed charges for the combined Predecessor Company for the period from January 1, 2005 to November 30, 2005 and the Successor Company for the period from May 9, 2005 (Date of Inception) to December 31, 2005 was 4.1x.

(c) For the purposes of calculating the ratio of earnings to fixed charges, earnings represent income (loss) before income taxes and discontinued operations plus fixed charges. Fixed charges consist of financing costs and the portion of operational rental expense which management believes is representative of interest within rent expense.

(d) EBITDA is defined as net income (loss) before interest, taxes, depreciation and amortization and is used by management, together with Adjusted EBITDA, as a measure for certain performance-based bonus plans. Adjusted EBITDA, as contemplated by our credit documents, is used by our lenders for debt covenant compliance purposes. Adjusted EBITDA is EBITDA adjusted to eliminate management fees to related parties, one-time, non-recurring charges related to the use of purchase accounting, and other non-cash income or expenses, which are more particularly defined in our credit documents and the indenture governing the notes. Our credit documents and the indenture governing the notes require us to meet or exceed specified minimum financial measures before we will be permitted to consummate certain acts, such as complete acquisitions, declare or pay dividends and incur additional indebtedness, and one of the more significant measures contained in our credit documents and the indenture governing the notes is Adjusted EBITDA. We have presented Adjusted EBITDA on a pro forma basis since management plans on using Adjusted EBITDA as a benchmark for developing its ongoing measures for performance-based bonus plans and because our lenders plan on using Adjusted EBITDA in the manner described above. We believe that pro forma EBITDA and Adjusted EBITDA are more representative of our performance, since they give the full year effect to the recent acquisitions. We also believe that EBITDA and Adjusted EBITDA are useful to investors because the measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry. EBITDA and Adjusted EBITDA are not recognized terms under generally accepted accounting principles, which we refer to in this prospectus as GAAP, should not be viewed in isolation and do not purport to be an alternative to net income as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. There are material limitations associated with making the adjustments to our earnings to calculate EBITDA and Adjusted EBITDA and using these non-GAAP financial measures as compared to the most directly comparable U.S. GAAP financial measures. For instance, EBITDA and Adjusted EBITDA do not include:

- interest expense, and, because we have borrowed money in order to finance our operations, interest expense is a necessary element of our costs and ability to generate revenue;

- depreciation and amortization expense, and, because we use capital assets, depreciation and amortization expense is a necessary element of our costs and ability to generate revenue; and

- tax expense, and, because the payment of taxes is part of our operations, tax expense is a necessary element of our costs and ability to operate.

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Additionally, neither EBITDA nor Adjusted EBITDA is intended to be a measure of free cash flow for management s discretionary use, as neither considers certain cash requirements, such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements. Because not all companies use identical calculations, this presentation of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures for other companies.

Below is a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA.

	Historical Predecessor Company				Pro Forma	Historical Successor Company		Pro Forma
	Year Ended December 31, 2004	Period from January 1, to November 30, 2005	Period from May 9 (Date of Inception) to December 31, 2005	Year Ended December 31, 2006	2006	Nine Months Ended September 30, 2006	2007	2007
				(dollars in millions)				
Net income (loss)	$ 104.5	$ 43.5	$ (2.0)	$ 39.3	$ 15.4	$ 33.3	$ 12.1	$ 1.6
Depreciation and amortization	2.0	3.5	1.5	22.6	22.6	14.2	16.6	16.6
Interest expense	8.4	12.0	4.1	54.6	93.5	39.6	63.7	80.9
Loss on extinguishment of debt							8.4	8.4
Provision (benefit) for income taxes	63.3	26.7	(1.2)	25.8	10.6	22.6	10.7	4.0
Other (income) expense	(2.5)	(0.1)		(0.7)	(0.7)	(0.5)	(0.8)	(0.8)
EBITDA	175.7	85.6	2.4	141.6	141.4	109.2	110.7	110.7
Indenture covenant defined adjustments:								
Inventory purchase adjustments(1)			4.1	10.8	10.8	10.8		
Stock options and grant expense(2)		15.0	0.4	1.2	1.4	1.0	4.5	4.5
Write-off prepaid expenses as result of Merger(3)		0.3						
Effect of acquisitions(4)					3.7			
Facilities closure(5)	5.0			1.4	1.4		0.2	0.2
Severance costs(6)		0.7						
Management fees(7)			0.1	1.2	1.2	0.9	0.9	0.9
Adjusted EBITDA	$ 180.7	$ 101.6	$ 7.0	$ 156.2	$ 159.9	$ 121.9	$ 116.3	$ 116.3
Fixed charge coverage ratio(8)	N/A	N/A	N/A	1.51	1.47	1.52	1.24	1.24

(1) As a result of management s analysis and evaluation of the replacement cost of inventory at the date of the closing of the Transactions, a purchase accounting increase in the fair value of inventory of $14.9 million was recorded as of December 1, 2005, with $4.1 million of that amount charged to cost of sales in December 2005 and $10.8 million charged to cost of sales in the first quarter of 2006.

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(2) The Predecessor Company paid $14.6 million on the closing date of the Merger to holders of 1,081,270 vested in-the-money options and holders of 45,437 restricted stock grant awards. Those amounts were recorded as an administrative expense during the period from January 1, 2005 to November 30, 2005. The remaining stock options and grant expense represented non-cash charges to expense.

(3) These prepaid amounts were written off as a result of the Transactions.

(4) Amount represents incremental EBITDA from the 2006 Acquisitions as if they had taken place on January 1, 2006. The financial information from the 2006 Acquisitions is based on unaudited financial statements for each of Port City and Allmet. Included in such incremental EBITDA are estimated cost savings and other synergies specifically identified in connection with the 2006 Acquisitions of $0.4 million for the pre-acquisition period during 2006. These estimated synergies include lower feedstock costs due to leveraged purchasing and operational process improvements, lower selling expenses due to better geographic sales coverage and elimination of redundant sales positions, and improved operating results by the impact of additional value-added processing equipment that Port City recently added to its facility.

(5) This amount represents $5.0 million of charges in the Building Products Group for the elimination of one layer of management and closure of eleven facilities in 2004.

(6) This amount represents severance costs of management personnel that were replaced as part of the Transactions.

(7) Includes accrued expenses related to the management agreement we have with Apollo, pursuant to which Apollo or its affiliates provide us with management services. See Certain Relationships and Related Party Transactions Apollo Management Agreements.

(8) This amount represents the fixed charge coverage ratio, which we refer to in this prospectus as the FCCR, as defined by the ABL facility, which is not applicable for the Predecessor Company, which operated under a different revolving credit facility, or for the period from May 9, 2005 (date of inception) to December 31, 2005 of the Successor Company because the FCCR is based on a rolling four-quarter period.

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R ISK FACTORS

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

Risks Related to this Exchange Offer and the Notes

Because Metals USA Holdings is the sole obligor of the exchange notes, and its subsidiaries will not guarantee its obligations under the exchange notes or have any obligation with respect to the exchange notes, the exchange notes will be structurally subordinated to the debt and liabilities of its subsidiaries.

Metals USA Holdings has no operations of its own and derives all of its revenues and cash flow from its subsidiaries. Its subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due under the exchange notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or otherwise.

As of September 30, 2007, the aggregate amount of indebtedness and other liabilities of its subsidiaries (including trade payables) that were structurally senior to the exchange notes was $818.4 million. Further, approximately $145.0 million was available to its subsidiaries for additional borrowing under the ABL facility. Holders of the exchange notes will not have any claim as creditors against its subsidiaries. None of its subsidiaries will guarantee its obligations under the exchange notes. The exchange notes are structurally subordinated to any existing and future indebtedness and other liabilities of any of its subsidiaries, even if those obligations do not constitute indebtedness. In the event of a bankruptcy, liquidation or reorganization or similar proceeding, the exchange notes will be structurally subordinated to the claims of the creditors of its subsidiaries, including the lenders under the ABL facility, holders of the Metals USA notes, trade creditors and holders of other indebtedness of those subsidiaries. Accordingly, there might only be a limited amount of assets available to satisfy your claims as a holder of the exchange notes upon an acceleration of the maturity of the exchange notes. Metals USA Holdings cannot assure you that if its subsidiaries have their debt accelerated, it will be able to repay the exchange notes. It also cannot assure you that its assets and its subsidiaries assets will be sufficient to fully repay the notes and its subsidiaries other indebtedness. See Description of Certain Indebtedness.

Metals USA Holdings may not have access to the cash flow and other assets of its subsidiaries that may be needed to make payments on the exchange notes.

Metals USA Holdings is a holding company with no operations or assets of its own. Metals USA Holdings only asset is its common equity interest in Flag Intermediate, another holding company whose only asset is its common equity interest in Metals USA. Metals USA Holdings operations are conducted through Metals USA and its subsidiaries, and Metals USA Holdings ability to make payments on the notes is dependent on the earnings and the distribution of funds from its subsidiaries through loans, dividends or otherwise. However, none of its subsidiaries is obligated to make funds available to it for payment on the exchange notes.

The terms of the ABL facility and the terms of the indenture governing the Metals USA notes each significantly restrict Metals USA Holdings subsidiaries from paying dividends and otherwise transferring assets to it. The terms of each of those debt instruments provide Metals USA with baskets that can be used to make certain types of restricted payments, including dividends or other distributions to Flag Intermediate and to Metals USA Holdings. Metals USA Holdings cannot assure you that Metals USA will have sufficient payment

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capacity in the baskets with respect to either the ABL facility or the Metals USA notes in order to make payments upon a change of control or payments at the maturity of the exchange notes. In addition, the terms of any future indebtedness incurred by Metals USA, Flag Intermediate or any other subsidiary of Metals USA Holdings may include additional restrictions on their ability to make funds available to Metals USA Holdings to make payments on the exchange notes, which may be more restrictive than those contained in the terms of the ABL facility and Metals USA notes.

In the event Metals USA Holdings does not have sufficient cash available to it to make any required payments on the exchange notes, it and its subsidiaries will be required to adopt one or more alternatives, such as refinancing all of its and its subsidiaries indebtedness, obtaining the consents from the lenders in respect of that indebtedness, selling equity securities or seeking capital contributions from its affiliates. None of its affiliates is obligated to make any capital contributions, loans or other payments to it with respect to its obligations on the exchange notes.

Further, Metals USA Holdings cannot assure you that any of the foregoing actions could be effected on satisfactory terms, if at all, or that any of the foregoing actions would enable it to refinance its or its subsidiaries indebtedness or pay the required amounts on the exchange notes, or that any of such actions would be permitted by the terms of the indenture governing the exchange notes or the terms of any other debt of it or its subsidiaries then in effect. See Description of Certain Indebtedness.

Metals USA Holdings and its subsidiaries substantial leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk and prevent us from meeting our obligations under the exchange notes.

Metals USA Holdings and its subsidiaries have substantial leverage. As of September 30, 2007, our total indebtedness was $876.3 million (which includes $300.0 million under the ABL facility, $275.0 million under the Metals USA notes, $5.7 million under an IRB, $3.8 million under a note payable issued in connection with the acquisition of Lynch Metals, $0.4 million in vendor financing and purchase money notes and the old notes). Further, approximately $145.0 million was available to subsidiaries of Metals USA Holdings for additional borrowing under the ABL facility. On a pro forma basis, interest expense would have been $93.5 million and $80.9 million for the year ended December 31, 2006 and nine months ended September 30, 2007, respectively. Metals USA Holdings, and its subsidiaries substantial level of indebtedness increases the possibility that they may be unable to generate cash sufficient to pay when due the principal of, interest on or other amounts due, including the repurchase obligation upon the occurrence of specified change of control events, in respect of their indebtedness.

Metals USA Holdings, and its subsidiaries substantial indebtedness could have important consequences for you, including:

- making it more difficult for Metals USA Holdings to make payments on the exchange notes;
- making it difficult for Metals USA to make payments on its debt and, therefore, to make distributions to Metals USA Holdings;
- exposing them to the risk of increased interest rates as certain of their borrowings will be at variable rates of interest;
- limiting, along with the financial and other restrictive covenants in their indebtedness, among other things, their ability to borrow money, dispose of assets or sell equity for our working capital, capital expenditures, dividend payments, debt service requirements, strategic initiatives or other purposes;
- limiting their flexibility in planning for, or reacting to, changes in their operations or business;
- increasing their vulnerability to general economic and industry conditions;

- placing them at a competitive disadvantage compared to some of their competitors who have less debt; and
- having a material adverse effect on Metals USA Holdings and its subsidiaries business and financial condition or results of operations if they were unable to service their indebtedness or obtain additional financing, as needed.

In addition, if Metals USA and its subsidiaries make certain asset sales and are prohibited from funding a dividend to Metals USA Holdings, Metals USA Holdings will not be required to make an asset sale offer under the indenture.

The indenture governing the exchange notes contains, and Metals USA Holdings subsidiaries debt agreements impose, significant operating and financial restrictions, and Metals USA Holdings and its subsidiaries may not be able to make payments on their indebtedness, which would have a material adverse effect on their business, financial condition or results of operations.

The indenture governing the exchange notes contains, and the ABL facility and the indenture governing the Metals USA notes contain, various covenants that limit or prohibit Metals USA Holdings and its subsidiaries ability, among other things, to:

- incur or guarantee additional indebtedness or issue certain preferred shares;
- pay dividends on its and its subsidiaries capital stock or redeem, repurchase, retire or make distributions in respect of its and its subsidiaries capital stock or subordinated indebtedness or make other restricted payments;
- make certain loans, acquisitions, capital expenditures or investments;
- sell certain assets, including stock of its subsidiaries;
- create or incur liens;
- consolidate, merge, sell, transfer or otherwise dispose of all or substantially all of its assets; and
- enter into certain transactions with its affiliates.

In addition, under the ABL facility, if Metals USA s borrowing availability falls below a specified threshold, Metals USA is required to satisfy and maintain a minimum fixed charge coverage ratio not less than 1.0 to 1.0. The fixed charge coverage ratio is determined by dividing (1) the sum of EBITDA (as defined by and adjusted in accordance with the loan and security agreement governing the ABL facility) minus income taxes paid in cash and non-financed capital expenditures by (2) the sum of certain distributions paid in cash, cash interest expense and scheduled principal reductions on debt. Metals USA s ability to meet the required fixed charge coverage ratio can be affected by events beyond its control, and Metals USA Holdings cannot assure you that it will meet this ratio.

The restrictions contained in the agreements that govern the terms of Metals USA Holdings and its subsidiaries debt could:

- limit their ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans;
- adversely affect their ability to finance their operations, to enter in strategic acquisitions, investments or other capital needs or to engage in other business activities that would be in their interest; and

limit their access to the cash generated by Metals USA Holdings subsidiaries.

A breach of any of these covenants could result in a default under the ABL facility. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Activities Covenant Compliance.

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Upon the occurrence of an event of default under the ABL facility, the lenders could elect to declare all amounts outstanding under the ABL facility to be immediately due and payable and terminate all commitments to extend further credit. If Metals USA is unable to repay those amounts, the lenders under the ABL facility could proceed against the collateral granted to them to secure the ABL facility on a first-priority lien basis. If the lenders under the ABL facility accelerate the repayment of borrowings, such acceleration could have a material adverse effect on our business, financial condition or results of operations. In addition, upon acceleration Metals USA may not have sufficient assets to repay the ABL facility and/or Metals USA Holdings may be unable to repay the exchange notes.

For a more detailed description on the limitations on Metals USA Holdings and its subsidiaries ability to incur additional indebtedness, please see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Activities, Description of Certain Indebtedness and Description of the Notes Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.

Despite Metals USA Holdings and its subsidiaries substantial indebtedness, they may still be able to incur significantly more debt. This could increase the risks associated with their substantial leverage, including their ability to service their indebtedness.

The terms of the indenture governing the exchange notes, the ABL facility and the indenture governing the Metals USA notes contain restrictions on Metals USA Holdings and/or its subsidiaries ability to incur additional indebtedness. These restrictions are subject to a number of important qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. Accordingly, Metals USA Holdings and its subsidiaries could incur significant additional indebtedness in the future. As of September 30, 2007, Metals USA had approximately $145.0 million available for additional borrowing under the ABL facility, including the subfacility for letters of credit. If Metals USA Holdings or its subsidiaries incur additional debt, the risks associated with their substantial leverage, including their ability to service their debt, would increase. In addition, if the additional debt is incurred by Metals USA Holdings subsidiaries, the risks described above under Because Metals USA Holdings is the sole obligor of the exchange notes, and its subsidiaries will not guarantee its obligations under the exchange notes or have any obligation with respect to the exchange notes, the exchange notes will be structurally subordinated to the debt and liabilities of its subsidiaries will increase.

Because a substantial portion of the indebtedness of Metals USA Holdings and its subsidiaries bears interest at rates that fluctuate with changes in certain prevailing short-term interest rates, Metals USA Holdings and its subsidiaries are vulnerable to interest rate increases.

A substantial portion of Metals USA Holdings and its subsidiaries indebtedness, including the exchange notes offered hereby, bears interest at rates that fluctuate with changes in certain short-term prevailing interest rates. As of September 30, 2007, we had approximately $597.1 million of floating rate debt under the notes, the ABL facility and the IRB. Additionally, Metals USA Holdings subsidiaries had an additional $145.0 million available for borrowing under the ABL facility as of that date. A 1% increase in the interest rate on their floating rate debt would increase interest expense under the ABL facility and the notes by approximately $5.9 million. If interest rates increase dramatically, Metals USA Holdings and its subsidiaries could be unable to service their debt, which could have a material adverse effect on their business, financial condition or results of operations.

Metals USA Holdings and its subsidiaries ability to service their indebtedness requires a significant amount of cash, and their ability to generate cash depends on many factors beyond their control.

Metals USA Holdings has no operations of its own and conducts its operations through its operating subsidiaries. As a result, it depends on those entities for dividends and other payments to generate the funds necessary to meet its financial obligations, including payments on its indebtedness. It cannot be certain that its earnings and the earnings of its operating subsidiaries will be sufficient to allow it to make payments in respect of the notes and meet its other obligations. The issuance of the old notes increased its pro forma annual cash interest expense by approximately $33.7 million, unless it elects to pay PIK Interest (as defined in Description of the Notes) on the notes. Its subsidiaries ability to generate cash from their operations is subject to weather, general economic, financial, competitive, legislative, regulatory and other factors that are beyond their control. As a result, their business may not generate sufficient cash flow from operations in amounts sufficient to enable Metals USA Holdings to make payments in respect of the exchange notes or service any of its other debt and to fund its other liquidity needs. If it does not have sufficient liquidity, Metals USA Holdings or its operating subsidiaries will have to take actions such as reducing or delaying strategic acquisitions, investments, capital expenditures and joint ventures, selling assets, restructuring or refinancing their debt or seeking additional equity capital. These remedies may not, if necessary, be effected on commercially reasonable terms, or at all. In addition, the terms of existing or future debt instruments, including the ABL facility and the indenture governing the Metals USA notes, may restrict Metals USA Holdings from adopting some of these alternatives. Furthermore, Apollo has no continuing obligation to provide Metals USA Holdings with debt or equity financing. Therefore, because of these and other factors beyond Metals USA Holdings control, it may be unable to service its debt, including the exchange notes.

If the subsidiaries of Metals USA Holdings default on their obligations to pay their indebtedness, Metals USA Holdings may not be able to make payments on the exchange notes.

If the subsidiaries of Metals USA Holdings are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on their indebtedness, or if they otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing their indebtedness, Metals USA Holdings could be in default under the terms of the agreements governing such indebtedness. If Metals USA Holdings subsidiaries operating performance declines in the future, they may need to obtain waivers from the lenders in respect of their indebtedness to avoid being in default. Metals USA Holdings subsidiaries, however, may not be able to obtain any requested waivers. In the event of a default, the holders of such indebtedness could elect to declare all funds borrowed thereunder to be due and payable, together with all accrued and unpaid interest, the lenders under the ABL facility could terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against Metals USA Holdings subsidiaries assets, and such subsidiaries could be forced into bankruptcy or liquidation. Any of the foregoing could prevent Metals USA Holdings from paying principal, premium, if any, and interest on the exchange notes and substantially decrease the market value of the exchange notes.

Metals USA Holdings may not be able to repurchase the exchange notes upon a change of control.

Upon a change of control as defined in the indenture governing the exchange notes, Metals USA Holdings will be required to make an offer to repurchase all outstanding notes at 101% of their principal amount, plus accrued and unpaid interest, unless it gives notice of its intention to exercise its right to redeem the exchange notes. The source of funds for any such purchase of the notes will be its available cash or cash generated from the operations of its subsidiaries or other sources, including borrowings, sales of assets or sales of equity. It may not be able to repurchase the exchange notes upon a change of control because it or its subsidiaries may not have sufficient funds, or because the terms of the debt instruments of its subsidiaries do not permit dividends or other asset transfers to be made to it. In the event a change of control occurs at a time when it does not have access to cash flow from its subsidiaries, it may seek the consent of the applicable lenders and debt holders in respect of its subsidiaries indebtedness to permit the dividend or other transfer of assets to it as is necessary to permit it to purchase the exchange notes, although it may not be able to do so.

A failure to make the applicable change of control offer or to pay the applicable change of control purchase price when due would result in a default under the indenture. The occurrence of a change of control would also constitute an event of default under the ABL facility and the indenture governing the Metals USA notes and may constitute an event of default under the terms of its or its subsidiaries other indebtedness. The terms of the loan

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agreement governing the ABL facility limit Metals USA s right to purchase or redeem certain indebtedness of Metals USA. In the event any purchase or redemption is prohibited, Metals USA may seek to obtain waivers from the required lenders under the ABL facility or the noteholders under the Metals USA notes to permit the required repurchase or redemption, but it may not be able to do so. As a result, if Metals USA Holdings experiences a change of control, its subsidiaries may not have sufficient financial resources to satisfy the obligations under the ABL facility and the Metals USA notes, and Metals USA Holdings may not have sufficient financial resources to satisfy its obligations under the exchange notes offered hereby. See Description of the Exchange Notes Change of Control.

Federal and state statutes may allow courts, under specific circumstances, to void the notes and require note holders to return payments received.

Metals USA Holdings used a portion of the proceeds from the sale of the old notes to pay a dividend to its equity holders. Its issuance of both the old notes and the exchange notes may be subject to review under state and federal laws if a bankruptcy, liquidation or reorganization case or a lawsuit, including in circumstances in which bankruptcy is not involved, were commenced at some future date by it or on behalf of its unpaid creditors. Under the federal bankruptcy laws and comparable provisions of state fraudulent transfer and fraudulent conveyance laws, a court may void or otherwise decline to enforce the notes or a court may subordinate the notes to Metals USA Holdings and its subsidiaries existing and future indebtedness. While the relevant laws may vary from state to state, a court might void or otherwise decline to enforce the notes if it found that when Metals USA Holdings issued the notes, or, in some states, when payments became due under the notes, it received less than reasonably equivalent value or fair consideration and either:

- it was insolvent or rendered insolvent by reason of such incurrence; or
- it was engaged in a business or transaction for which its remaining assets constituted unreasonably small capital; or
- it intended to incur, or believed or reasonably should have believed that it would incur, debts beyond its ability to pay such debts as they mature; or
- it was a defendant in an action for money damages, or had a judgment for money damages docketed against it if, in either case, after final judgment, the judgment is unsatisfied.

The court might also void the notes without regard to the above factors, if the court found that Metals USA Holdings issued the notes with actual intent to hinder, delay or defraud our creditors.

A court would likely find that Metals USA Holdings did not receive reasonably equivalent value or fair consideration for the notes if it did not substantially benefit directly or indirectly from the issuance of the notes. As a general matter, value is given for a note if, in exchange for the note, property is transferred or an antecedent debt is satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

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

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

it could not pay its debts as they become due.

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

If you fail to exchange your old notes, they will continue to be restricted securities and may become less liquid.

Old notes that you do not tender or that we do not accept will, following the exchange offer, continue to be restricted securities, and you may not offer to sell them except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue the exchange notes in exchange for the old notes in the exchange offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Procedures for Tendering. Such procedures and conditions include timely receipt by the exchange agent of such old notes and of a properly completed and duly executed letter of transmittal. Because we anticipate that most holders of the old notes will elect to exchange their old notes, we expect that the liquidity of the market for the old notes remaining after the completion of the exchange offer will be substantially limited. Any old notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount at maturity of the old notes. Further, following the exchange offer, if you did not tender your old notes, you generally would not have any further registration rights, and such old notes would continue to be subject to certain transfer restrictions.

There may be no active trading market for the exchange notes, and if one develops, it may not be liquid.

The exchange notes will constitute new issues of securities for which there is no established trading market. Metals USA Holdings does not intend to list the exchange notes on any national securities exchange or to seek the admission of the exchange notes for quotation through the National Association of Securities Dealers Automated Quotation System. Although the initial purchaser advised Metals USA Holdings that it intended to make a market in the exchange notes, it is not obligated to do so and may discontinue such market-making activity at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Securities and Exchange Act of 1934, as amended, which we refer to in this prospectus as the Exchange Act, and may be limited during the exchange offer and the pendency of any shelf registration statement. There can be no assurance as to the development or liquidity of any market for the exchange notes, the ability of the holders of the exchange notes to sell their exchange notes or the price at which the holders would be able to sell their exchange notes. Future trading prices of the exchange notes will depend on many factors, including:

- Metals USA Holdings subsidiaries operating performance and financial condition;
- the interest of securities dealers in making a market in the exchange notes; and
- the market for similar securities.

Historically, the market for non-investment-grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes offered hereby. The market for the exchange notes, if any, may be subject to similar disruptions. Any such disruptions may adversely affect the value of your exchange notes.

Broker-dealers may become subject to the registration and prospectus delivery requirements of the Securities Act and any profit on the resale of the exchange notes may be deemed to be underwriting compensation under the Securities Act.

Any broker-dealer that acquires exchange notes in the exchange offer for its own account in exchange for old notes which it acquired through market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction by that broker-dealer. Any profit on the resale of the exchange notes and any commission or concessions received by a broker-dealer may be deemed to be underwriting compensation under the Securities Act.

You may not receive the exchange notes in the exchange offer if the exchange offer procedures are not properly followed.

We will issue the exchange notes in exchange for your old notes only if you properly tender the old notes before expiration of the exchange offer. Neither we nor the exchange agent are under any duty to give notification of defects or irregularities with respect to the tenders of the old notes for exchange. If you are the beneficial holder of old notes that are held through your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender such notes in the exchange offer, you should promptly contact the person through whom your old notes are held and instruct that person to tender on your behalf.

Risks Related to Our Business

Our business, financial condition and results of operations are heavily impacted by varying metals prices.

Metals costs typically represent approximately 75% of our net sales. Metals costs can be volatile due to numerous factors beyond our control, including domestic and international economic conditions, labor costs, production levels, competition, import duties and tariffs and currency exchange rates. This volatility can significantly affect the availability and cost of raw materials for us, and may, therefore, adversely affect our net sales, operating margin and net income. Our metals service centers maintain substantial inventories of metal to accommodate the short lead-times and just-in-time delivery requirements of our customers. Accordingly, we purchase metal in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers, which we base on information derived from customers, market conditions, historic usage and industry research. Our commitments for metal purchases are generally at prevailing market prices in effect at the time we place our orders. We have no substantial long-term, fixed-price purchase contracts. When raw material prices rise, we may not be able to pass the price increase on to our customers. When raw material prices decline, customer demands for lower prices could result in lower sale prices and, to the extent we reduce existing inventory quantities, lower margins. There have been historical periods of rapid and significant movements in the prices of metal both upward and downward. Any limitation on our ability to pass through any price increases to our customers could have a material adverse effect on our business, financial condition or results of operations.

Changes in metal prices also affect our liquidity because of the time difference between our payment for our raw materials and our collection of cash from our customers. We sell our products and typically collect our accounts receivable within 45 days after the sale; however, we tend to pay for replacement materials (which are more expensive when metal prices are rising) over a much shorter period, in part to benefit from early-payment discounts. As a result, when metal prices are rising, we tend to draw more on the ABL facility to cover the cash flow cycle from our raw material purchases to cash collection. This cash requirement for working capital is higher in periods when we are increasing inventory quantities, as we did at the end of 2004. Our liquidity is thus adversely affected by rising metal prices. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Operating and Investing Activities.

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Our operating results could be negatively affected during economic downturns because the demand for our products is cyclical.

Many of our products are used in businesses that are, to varying degrees, cyclical and have historically experienced periodic downturns due to economic conditions, energy prices, consumer demand and other factors beyond our control. These economic and industry downturns have been characterized by diminished product demand, excess capacity and, in some cases, lower average selling prices for our products. Therefore, any significant downturn in one or more of the markets that we serve, one or more of the end-markets that our customers serve or in economic condition in general could result in a reduction in demand for our products and could have a material adverse effect on our business, financial condition or results of operations. Additionally, as an increasing amount of our customers relocate their manufacturing facilities outside of the United States, we may not be able to maintain our level of sales to those customers. As a result of the depressed economic conditions and reduction in construction in the northeastern United States in the years 2000 through the middle of 2002, our customers in such geographic areas had lower demand for our products. Concurrent reduced demand in a number of these markets combined with the foreign relocation of some of our customers could have an adverse effect on our business, financial condition or results of operations.

Our customers sell their products abroad, and some of our suppliers buy feedstock abroad. As a result, our business is affected by general economic conditions and other factors outside the United States, primarily in Europe and Asia. Our suppliers access to metal, and therefore our access to metal, is additionally affected by such conditions and factors. Similarly, the demand for our customers products, and therefore our products, is affected by such conditions and factors. These conditions and factors include further increased prices of steel, enhanced imbalances in the world s iron ore, coal and steel industries, a downturn in world economies, increases in interest rates, unfavorable currency fluctuations, including the weak U.S. dollar, or a slowdown in the key industries served by our customers. In addition, demand for the products of our Building Products Group has been and is expected to continue to be adversely affected if consumer confidence falls, since the results of that group depend on a strong residential remodeling industry, which in turn has been partially driven by relatively high consumer confidence.

We rely on metal suppliers in our business and purchase a significant amount of metal from a limited number of suppliers. Termination of one or more of our relationships with any of these suppliers could have a material adverse effect on our business, financial condition or results of operations because we may be unable to obtain metal from other sources in a timely manner or at all.

We use a variety of metals in our business. Our operations depend upon obtaining adequate supplies of metal on a timely basis. We purchase most of our metal from a limited number of metal suppliers. As of September 30, 2007, the top two metals producers represent a significant portion of our total metal purchasing cost. Termination of one or more of our relationships with either of these suppliers could have a material adverse effect on our business, financial condition or results of operations if we were unable to obtain metal from other sources in a timely manner.

In addition, the domestic metals production industry has experienced consolidation in recent years. As of September 30, 2007, the top three metals producers together control over 60% of the domestic flat rolled steel market. Further consolidation could result in a decrease in the number of our major suppliers or a decrease in the number of alternative supply sources available to us, which could make it more likely that termination of one or more of our relationships with major suppliers would result in a material adverse effect on our business, financial condition or results of operations. Consolidation could also result in price increases for the metal that we purchase. Such price increases could have a material adverse effect on our business, financial condition or results of operations if we were not able to pass these price increases on to our customers.

Intense competition among many competitors could adversely affect our profitability.

We are engaged in a highly fragmented and competitive industry. We compete with a large number of other value-added metals processor/service centers on a regional and local basis, some of which may have greater financial resources than we have. We also compete, to a much lesser extent, with primary metals producers, who typically sell to very large customers requiring regular shipments of large volumes of metals. One competitive factor, particularly in the ferrous Flat Rolled business, is price. We may be required in the future to reduce sales volumes to maintain our level of profitability. Increased competition in any of our businesses could have a material adverse effect on our business, financial condition or results of operations.

A failure to retain our key employees could adversely affect our business.

We are dependent on the services of our President, Chief Executive Officer and Chairman, Mr. C. Lourenço Gonçalves, and other members of our senior management team to remain competitive in our industry. There is a risk that we will not be able to retain or replace these key employees. Our current key employees are subject to employment conditions or arrangements that permit the employees to terminate their employment without notice. Other than a life insurance policy maintained by us on Mr. Gonçalves, for which we are the beneficiary, we do not maintain any life insurance policies for our key employees. The loss of any member of our senior management team could have a material adverse effect on our business, financial condition or results of operations.

From time to time, there are shortages of qualified operators of metals processing equipment. In addition, during periods of low unemployment, turnover among less-skilled workers can be relatively high. Any failure to retain a sufficient number of such employees in the future could have a material adverse effect on our business, financial condition or results of operations.

We are subject to litigation that could strain our resources and distract management.

From time to time, we are involved in a variety of claims, lawsuits and other disputes arising in the ordinary course of business. These suits concern issues including product liability, contract disputes, employee-related matters and personal injury matters. It is not feasible to predict the outcome of all pending suits and claims, and the ultimate resolution of these matters as well as future lawsuits could have a material adverse effect on our business, financial condition, results of operations or reputation.

Environmental costs could decrease our net cash flow and adversely affect our profitability.

Our operations are subject to extensive regulations governing waste disposal, air and water emissions, the handling of hazardous substances, remediation, workplace exposure and other environmental matters. Some of the properties we own or lease are located in areas with a history of heavy industrial use, and are near sites listed on the Comprehensive Environmental Response, Compensation, and Liability Act, which we refer to in this prospectus as CERCLA, National Priority List. See Business Government Regulation and Environmental Matters. CERCLA established joint and several responsibility for clean-up without regard to fault for persons who have arranged for disposal of hazardous substances at sites that have become contaminated and for persons who own or operate contaminated facilities. We have a number of properties located in or near industrial or light industrial use areas; accordingly, these properties may have been contaminated by pollutants which would have migrated from neighboring facilities or have been deposited by prior occupants. Some of our properties are affected by contamination from leaks and drips of cutting oils and similar materials, and we are investigating and remediating such known contamination pursuant to applicable environmental laws. The costs of such clean-ups to date have not been material. It is possible that we could be notified of such claims in the future. See Business Government Regulation and Environmental Matters. It is also possible that we could be identified by the Environmental Protection Agency, a state agency or one or more third parties as a potentially responsible party under CERCLA or under analogous state laws. If so, we could incur substantial litigation costs in defense of such claims.

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Adverse developments in our relationship with our unionized employees could adversely affect our business.

As of September 30, 2007, approximately 265 of our employees (10%) at various sites were members of unions. We are currently a party to eight collective-bargaining agreements with such unions, which expire at various times, including five of which will expire in 2010 (which cover approximately 6% of our employees). Collective-bargaining agreements for all of our union employees expire in each of the next three years. However, no assurances can be given that we will succeed in negotiating new collective-bargaining agreements to replace the expiring ones without a strike. Any strikes in the future could have a material adverse effect on our business, financial condition or results of operations. See Business Employees for a discussion of our previous negotiations of collective-bargaining agreements.

Metals USA s predecessor company emerged from Chapter 11 reorganization in 2002 and may not be able to achieve profitability on a consistent basis.

Metals USA s Predecessor Company sought protection under Chapter 11 of the Bankruptcy Code in November 2001. Metals USA s predecessor company incurred operating losses of $2.6 million and $390.5 million during the ten-month period ended October 31, 2002 and the fiscal year ended December 31, 2001, respectively. Approximately $386.1 million of the 2001 net loss was attributable to write-downs associated with the carrying value of our predecessor company s goodwill and property and equipment to their estimated recoverable values. Metals USA incurred an operating loss of $0.9 million for the two-month period ended December 31, 2002. The predecessor company s equity ownership, board of directors and a portion of its senior management were replaced in connection with the reorganization. We may not be able to sustain profitability or achieve growth in our operating performance.

Our historical financial information is not comparable to our current financial condition and results of operations because of our use of fresh-start accounting in 2002 and purchase accounting in connection with the Merger, the 2006 Acquisitions, and the acquisition of Lynch Metals.

It may be difficult for you to compare both our historical and future results to our results for the fiscal year ended December 31, 2006 and the nine months ended September 30, 2007. The Merger and the 2006 Acquisitions were accounted for utilizing purchase accounting, which resulted in a new valuation for the assets and liabilities of Metals USA to their fair values. This new basis of accounting began on November 30, 2005. Allocations are subject to valuations as of the closing date of the Merger. In addition, the 2006 Acquisitions and the acquisition of Lynch Metals are, and we expect future acquisitions will be, also accounted for using purchase accounting and, therefore, similar limitations regarding comparability of historical and subsequent results could arise. Under the purchase method of accounting, the operating results of each of the acquired businesses, including the 2006 Acquisitions and Lynch Metals are included in our financial statements only from the date of the acquisitions. As a result, amounts presented in the consolidated financial statements and footnotes may not be comparable with those of prior periods.

In addition, as a result of our emergence from bankruptcy on October 31, 2002, we were subject to Fresh-Start Reporting. Accordingly, our financial information as of any date or for periods after November 1, 2002, is not comparable to our historical financial information before November 1, 2002. This is primarily because Fresh-Start Reporting required us to reduce the carrying value of the property and equipment we owned at November 1, 2002 to zero. Accordingly, our historical operating results may be of limited use in evaluating our historical performance and comparing it to other periods.

We may not successfully implement our acquisition strategy, and acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our leverage and negatively impact our performance.

We may not be able to identify suitable acquisition candidates, and the expense incurred in consummating acquisitions of related businesses, or our failure to integrate such businesses successfully into our existing businesses, could affect our growth or result in our incurring unanticipated expenses and losses. Furthermore, we may not be able to realize any anticipated benefits from acquisitions. See Management s Discussion and Analysis of Financial Condition and Results of Operations Matters Impacting Comparability of Results 2006 Acquisitions and Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments Recent Acquisition. We regularly evaluate potential acquisitions and may complete one or more significant acquisitions in the future. To finance an acquisition, we may incur debt or issue equity. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties and may require significant financial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the risks associated with our acquisition strategy, which could have an adverse effect on our business, financial condition and results of operations, include:

- potential disruption of our ongoing business and distraction of management;
- unexpected loss of key employees or customers of the acquired company;
- conforming the acquired company s standards, processes, procedures and controls with our operations;
- coordinating new product and process development;
- hiring additional management and other critical personnel;
- encountering unknown contingent liabilities which could be material; and
- increasing the scope, geographic diversity and complexity of our operations.

Our acquisition strategy may not be successfully received by customers, and we may not realize any anticipated benefits from acquisitions.

We are controlled by Apollo and its affiliates, and their interests as equity holders may conflict with yours.

We are an affiliate of, and are controlled by, Apollo and its affiliates. The interests of Apollo and its affiliates may not always be aligned with yours. For example, our equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investment, even though these transactions might involve risks to the holders of our debt if the transactions resulted in our being more highly leveraged or significantly changed the nature of our business operations or strategy. In addition, if we encounter financial difficulties, or if we are unable to pay our debts as they mature, the interests of our equity holders might conflict with those of the holders of our debt. In that situation, for example, the holders of our debt might want us to raise additional equity to reduce our leverage and pay our debts, while our equity holders might not want to increase their investment in us or have their ownership diluted and instead choose to take other actions, such as selling our assets. Furthermore, Apollo and its affiliates have no continuing obligation to provide us with debt or equity financing. Additionally, Apollo and certain of its affiliates are in the business of making investments in businesses engaged in the metals service industry that complement or directly or indirectly compete with certain portions of our business.

Further, if they pursue such acquisitions in the metals service industry, those acquisition opportunities may not be available to us. So long as Apollo and its affiliates continue to indirectly own a significant amount of our equity, even if such amount is less than 50%, they will continue to be able to strongly influence or effectively control our business decisions.

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THE EXCHANGE OFFER

We entered into a registration rights agreement with the initial purchasers of the old notes, in which we agreed to file a registration statement relating to an offer to exchange the old notes for the exchange notes. The registration statement of which this prospectus forms a part was filed in compliance with this obligation. We also agreed to use our commercially reasonable efforts to file the registration statement with the SEC and to cause it to become effective under the Securities Act. The exchange notes will have terms substantially identical to the old notes, except that the exchange notes will not contain terms with respect to transfer restrictions and registration rights and additional interest payable for the failure to consummate the exchange offer by June 4, 2008. Old notes in an initial aggregate principal amount of $300,000,000 were issued on July 10, 2007.

Under the circumstances set forth below, we will use our commercially reasonable efforts to cause the SEC to declare effective a shelf registration statement with respect to the resale of the old notes and to keep the shelf registration statement effective up to two years after the effective date of the shelf registration statement. These circumstances include:

- if the exchange offer is not permitted by applicable law or SEC policy;
- if the exchange offer has not been consummated on or before June 4, 2008;
- if any initial purchaser so requests on or prior to the 60th day after the consummation of the registered exchange offer with respect to the old notes not eligible to be exchanged for the exchange notes and held by it following the consummation of the exchange offer; or
- if any holder that participates in the exchange offer does not receive freely transferable exchange notes in exchange for tendered old notes and so requests on or prior to the 60th day after the consummation of the registered exchange offer.

We expect to file a shelf registration statement on Form S-1 contemporaneously with the effectiveness of this exchange offer pursuant to which Apollo may sell all or a portion of any notes it holds in the market.

Each holder of old notes that wishes to exchange such old notes for transferable exchange notes in the exchange offer will be required to make the following representations:

- any exchange notes to be received by it will be acquired in the ordinary course of its business;
- neither it nor any person is participating in or intends to participate in a distribution of such exchange notes within the meaning of the federal securities laws, or has an arrangement or understanding with any person or entity, including any of our affiliates, to participate in any distribution (within the meaning of Securities Act) of the exchange notes in violation of the Securities Act; and
- neither it nor any such other person is our affiliate, as defined in Rule 405 under the Securities Act, or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Transferability of the Exchange Notes

We are making this exchange offer in reliance on interpretations of the staff of the SEC set forth in several no-action letters. However, we have not sought our own no-action letter. Based upon these interpretations, we believe that you, or any other person receiving exchange notes, may offer for resale, resell or otherwise transfer such exchange notes without complying with the registration and prospectus delivery requirements of the U.S. federal securities laws, if:

- you are, or the person or entity receiving such exchange notes is, acquiring such exchange notes in the ordinary course of business;

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- you do not, nor does any such person or entity, participate in or intend to participate in a distribution of the exchange notes within the meaning of the U.S. federal securities laws;

- you do not, nor does any such person or entity, have an arrangement or understanding with any person or entity to participate in any distribution of the exchange notes;

- you are not, nor is any such person or entity, our affiliate as defined in Rule 405 under the Securities Act; and

- you are not acting on behalf of any person or entity who could not truthfully make these statements.

In order to participate in the exchange offer, each holder of exchange notes must represent to us that each of these statements is true:

- such holder is not an affiliate of ours;

- such holder is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the exchange notes; and

- any exchange notes such holder receives will be acquired in the ordinary course of business.

Broker-dealers and each holder of outstanding notes intending to use the exchange offer to participate in a distribution of exchange notes (1) may not rely under the SEC s policy, as of July 10, 2007, on the applicable interpretation of the staff of the SEC s position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993) and (2) must comply with the registration and prospectus requirements of the Securities Act in connection with a secondary resale transaction and will deliver a prospectus in connection with any such resale of the exchange notes.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the old notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Please read the section captioned Plan of Distribution for more details regarding these procedures for the transfer of exchange notes. We have agreed that, for a period of 180 days after the exchange offer is consummated, we will make this prospectus available to any broker-dealer for use in connection with any resale of the exchange notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange any old notes properly tendered and not withdrawn prior to the expiration date. We will issue up to $300,000,000 in principal amount of exchange notes, in the aggregate, in exchange for an equal principal amount of the old notes surrendered under the exchange offer. Holders may tender some or all of their outstanding notes pursuant to the exchange offer. However, old notes may be exchanged only in denominations of $2,000 and any integral multiples of $1,000 in excess of $2,000.

The form and terms of the exchange notes will be substantially identical to the form and terms of the old notes except that:

- the exchange notes have been registered under the Securities Act and will be freely tradable by persons who are not affiliated with us;

the exchange notes are not entitled to the registration rights that are applicable to the old notes under the registration rights agreement;

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- the exchange notes will bear a different CUSIP number from that of the old notes; and

- our obligation to pay additional interest on the old notes if the exchange offer is not consummated by June 4, 2008 does not apply to the exchange notes.

The exchange notes will evidence the same debt as the old notes. The exchange notes will be issued under and entitled to the benefits of the same indenture that authorized the issuance of the old notes. Consequently, each series of notes will be treated as a single class of debt securities under the applicable indenture.

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

As of the date of this prospectus, $300,000,000 initial aggregate principal amount of the old notes are outstanding. The exchange notes offered will be limited to $300,000,000 in aggregate principal amount. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

In connection with the issuance of the old notes, we arranged for the old notes to be issued in the form of global notes through the facilities of DTC, acting as depositary. The exchange notes will also be issued in the form of global notes registered in the name of DTC or its nominee and each beneficial owner s interest in it will be transferable in book-entry form through DTC.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Exchange Act, and the rules and regulations of the SEC. Old notes that are not tendered for exchange or are tendered but not accepted in the exchange offer will remain outstanding and be entitled to the benefits of the indenture under which they were issued, including accrual of interest, but, subject to a limited exception, will not be entitled to any registration rights under the applicable registration rights agreement.

We will be deemed to have accepted for exchange properly tendered old notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us and delivering exchange notes to such holders. If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of other events described in this prospectus or otherwise, we will return the certificates for any unaccepted outstanding notes, at our expense, to the tendering holder promptly after expiration of the exchange offer.

Subject to the terms of the registration rights agreements, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under the caption Certain Conditions to the Exchange Offer.

Holders who tender old notes in the exchange offer will not be required to pay brokerage commissions or fees, or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of old notes. We will pay all charges and expenses, other than those transfer taxes described below, in connection with the exchange offer. It is important that you read the section labeled Fees and Expenses below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extensions; Amendments

The exchange offer will expire 5:00 p.m. (New York City time) on February 20, 2008, which we refer to in this prospectus as the expiration date, unless we extend it in our sole discretion.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing. In addition, we will notify the registered holders of old notes, in writing, by public announcement or both, of the extension no later than 9:00 a.m. (New York City time) on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any old notes;
- to extend the exchange offer or to terminate the exchange offer and to refuse to accept old notes not previously accepted if any of the conditions set forth below under Certain Conditions to the Exchange Offer have not been satisfied, by giving oral or written notice of such delay, extension or termination to the exchange agent; or
- subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice or public announcement thereof to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders of old notes of such amendment. If we terminate this exchange offer as provided in this prospectus before accepting any old notes for exchange or if we amend the terms of this exchange offer in a manner that constitutes a fundamental change in the information set forth in the registration statement of which this prospectus forms a part, we will promptly file a post-effective amendment to the registration statement of which this prospectus forms a part. In addition, we will in all events comply with our obligation to make prompt payment for all old notes properly tendered and accepted for exchange in the exchange offer.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we shall not have any obligation to publish, advertise or otherwise communicate any such public announcement, other than by issuing a timely press release to a financial news service.

Certain Conditions to the Exchange Offer

Despite any other terms of the exchange offer, we will not be required to accept for exchange, or issue any exchange notes for, any old notes, and we may terminate or amend the exchange offer as provided in this prospectus before accepting any old notes for exchange if, in our reasonable judgment:

- the exchange notes to be received will not be tradable by the holder without restriction under the Securities Act or the Exchange Act, and without material restrictions under the blue-sky or securities laws of substantially all of the states of the United States:
- the exchange offer, or the making of any exchange by a holder of old notes, violates any law, statute, rule, regulation or interpretation by the staff of the SEC or any order of any governmental agency or court of competent jurisdiction; or
- any action or proceeding has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, could reasonably be expected to impair our ability to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the old notes of any holder that has not made:

- the representations described under Purpose and Effect of the Exchange Offer, Procedures for Tendering and Plan of Distribution, and such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

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We expressly reserve the right, at any time or at various times on or prior to the scheduled expiration date of the exchange offer, to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any old notes by giving oral or written notice of such extension to the registered holders of the old notes. During any such extensions, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange unless they have been previously withdrawn. We will return any old notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer on or prior to the scheduled expiration date of the exchange offer, and to reject for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions of the exchange offer specified above. We will give oral or written notice or public announcement of any extension, amendment, non-acceptance or termination to the registered holders of the old notes as promptly as practicable. In the case of any extension, such notice will be issued no later than 9:00 a.m. (New York City time) on the business day after the previously scheduled expiration date. See Expiration Date; Extensions; Amendments.

These conditions are for our sole benefit and we may, in our sole discretion, assert them regardless of the circumstances that may give rise to them or waive them in whole or in part at any time or at various times, except that all conditions to the exchange offer must be satisfied or waived by us prior to the expiration of the exchange offer. If we fail at any time to exercise any of the foregoing rights, that failure will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times prior to the expiration of the exchange offer.

In addition, we will not accept for exchange any old notes tendered, and will not issue exchange notes in exchange for any such old notes, if at such time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended. In any such event, we must use commercially reasonable efforts to obtain the withdrawal or lifting of any stop order at the earliest possible moment.

Procedures for Tendering

Only a holder of old notes may tender such old notes in the exchange offer. To tender in the exchange offer, a holder must:

- complete, sign and date the letter of transmittal, or a facsimile of the letter of transmittal; have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and mail or deliver such letter of transmittal or facsimile to the exchange agent prior to the expiration date; or

- comply with DTC s Automated Tender Offer Program procedures described below.

In addition, either:

- the exchange agent must receive old notes along with the letter of transmittal;

- the exchange agent must receive, prior to the expiration date, a timely confirmation of book-entry transfer of such old notes into the exchange agent s account at DTC according to the procedures for book-entry transfer described below or a properly transmitted agent s message; or

- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under Exchange Agent prior to the expiration date.

The tender by a holder that is not withdrawn prior to the expiration date will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

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The method of delivery of old notes, the letter of transmittal and all other required documents to the exchange agent is at the holder s election and risk. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before the expiration date. Holders should not send us the letter of transmittal or old notes. Holders may request their respective brokers, dealers, commercial banks, trust companies or other nominees to effect the above transactions for them.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the owner s behalf. If such beneficial owner wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its old notes, either:

- make appropriate arrangements to register ownership of the old notes in such owner s name; or
- obtain a properly completed bond power from the registered holder of old notes.

Depending on the facts and circumstances applicable to a particular beneficial owner, including the nominee in whose name the notes are registered and applicable state laws, the transfer of registered ownership may take an indeterminable amount of time and may not be completed prior to the expiration date.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC s system may use DTC s Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the old notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent. The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, to the effect that:

- DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that such participant is tendering old notes that are the subject of such book-entry confirmation;
- such participant has received and agrees to be bound by the terms of the letter of transmittal (or, in the case of an agent s message relating to guaranteed delivery, that such participant has received and agrees to be bound by the applicable notice of guaranteed delivery); and
- the agreement may be enforced against such participant.

In all cases, we will issue exchange notes for old notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- old notes or a timely book-entry confirmation of such old notes into the exchange agent s account at DTC; and
- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

By signing the letter of transmittal, each tendering holder of old notes will represent that, among other things:

any exchange notes that the holder receives will be acquired in the ordinary course of its business;

the holder has no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the exchange notes;

if the holder is not a broker-dealer, that it is not engaged in and does not intend to engage in the distribution of the exchange notes; and

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- the holder is not our affiliate, as defined in Rule 405 of the Securities Act, or, if it is an affiliate, that it will comply with applicable registration and prospectus delivery requirements of the Securities Act.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See Plan of Distribution.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the old notes at DTC for purposes of the exchange offer promptly after the date of this prospectus, and any financial institution participating in DTC s system may make book-entry delivery of old notes by causing DTC to transfer such old notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. Holders of old notes who are unable to deliver confirmation of the book-entry tender of their old notes into the exchange agent s account at DTC or all other documents of transmittal to the exchange agent on or prior to the expiration date must tender their old notes according to the guaranteed delivery procedures described below.

Guarantee of Signatures

Signatures on a letter of transmittal or a notice of withdrawal described below must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or another eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act, which we collectively refer to in this prospectus as an eligible institution, unless the old notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or

- for the account of an eligible institution.

Signature on Letter of Transmittal; Bond Powers and Endorsements

If the letter of transmittal is signed by a person other than the registered holder of any old notes listed on the old notes, such old notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the old notes, and an eligible institution must guarantee the signature on the bond power.

If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

Guaranteed Delivery Procedures

Holders wishing to tender their old notes but whose old notes are not immediately available or who cannot deliver their old notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s Automated Tender Offer Program prior to the expiration date may tender if:

- the tender is made through an eligible institution;

- prior to the expiration date, the exchange agent receives from such eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail or hand delivery or a properly transmitted agent s message and notice of guaranteed delivery:

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setting forth the name and address of the holder, the registered number(s) of such old notes and the principal amount of old notes tendered;

stating that the tender is being made thereby;

guaranteeing that, within three (3) New York Stock Exchange trading days after the expiration date, the letter of transmittal or facsimile thereof, together with the old notes or a book-entry confirmation, and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and

the exchange agent receives such properly completed and executed letter of transmittal or facsimile thereof, as well as all tendered old notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three (3) New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their old notes according to the guaranteed delivery procedures set forth above.

Determination of Valid Tenders; Our Rights under the Exchange Offer

We will determine in our sole discretion all questions as to the validity, form, eligibility (including time of receipt), acceptance of tendered old notes and withdrawal of tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tenders as to particular old notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine.

Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of old notes will not be deemed made until such defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, holders of old notes may withdraw their tenders at any time prior to the expiration date.

For a withdrawal to be effective:

the exchange agent must receive a written notice of withdrawal, which notice may be by telegram, telex, facsimile transmission or letter, at one of the addresses set forth below under Exchange Agent, prior to Metals notifying the exchange agent that it has accepted the tender of old notes pursuant to the exchange offer; or

holders must comply with the appropriate procedures of DTC s Automated Tender Offer Program system.

Any such notice of withdrawal must:

specify the name of the person who tendered the old notes to be withdrawn;

identify the old notes to be withdrawn, including the principal amount of such old notes; and where certificates for old notes have been transmitted, specify the name in which such old notes were registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit:

the serial numbers of the particular certificates to be withdrawn; and

a signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution.

If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility, including time of receipt of such notices, and our determination shall be final and binding on all parties. We will deem any old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of old notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such old notes will be credited to an account maintained with DTC for old notes) promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures described under Procedures for Tendering above, at any time prior to the expiration date.

Exchange Agent

Wells Fargo Bank, N.A. has been appointed as exchange agent for the exchange offer. ALL EXECUTED LETTERS OF TRANSMITTAL SHOULD BE SENT TO THE EXCHANGE AGENT AT THE ADDRESS LISTED BELOW. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent addressed as follows:

By Registered and Certified Mail:	*By Overnight Courier or Regular Mail:*	*By Hand Delivery:*
Wells Fargo Bank, N.A. Corporate Trust Operations MAC N9303-121 P.O. Box 1517 Minneapolis, MN 55480	Wells Fargo Bank, N.A. Corporate Trust Operations MAC N9303-121 6th & Marquette Avenue Minneapolis, MN 55479	Wells Fargo Bank, N.A. Corporate Trust Services 608 2nd Avenue South Northstar East Building - 12th Fl. Minneapolis, MN 55402

Or

By Facsimile Transmission:

(612) 667-6282

Telephone:

(800) 344-5128

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF SUCH LETTER OF TRANSMITTAL.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitations by telegraph, telephone or in person by our officers and regular emp1oyees and those of our affiliates.

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We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

Our expenses in connection with the exchange offer include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

In general, we will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing old notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of old notes tendered;
- tendered old notes are registered in the name of any person other than the person signing the letter of transmittal; or
- a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

In addition, holders who instruct us to register exchange notes in the name of, or request that old notes not tendered or not accented in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer taxes.

Consequences of Failure to Exchange

Holders of old notes who do not exchange their old notes for exchange notes under the exchange offer, including as a result of failing to timely deliver old notes to the exchange agent, together with all required documentation, including a properly completed and signed letter of transmittal, will remain subject to the restrictions on transfer of such old notes. Because the old notes have not been registered under the U.S. federal securities laws, they bear a legend restricting their transfer absent registration or the availability of a specific exemption from registration. The holders of old notes not tendered will have no further registration rights, except that, under limited circumstances, we may be required to file a shelf registration statement for a continuous offer of old notes. We expect to file a shelf registration statement on Form S-1 contemporaneously with the effectiveness of this exchange offer pursuant to which Apollo may sell all or a portion of any notes it holds in the market.

Accordingly, the old notes not tendered may be resold only:

to us or our subsidiaries;

pursuant to a registration statement which has been declared effective under the Securities Act;

for so long as the old notes are eligible for resale pursuant to Rule 144A under the Securities Act to a person the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A; or

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pursuant to any other available exemption from the registration requirements of the Securities Act (in which case we and the trustee shall have the right to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee), subject in each of the foregoing cases to any requirements of law that the disposition of the seller s property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws.

Upon completion of the exchange offer, due to the restrictions on transfer of the old notes and the absence of such restrictions applicable to the exchange notes, it is likely that the market, if any, for old notes will be relatively less liquid than the market for exchange notes. Consequently, holders of old notes who do not participate in the exchange offer could experience significant diminution in the value of their old notes, compared to the value of the exchange notes.

Accounting Treatment

We will record the exchange notes in our accounting records at the same carrying value as the old notes, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer. We will defer the cost of this exchange offer and amortize these costs to interest expense over the term of the notes.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

In the future, we may seek to acquire untendered old notes in the open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any old notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered old notes.

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USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the exchange notes. In consideration for issuing the exchange notes, we will receive in exchange the old notes in like principal amount, which will be cancelled and as such will not result in any increase in our indebtedness.

The net proceeds from the offering of the old notes, together with additional borrowing under the ABL facility, were used to redeem the 2006 notes (for approximately $150.0 million plus accrued and unpaid interest of approximately $5.4 million), to pay a cash dividend of approximately $139.5 million to our stockholders, which include Apollo and certain members of our management, and to pay for fees and expenses related to the offering of the old notes. The old notes and the exchange notes are floating rate toggle notes and mature on July 1, 2012. The old notes surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. No underwriter is being used in connection with the exchange offer.

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CAPITALIZATION

The following table sets forth cash and cash equivalents and capitalization as of September 30, 2007, on a historical basis.

This table should be read together with Selected historical consolidated financial data, Unaudited pro forma condensed consolidated financial information, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes to those statements, in each case, included elsewhere in this prospectus.

	As of September 30, 2007 Historical (in millions)	
Cash and cash equivalents	$	17.3
Total debt:		
ABL facility(1)	$	300.0
Metals USA notes		275.0
Notes(2)		291.4
Other(3)		9.9
Total debt	$	876.3
Stockholders deficit	$	(127.7)
Total capitalization	$	748.6

(1) The ABL facility provides for up to $525.0 million of senior secured revolving credit borrowings and letters of credit, subject to a borrowing base determined primarily by the value of our eligible receivables and inventory, subject to certain reserves. As of September 30, 2007, we had eligible collateral of $468.1 million, facility size of $525.0 million, $300.0 million in outstanding advances, $15.5 million in open letters of credit and $145.0 million in additional borrowing capacity.

(2) The notes have an initial aggregate amount of $300.0 million.

(3) Consists of an IRB with $5.7 million principal amount outstanding as of September 30, 2007, which is payable on May 1, 2016 in one lump sum payment a note payable in the amount of $3.8 million recorded in connection within the Lynch Metals acquisition, and $0.4 million in vendor financing and purchase money notes.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial statements have been developed by applying pro forma adjustments to our historical audited and unaudited consolidated statements of operations and our historical unaudited consolidated balance sheet included elsewhere in this prospectus. Each of the unaudited pro forma adjustments and their underlying assumptions are described more fully in the notes to our unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2006 give effect to additional borrowings in connection with the May 2006 dividend, the offering of the 2006 notes and the application of the net proceeds from the offering of the 2006 notes to pay the January 2007 dividend, additional borrowings in connection with the June 2007 amendment to the ABL facility, as well as to the offering of the old notes and the use of the proceeds therefrom as if they occurred on January 1, 2006. The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2007 give effect to additional borrowings in connection with the June 2007 amendment to the ABL facility, as well as the offering of the old notes and the use of the proceeds therefrom as if they also occurred on January 1, 2006.

The summary unaudited pro forma condensed consolidated financial information is presented for informational purposes only and does not purport to represent what our results of operations or financial position actually would have been if the May 2006 dividend, the offering of the 2006 notes and the application of the net proceeds from the offering of the 2006 notes to pay the January 2007 dividend, the additional borrowings in connection with the June 2007 amendment to the ABL facility, as well as the offering of the old notes and the use of proceeds therefrom, had occurred at any date, and such data do not purport to project the results of operations for any future period.

The historical financial results included in the following pro forma condensed consolidated financial statements are derived from the Company s consolidated statement of operations for the year ended December 31, 2006, and the Company s unaudited consolidated statements of operations for the nine-month period ending September 30, 2007.

The unaudited pro forma condensed consolidated financial information should be read in conjunction with Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and our consolidated financial statements and related notes included elsewhere in this prospectus.

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METALS USA HOLDINGS CORP.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2006

(in millions)

	Historical Metals USA Holdings Corp.	Adjust-ments for May 2006 Dividend	Adjust-ments for 2006 Notes Offering and January 2007 Dividend	Pro Forma for May 2006 Dividend, 2006 Notes Offering and January 2007 Dividend	Adjust-ments for June 2007 ABL facility Amend-ment	Adjust-ments for Old Notes Offering and July 2007 Dividend	Pro Forma
Net sales	$ 1,802.9	$	$	$ 1,802.9	$	$	$ 1,802.9
Costs and expenses:							
Cost of sales	1,371.8			1,371.8			1,371.8
Operating and delivery	175.5			175.5			175.5
Selling, general and administrative	115.2		0.2 (2)	115.4			115.4
Depreciation and amortization	21.4			21.4			21.4
Operating income (loss)	119.0		(0.2)	118.8			118.8
Interest expense	54.6	0.7 (1)	19.5 (3)	74.8	0.4 (5)	18.3 (6)	93.5
Other (income) expense	(0.7)			(0.7)			(0.7)
Income (loss) before taxes	65.1	(0.7)	(19.7)	44.7	(0.4)	(18.3)	26.0
Provision (benefit) for income taxes	25.8	(0.3)(4)	(7.6)(4)	17.9	(0.2)	(7.1)(4)	10.6
Net income (loss)	$ 39.3	$ (0.4)	$ (12.1)	$ 26.8	$ (0.2)	$ (11.2)	$ 15.4

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METALS USA HOLDINGS CORP.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2007

(in millions)

	Historical Metals USA Holdings Corp.	Adjustments for June 2007 ABL facility Amendment	Adjustments for Old Notes Offering and July 2007 Dividend	Pro Forma
Net sales	$ 1,413.1	$	$	$ 1,413.1
Costs and expenses:				
Cost of sales	1,083.2			1,083.2
Operating and delivery	133.6			133.6
Selling, general and administrative	86.5			86.5
Depreciation and amortization	15.5			15.5
Impairment of property and equipment	0.2			0.2
Operating income	94.1			94.1
Interest expense	63.7	0.2(5)	17.0(6)	80.9
Loss on extinguishment of debt	8.4			8.4
Other (income) expense	(0.8)			(0.8)
Income (loss) before taxes	22.8	(0.2)	(17.0)	5.6
Provision (benefit) for income taxes	10.7	(0.1)(4)	(6.6)(4)	4.0
Net income (loss)	$ 12.1	$ (0.1)	$ (10.4)	$ 1.6

(footnotes on following page)

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METALS USA HOLDINGS CORP. AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions)

(1) Represents increased interest expense related to additional borrowings on the ABL facility used to pay the May 2006 dividend. For purposes of calculating pro forma interest expense, average historical LIBOR rates during the period were used, and the spread above LIBOR was from 2.00% to 3.50% to arrive at an interest rate of 6.7% for the year ended December 31, 2006.

(2) Represents incremental compensation expense resulting from the modification and conversion of certain employee equity awards to liability awards in connection with the January 2007 dividend. Total compensation expense of $1.4 will be recognized ratably over the service period. Payment of this liability award is subject to continued employment for two years following the modification date.

Because the payment of the January 2007 dividend resulted in the achievement of certain performance targets of the funds managed by Apollo with respect to its investment in the company, the Board of Directors exercised its discretion under the Amended and Restated 2005 Stock Incentive Plan to vest all of the outstanding Tranche B options. In addition, the Board of Directors exercised its discretion to vest Tranche A options granted to directors affiliated with Apollo. See Management Stock Options. In connection with the accelerated vesting of these options, the company was required to recognize $1.8 of non-cash stock-based compensation expense, net of related tax effects, in the first quarter of 2007. This amount is not included in the pro forma condensed consolidated statement of operations, but was included in the Company s consolidated statement of operations for the nine-month period ended September 30, 2007.

(3) Represents the net increase in interest expense incurred in connection with the offering of the 2006 notes, the net increase in amortization of related deferred debt issuance costs, and additional borrowings on the ABL facility in connection with the January 2007 dividend as follows:

	Year Ended December 31, 2006
Net additional interest on the 2006 notes	$ 18.1
Net additional amortization of deferred financing costs incurred in connection with the issuance of the 2006 notes	0.8
Additional interest on the ABL facility	0.6
	$ 19.5

For purposes of calculating pro forma interest expense on the 2006 notes, historical LIBOR as of December 31, 2006 was used (5.36%), and the spread above LIBOR was 6.00% for the year ended December 31, 2006 to arrive at a cash interest rate of 11.36%. The 2006 notes were issued net of a 3.5% original issue discount from the aggregate initial principal amount of $150.0, resulting in an effective interest rate of 12.41%. This assumes interest on the notes is paid in cash. In the event PIK Interest is paid on the notes after the first interest period, the margin over LIBOR on the notes would increase by 0.75% over the spread for each period in which PIK Interest is paid. Each one-quarter percent change in the interest rate would increase pro forma interest expense by $0.4 on an annual basis.

The interest expense on the ABL facility is primarily based on a spread over LIBOR. For purposes of calculating pro forma interest expense, average historical LIBOR rates during the respective period was used, and the spread above LIBOR was from 1.75% to 3.50% to arrive at an interest rate of 7.1%.

(4) Reflects an estimated 38.8% tax rate on a pro forma basis.

(5) Represents increased interest expense related to $1.6 of additional borrowings on the ABL facility used to pay fees and expenses in connection with the June 2007 amendment to the ABL facility, in addition to additional amortization of deferred financing costs incurred in connection with the June 2007 amendment to the ABL facility as follows:

	Year Ended December 31, 2006	Nine Months Ended September 30, 2007
Interest on the ABL facility	$ 0.1	$ 0.1
Amortization of deferred financing costs for the ABL facility	0.3	0.1
	$ 0.4	$ 0.2

For purposes of calculating pro forma interest expense, average historical LIBOR rates during the period were used, and the spread above LIBOR was from 1.75% to 3.50% to arrive at an interest rate of 7.3%.

(6) Represents the net increase in interest expense incurred in connection with the old notes offering, in addition to the net increase in amortization of related deferred debt issuance costs as follows:

	Year Ended December 31, 2006	Nine Months Ended September 30, 2007
Interest on old notes, net of interest on 2006 notes	$ 18.2	$ 16.7
Amortization of deferred debt issuance costs on the old notes, net of amortization of deferred debt issuance costs on the 2006 notes	0.1	0.3
	$ 18.3	$ 17.0

For purposes of calculating pro forma interest expense on the old notes, historical LIBOR as of September 30, 2007 was used (5.23%), and the spread above LIBOR was 6.00% for the year ended December 31, 2006 to arrive at a cash interest rate of 11.23%; the spread above LIBOR was 6.25% for the nine months ended September 30, 2007 to arrive at a cash interest rate of 11.48%. We have not adjusted our interest expense to give effect to the interest payable on the approximately $8.3 that was borrowed under the ABL facility in connection with the 2006 notes redemption because it is a borrowing in connection with a one-time event. The old notes were issued net of a 3.0% original issue discount from the aggregate initial principal amount of $300.0, resulting in an effective interest rate of 12.28%. This assumes interest on the notes is paid in cash. In the event a PIK Payment is made on the notes after the first interest period, the margin over LIBOR on the notes would increase by 0.75% over the spread for each period in which a PIK Payment is made. Each one-quarter percent change in the interest rate on the notes offered hereby would increase pro forma cash interest expense by $0.7 on an annual basis.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

On May 18, 2005, Metals USA Holdings and its indirect wholly-owned subsidiary, Flag Acquisition Corporation, entered into an agreement and plan of merger with Metals USA. On November 30, 2005, Flag Acquisition merged with and into Metals USA, with Metals USA being the surviving corporation. Metals USA Holdings, Flag Intermediate and Flag Acquisition conducted no operations during the period May 9, 2005 (date of inception) to November 30, 2005.

We applied purchase accounting on the closing date of the Merger and, as a result, the merger consideration was allocated to the respective values of the assets acquired and liabilities assumed from the Predecessor Company. As a result of the application of purchase accounting, the Successor Company balances and amounts presented in the consolidated financial statements and footnotes are not comparable with those of the Predecessor Company.

During 2001, the Predecessor Company filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code, from which it emerged on October 31, 2002. Upon our emergence from bankruptcy, the Predecessor Company adopted Fresh-Start Reporting accounting as contained in AICPA Statement of Position 90-7, Financial Reporting for Entities in Reorganization under the Bankruptcy Code.

The consolidated financial statements of the Predecessor Company after October 31, 2002 are not comparable to the consolidated financial statements of the Predecessor Company prior to November 1, 2002. The principal differences relate to the exchange of shares of new common stock for pre-petition liabilities subject to compromise, issuance of warrants in exchange for the extinguished old common stock, adjustments to reflect the fresh-start impact on the carrying value of certain non-current assets and elimination of the retained deficit.

The following table sets forth our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data for the year ended December 31, 2004, and for the period from January 1, 2005 to November 30, 2005 for the Predecessor Company and as of December 31, 2005 and for the period from May 9, 2005 (date of inception) to December 31, 2005, and the year ended December 31, 2006, for the Successor Company have been derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The Successor Company had no assets and conducted no operations from May 9, 2005 (date of inception) to November 30, 2005. The selected historical consolidated financial data as of December 31, 2002, 2003 and 2004 and for each of the two years in the period ended December 31, 2003 presented in this table have been derived from our Predecessor Company s audited consolidated financial statements not included in this prospectus. The historical consolidated financial data for the nine month periods ended September 30, 2006 and 2007 have been derived from our unaudited consolidated financial statements, included elsewhere in this prospectus. The September 30, 2006 and 2007 unaudited consolidated financial statements have been prepared on a basis consistent with our audited consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The historical audited consolidated financial statements not included in this prospectus from which the selected historical consolidated data was derived have been reclassified to give effect to discontinued operations identified during 2002. The results of any interim period are not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year, and the historical results set forth below do not necessarily indicate results expected for any future period. The selected historical consolidated financial data set forth below should be read in conjunction with, and are qualified by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes thereto included elsewhere in this prospectus.

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	Predecessor Company(1)					Successor Company(2)			
	Period from January 1, 2002 to October 31, 2002(1)	Period from November 1, 2002 to December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004	Period from January 1, 2005 to November 30, 2005 (in millions)	Period from May 9, 2005 (Date of Inception) to December 31, 2005	Year Ended December 31, 2006	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2007
Operation Data:									
Net sales	$ 833.3	$ 128.7	$ 963.2	$ 1,509.8	$ 1,522.1	$ 116.9	$ 1,802.9	$ 1,365.4	$ 1,413.1
Costs and expenses:									
Cost of sales (exclusive of operating and delivery, and depreciation and amortization shown below)	639.0	98.7	731.6	1,080.1	1,189.3	92.5	1,371.8	1,038.6	1,083.2
Operating and delivery	110.1	18.3	127.7	144.4	139.1	12.8	175.5	131.2	133.6
Selling, general and administrative(3)	79.5	12.6	87.0	109.6	108.5	9.3	115.2	87.2	86.5
Depreciation and amortization(4)	7.5		0.5	2.0	3.1	1.4	21.4	13.4	15.5
Integration credits(5)	(3.2)								
Impairment of property and equipment	3.0								0.2
Operating income (loss)	(2.6)	(0.9)	16.4	173.7	82.1	0.9	119.0	95.0	94.1
Interest expense	15.8	1.3	5.7	8.4	12.0	4.1	54.6	39.6	63.7
Loss on extinguishment of debt									8.4
Other (income) expense	(1.1)	0.1	(2.0)	(2.5)	(0.1)		(0.7)	(0.5)	(0.8)
Fresh-start adjustments	109.7								
Gain on reorganization	(190.6)								
Reorganization expenses	28.3								
Income (loss) before taxes and discontinued operations	35.3	(2.3)	12.7	167.8	70.2	(3.2)	65.1	55.9	22.8
Provision (benefit) for income taxes	(15.4)		5.1	63.3	26.7	(1.2)	25.8	22.6	10.7
Income (loss) from continuing operations	50.7	(2.3)	7.6	104.5	43.5	(2.0)	39.3	33.3	12.1
Income (loss) from discontinued operations, net of taxes	0.6	(1.0)	(0.1)						
Net income (loss)	$ 51.3	$ (3.3)	$ 7.5	$ 104.5	$ 43.5	$ (2.0)	39.3	$ 33.3	$ 12.1

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	Predecessor Company(1)			Successor Company(2)		
	As of December 31,			As of December 31,		As of September 30,
	2002	2003	2004	2005	2006	2007
	(in millions)					
Balance Sheet Data:						
Cash	$ 6.3	$ 11.4	$ 12.6	$ 11.3	$ 155.8	$ 17.3
Working capital	318.2	303.4	565.0	453.7	713.6	524.2
Total assets	378.6	407.2	710.0	795.3	1,127.0	990.2
Total debt	128.7	118.7	270.6	473.5	755.4	876.3
Total liabilities	189.6	206.6	381.8	662.9	979.4	1,117.9
Stockholders equity (deficit)	189.0	200.6	328.2	132.4	147.6	(127.7)

	Predecessor Company(1)					Successor Company(2)			
	Period from January 1, 2002 to October 31,	Period from November 1, 2002 to December 31,	Year Ended December 31,		Period from January 1, 2005 through November 30,	Period from May 9, 2005 (Date of Inception) to December 31,	Year Ended December 31,	Nine Months Ended September 30,	
	2002(1)	2002	2003	2004	2005	2005	2006	2006	2007
	(dollars in millions)								
Cash Flow Data:									
Cash flows provided by (used in) operating activities	$ 8.4	$ 14.5	$ 26.9	$ (128.6)	$ 170.1	$ 7.3	$ (45.7)	$ (51.2)	$ 98.2
Cash flows provided by (used in) investing activities	80.2	6.4	(11.8)	(16.0)	(15.8)	(434.5)	(61.0)	(56.8)	(53.4)
Cash flows provided by (used in) financing activities	(141.9)	(33.7)	(10.0)	145.8	(120.7)	438.5	251.2	108.5	(183.3)
Other Operating Data:									
Shipments (in thousands of tons)(6)	1,126	171	1,288	1,502	1,332	107	1,505	1,152	1,085
Capital expenditures	3.0	0.5	17.5	17.4	15.9	4.4	16.9	11.1	16.0
Other Financial Data:									
Deficiency of earnings to fixed charges		$ 2.3				$ 3.2(7)			
Ratio of earnings to fixed charges(8)	2.7x		2.2x	13.3x	5.1x	0.3x(7)	2.1x	2.3x	1.3x

(1) On October 31, 2002, we emerged from bankruptcy. As a result of the application of Fresh-Start Reporting, our financial information as of any date or for any periods after October 31, 2002 is not comparable to our historical financial information before November 1, 2002.

(2) The Apollo Transaction was accounted for as a purchase, with the Successor Company applying purchase accounting on the closing date of the Merger. As a result, the merger consideration was allocated to the respective fair values of the assets acquired and liabilities assumed from the Predecessor Company. The fair value of inventories, property and equipment and intangibles (customer lists) were increased by $14.9 million, $118.6 million and $22.2 million, respectively. For the one-month period ended December 31, 2005, the Successor Company s operating costs and expenses increased by $5.2 million ($4.1 million for cost of sales and $1.1 million of additional depreciation and amortization) as the inventory was sold and additional depreciation and amortization was recorded. For the year ended December 31, 2006, the Successor Company s operating costs and expenses increased by $23.9 million ($10.8 million for cost of sales as inventory was sold in the first quarter of 2006, and $13.1 million of additional depreciation and amortization). As a result of the application of purchase

accounting, the Successor Company balances and amounts presented in the consolidated financial statements are not comparable with those of the Predecessor Company.

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(3) We incurred certain non-recurring costs related to the Apollo Transaction that were charged to the Predecessor Company s selling, general and administrative expense during the period from January 1, 2005 to November 30, 2005. Such expenses of $15.8 million included $14.6 million paid by us on the closing date of the Merger to holders of 1,081,270 vested in-the-money options and holders of 45,437 restricted stock grant awards related to the long-term incentive compensation plan of the Predecessor Company. Additionally, we recorded expenses of $0.8 million related to severance costs and $0.4 million for other costs associated with Apollo Transaction.

(4) Excludes depreciation expense reflected in cost of sales for the Building Products Group.

(5) Reflects unexpended amounts associated with integration accruals made in 1999 and 2001.

(6) Expressed in thousands of tons, for our Plates and Shapes and Flat Rolled and Non-Ferrous Groups combined. Shipments in tons is not an appropriate measure for our Building Products Group.

(7) The ratio of earnings to fixed charges for the combined Predecessor Company for the period from January 1, 2005 to November 30, 2005 and the Successor Company for the period from May 9, 2005 (Date of Inception) to December 31, 2005 was 4.1x.

(8) For the purposes of calculating the ratio of earnings to fixed charges, earnings represent income (loss) before income taxes and discontinued operations plus fixed charges. Fixed charges consist of financing costs and the portion of operational rental expense which management believes is representative of interest within rent expense.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition covers periods prior to the consummation of the Apollo Transaction. Accordingly, except where indicated, the discussion and analysis of historical periods does not reflect the significant impact that the Apollo Transaction and the notes offering or exchange offer will have on us, including significantly increased leverage and liquidity requirements. You should read the following discussion of our results of operations and financial condition with the Unaudited Pro Forma Condensed Consolidated Financial Information, Selected Historical Consolidated Financial Data and the audited and unaudited historical consolidated financial statements and related notes included elsewhere in this prospectus. In addition, the following discussion and analysis does not take into account the impact on us of the recent acquisitions. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the Risk Factors section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. In addition, certain of the descriptions of our operating and financial measures may not be directly comparable to similar classifications used by other companies.

Overview

We are a leading provider of value-added processed steel, aluminum and specialty metals and manufactured metal components. Approximately 89% of our 2006 revenue was derived from our metal service center activities that are segmented into two groups, Plates and Shapes and Flat Rolled and Non-Ferrous. The remaining portion of our 2006 revenue was derived from our Building Products Group that manufactures and sells products primarily related to the residential remodeling industry. We purchase metal from primary producers that generally focus on large volume sales of unprocessed metals in standard configurations and sizes. In most cases, we perform the customized, value-added processing services required to meet the specifications provided by end-use customers. Our Plates and Shapes Group and Flat Rolled and Non-Ferrous Group customers are in the machining, furniture, transportation equipment, power and process equipment, industrial/commercial construction/fabrication, consumer durables and electrical equipment businesses, as well as machinery and equipment manufacturers. Less than 4% of our sales are to the automotive industry and we do not sell directly to the Big Three automobile manufacturers. Our Building Products Group customers are distributors and contractors engaged in the residential remodeling industry.

Matters Impacting Comparability of Results

Merger with Flag Acquisition. On November 30, 2005, Flag Acquisition, a wholly-owned subsidiary of Flag Intermediate, merged with and into Metals USA, with Metals USA being the surviving corporation. The Merger was consummated pursuant to an agreement and plan of merger by and among Metals USA, Metals USA Holdings and Flag Acquisition. As a result of the Merger, all of the issued and outstanding capital stock of Metals USA is held indirectly by Metals USA Holdings through Flag Intermediate, its wholly-owned subsidiary. Flag Intermediate has no assets other than its investment in Metals USA, conducts no operations and is a guarantor of both the ABL facility and the Metals USA notes. Immediately prior to the closing date of the Merger, all outstanding shares of our common stock were cancelled in exchange for a cash payment of $22.00 per share of such common stock. Investment funds associated with Apollo own approximately 97% of the capital stock of Metals USA Holdings (or approximately 90% on a fully-diluted basis). The remainder of the capital stock of Metals USA Holdings is held by members of our management.

Although the Merger has not affected our operations, it has significantly affected our results of operations as reported in our financial statements. In 2005, we incurred approximately $15.8 million of nonrecurring expenses relating primarily to stock option redemptions, severance packages and the amortization of certain prepaid expenses in connection with the closing of the Merger. As a result of the Merger, in 2006 and in the future, we will experience increased non-cash expenses related to purchase price adjustments and increased interest expense resulting from the larger debt component of our capital structure.

As a result of the Merger, the fair value of inventories, property and equipment and intangibles (customer lists) were increased by $14.9 million, $118.6 million and $22.2 million, respectively. For the Successor Company for the period from May 9, 2005 (date of inception) to December 31, 2005, operating costs and expenses were increased by $5.2 million ($4.1 million for cost of sales and $1.1 million of additional depreciation and amortization) as the inventory was sold and additional depreciation and amortization was recorded. The fair value of deferred taxes and long-term liabilities were increased by $64.8 million and $3.1 million, respectively. Our intangible assets (customer lists) will be amortized over five years using an accelerated amortization method which approximates their useful life and economic value to us. Total acquisition costs were allocated to the acquired assets and assumed liabilities based upon estimates of their respective fair values as of the closing date of the Merger using valuation and other studies.

As a result of the items discussed below, operating income is not comparable for the periods listed below. Operating income includes charges which affect comparability between periods as follows:

	Predecessor Company		Successor Company	
	Year Ended December 31, 2004	Period from January 1, 2005 to November 30, 2005	Period from May 9, 2005 (date of inception) to December 31, 2005	Year Ended December 31, 2006
	(in millions)			
Charges Included in Operating Income:				
Inventory purchase adjustments(1)	$	$	$ 4.1	$ 10.8
Stock options and grant expense(2)		15.0	0.4	1.2
Write-off of prepaid expenses as a result of the Merger(3)		0.3		
Facilities closure(4)	5.0			1.4
Severance costs(5)		0.7		
Management fees(6)			0.1	1.2

(1) As a result of management s analysis and evaluation of the replacement cost of inventory as of the closing of the Merger, a purchase adjustment of $14.9 million was recorded as of December 1, 2005 with $4.1 million of that amount charged to cost of sales in December 2005 and $10.8 million charged to cost of sales in the first quarter of 2006.

(2) The Predecessor Company paid $14.6 million on the closing date of the Merger to holders of 1,081,270 vested in-the-money options and holders of 45,437 restricted stock grant awards. Those amounts were recorded as an administrative expense during the period from January 1, 2005 to November 30, 2005. On January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123(R) Share-Based Payments, which we refer to in this prospectus as SFAS 123(R). In accordance with SFAS 123(R), we recognized $1.2 million of non-cash stock-based compensation expense in 2006.

(3) These prepaid amounts were written off as a result of the Merger.

(4) This amount represents $5.0 million of charges in the Building Products Group for the elimination of one layer of management and closure of eleven facilities in 2004. In addition, as a result of ongoing comprehensive review of our business segments, we closed three facilities within the Building Products Group in the fourth quarter of 2006.

(5) This amount represents severance costs of management personnel that were replaced as part of the Merger.

(6) Includes accrued expenses related to the management agreement with Apollo.

2006 Acquisitions. On May 17, 2006, Metals USA purchased all of the assets and business operations of Port City, located in Tulsa, Oklahoma, for approximately $41.3 million, including transaction costs and a $5.0 million contingent payout provision that may be made in 2009 or earlier, subject to certain performance

criteria. The maximum amount payable has been accrued in accordance with SFAS 141. Founded in 1977, Port City is a value-added processor of steel plate. Port City uses cutting-edge technologies in laser, plasma and oxyfuel burning, braking and rolling, drilling and machining, and welding to service its customers. Port City s range and depth of processing capabilities are highly complementary to the capital investments we have already made in the Plates and Shapes Group and we believe this acquisition positions us to be the pre-eminent plate processor in the southern United States. Port City operates out of a 533,000 square foot facility and has approximately 100 full-time employees. Port City s customers are predominately manufacturers of cranes and other heavy equipment, heat exchangers, and equipment specifically focused on the oil and gas industry. Port City has traditionally purchased metal from service centers and we believe we have gained immediate benefits by consolidating its metal needs into our overall purchasing process. We have also realized immediate benefits by selling Port City s high-value-added products through our sales force and to our existing customer base. We believe Port City is an important strategic addition to the south-central region of our Plates and Shapes Group.

On May 12, 2006, Metals USA purchased all of the assets and operations of Allmet with one manufacturing facility located near Toronto, Ontario, Canada and a sales and distribution facility located in California (which was subsequently closed) for approximately $10.4 million Canadian dollars (approximately U.S. $9.4 million). Allmet, then operating as Dura-Loc Roofing Systems Limited, was established in 1984 and is one of the leading stone-coated metal roof manufacturers in North America. Effective June 30, 2007, we changed the trade name from Dura-Loc Roofing Systems Limited to Allmet to better facilitate our marketing objectives. Allmet is also the only manufacturer of such product located in the eastern half of North America, a market not yet fully developed for the high-end, stone-coated metal products we produce. We believe this acquisition gives us significant additional capacity located in a potentially high growth market. In addition, by transforming Allmet s production processes to our methodologies, we have reduced Allmet s cost of production, further improving the benefits of the purchase. We believe the addition of Allmet to our stone-coated metal roofing division, Gerard Roofing Technology, provides us with a more economic and efficient way to gain access to an expanded product mix and leverage the combined sales force and research and development personnel, thereby solidifying our position as one of the largest stone-coated metal roofing manufacturers in North America.

Overview of Results

Net sales. We derive the net sales of our Plates and Shapes and Flat Rolled and Non-Ferrous Groups from the processing and sale of metal products to end-users including metal fabrication companies, general contractors and OEMs. Pricing is generally based upon the underlying metal cost as well as a margin associated with customized value-added services as specified by the customer. The net sales of our Building Products Group are derived from the sales of finished goods to local distributors and general contractors who are generally engaged in the residential remodeling industry.

Cost of sales. Our Plates and Shapes and Flat Rolled and Non-Ferrous Groups follow the normal industry practice which classifies, within cost of sales, the underlying commodity cost of metal purchased in mill form and the cost of inbound freight charges together with third-party processing cost, if any. Generally, the cost of metal approximates 75% of net sales for the Plates and Shapes and Flat Rolled and Non-Ferrous Groups. Cost of sales with respect to our Building Products Group includes the cost of raw materials, manufacturing labor and overhead costs, together with depreciation and amortization expense associated with property, buildings and equipment used in the manufacturing process. Amounts included within this caption may not be comparable to similarly titled captions reported by other companies.

Operating and delivery expense. Our operating and delivery expense reflects the cost incurred by our Plates and Shapes and Flat Rolled and Non-Ferrous Groups for labor and facility costs associated with the value-added metal processing services that we provide. With respect to our Building Products Group, operating costs are associated with the labor and facility costs attributable to the distribution and warehousing of our finished goods at our service center facilities. Delivery expense reflects labor, material handling and other third party costs incurred with the delivery of product to customers. Amounts included within this caption may not be comparable to similarly titled captions reported by other companies.

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Selling, general and administrative expenses. Selling, general and administrative expenses include sales and marketing expenses, executive officers compensation, office and administrative salaries, insurance, accounting, legal, computer systems, and professional services and costs not directly associated with the processing, manufacturing, operating or delivery costs of our products. Amounts included within this caption may not be comparable to similarly titled captions reported by other companies.

Depreciation and amortization. Depreciation and amortization expense represents the costs associated with property, buildings and equipment used throughout the company except for depreciation and amortization expense associated with the manufacturing assets employed by our Building Products Group, which is included within cost of sales. This caption also includes amortization of intangible assets.

Industry Trends

Metal Service Centers

Over the past several years, there has been significant consolidation among the major domestic metals producers. The top three steel producers now control over 60% of the domestic flat rolled steel market, which has created a metals pricing environment characterized by a more disciplined approach to production and pricing. The domestic suppliers have largely exited their non-core metal service and distribution functions to focus on reducing production costs and driving efficiencies from their core metals production activities. Increasingly, metal service centers like us have continued to capture a greater proportion of these key functions once served by the major metals producers.

In 2004, increased demand for steel in China, shortages of raw materials such as coking coal, iron ore and oil, increased demand for scrap, the weak U.S. dollar and increased freight rates all contributed to significant increases in prices for domestic metal of all types, particularly steel. Further, improved economic conditions in Europe, Asia, and North America contributed to a higher level of demand for steel. During most of 2004, supplies of many products were constrained, which also led to price increases.

In early 2005, the three iron ore suppliers controlling about 80% of the world market announced a 71.5% price increase to the integrated steel mills in Europe and Asia. This iron ore price increase was unprecedented and resulted in cost increases for the European and other large integrated steel mills throughout the world. During 2006, the industry experienced a modest rising price trend with localized periods of supply and demand imbalance. Import volumes grew aggressively during the second half of the year. As a result, for the third time since the domestic mills consolidated, domestic production was scaled back to bring supply and demand back into balance.

With the domestic steel producers taking a more disciplined approach to managing inventory levels through production curtailment, flat-rolled steel market conditions improved during the first nine months of 2007, resulting in moderate increases in selling values. Market conditions for non-ferrous products, which improved steadily through the first half of the year, softened in the third quarter of 2007 as a result of a downward trend in stainless steel surcharges. The timing of the effect that further price trends will have on the domestic market is difficult to predict, and any number of political or general economic factors could cause prices to decline.

Building Products

According to the Joint Center for Housing Studies of Harvard University, between the rise in interest rates and the slowdown in house price appreciation, sales of existing homes softened in 2006, and the decrease has continued through the first nine months of 2007. Existing home sales are an important driver of remodeling activity, with sellers of older properties typically making improvements before putting their homes on the market, and recent buyers typically making changes to customize their new homes to their tastes. While signs of a construction cutback have been appearing since early 2006, direct evidence of a remodeling slowdown emerged in late 2006 and has continued through the first nine months of 2007. Retail sales at building and supply dealers have weakened after adjusting for inflation in product price. These businesses sell home products and supplies to do-it-yourself and buy-it-yourself homeowners, as well as directly to professional general contractors and the trades.

Product demand for the Company s Building Products Group may be influenced by numerous factors such as interest rates, general economic conditions, consumer confidence and other factors beyond our control. Declines in existing home sales and remodeling expenditures due to such factors could significantly reduce the segment s performance.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. Estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of this process forms the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. We review our estimates and judgments on a regular, ongoing basis. Actual results may differ from these estimates due to changed circumstances and conditions.

The following accounting policies and estimates are considered critical in light of the potentially material impact that the estimates, judgments and uncertainties affecting the application of these policies might have on our reported financial information.

Accounts receivable. We recognize revenue generally as product is shipped (risk of loss for our products generally passes at time of shipment), net of provisions for estimated returns. Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of trade accounts and notes receivable. Collections on our accounts receivable are made through several lockboxes maintained by our lenders. Credit risk associated with concentration of cash deposits is low as we have the right of offset with our lenders for the substantial portion of our cash balances. Concentrations of credit risk with respect to trade accounts receivable are within several industries. Generally, credit is extended once appropriate credit history and references have been obtained. We perform ongoing credit evaluations of customers and set credit limits based upon reviews of customers current credit information and payment history. We monitor customer payments and maintain a provision for estimated credit losses based on historical experience and specific customer collection issues that we have identified. Provisions to the allowance for doubtful accounts are made monthly and adjustments are made periodically based upon our expected ability to collect all such accounts. Generally we do not require collateral for the extension of credit.

Each month we consider all available information when assessing the adequacy of the provision for allowances, claims and doubtful accounts. Adjustments made with respect to the allowance for doubtful accounts often relate to improved information not previously available. Uncertainties with respect to the allowance for doubtful accounts are inherent in the preparation of financial statements. The rate of future credit losses may not be similar to past experience.

Inventories. Inventories are stated at the lower of cost or market. Our inventories are accounted for using a variety of methods including specific identification, average cost and the first-in first-out method of accounting. We regularly review inventory on hand and record provisions for damaged and slow-moving inventory based on historical and current sales trends. Changes in product demand and our customer base may affect the value of inventory on hand, which may require higher provisions for damaged and slow-moving inventory.

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Adjustments made with respect to the inventory valuation allowance often relate to improved information not previously available. Uncertainties with respect to the inventory valuation allowance are inherent in the preparation of financial statements. The rate of future losses associated with damaged or slow moving inventory may not be similar to past experience.

Combined and Consolidated Results of Operations

The following financial information reflects our historical financial statements. The results of operations data for 2005 includes the Predecessor Company results for the period January 1, 2005 through November 30, 2005 and the Successor Company results for the period May 9, 2005 (date of inception) through December 31, 2005. See Results of Operations 2005 Successor Company and Predecessor Company Results Combined Non-GAAP below for information on our combined results for the fiscal year ended December 31, 2005, combining the results for the Successor Company from May 9, 2005 (date of inception) to December 31, 2005, and the results for the Predecessor Company from January 1, 2005 to November 30, 2005.

	Fiscal Years Ended December 31,					
	2006	**%**	**2005**	**%**	**2004**	**%**
	(in millions, except percentages)					
Net sales	$ 1,802.9	*100.0%*	$ 1,639.0	*100.0%*	$ 1,509.8	*100.0%*
Cost of sales	1,371.8	*76.1%*	1,281.8	*78.2%*	1,080.1	*71.5%*
Operating and delivery	175.5	*9.7%*	151.9	*9.3%*	144.4	*9.6%*
Selling, general and administrative	115.2	*6.4%*	117.8	*7.2%*	109.6	*7.3%*
Depreciation and amortization	21.4	*1.2%*	4.5	*0.3%*	2.0	*0.1%*
Operating income (loss)	119.0	*6.6%*	83.0	*5.1%*	173.7	*11.5%*
Interest expense	54.6	*3.0%*	16.1	*1.0%*	8.4	*0.6%*
Other (income) expense, net	(0.7)		(0.1)		(2.5)	*(0.2)%*
Income before income taxes	$ 65.1	*3.6%*	$ 67.0	*4.1%*	$ 167.8	*11.1%*

Results of Operations Year Ended December 31, 2006 Compared to 2005

Net sales. Net sales increased $163.9 million, or 10.0%, from $1,639.0 million for the year ended December 31, 2005 to $1,802.9 million for the year ended December 31, 2006. The 2006 Acquisitions accounted for $48.1 million of the increase. The remaining increase of $115.8 million in sales was primarily attributable to a 5.7% increase in average realized prices and a 3.0% increase in volumes for our Flat Rolled and Non-Ferrous and Plates and Shapes Product Groups offset by a net sales decrease for our Building Products Group of $12.3 million (excluding the acquisition of Allmet).

Cost of sales. Cost of sales increased $90.0 million, or 7.0%, from $1,281.8 million for the year ended December 31, 2005, to $1,371.8 million for the year ended December 31, 2006. The 2006 Acquisitions accounted for $25.0 million of the increase and $10.8 million of the increase related to inventory purchase accounting. The remaining increase in cost of sales was primarily attributable to a 3.3% increase in the average cost per ton in addition to a 3.0% increase in volumes for our Flat Rolled and Non-Ferrous and Plates and Shapes Product Groups. Cost of sales as a percentage of net sales decreased from 78.2% in 2005 to 76.1% for 2006.

Operating and delivery. Operating and delivery expenses increased $23.6 million, or 15.5%, from $151.9 million for the year ended December 31, 2005 to $175.5 million for the year ended December 31, 2006. The 2006 Acquisitions accounted for $9.7 million of the increase. The remaining increase of $13.9 million was primarily due to higher labor costs and higher freight costs due to rising fuel prices and, to a lesser extent, higher volumes in our Plates and Shapes Group. As a percentage of net sales, operating and delivery expenses increased from 9.3% for the year ended December 31, 2005 to 9.7% for the year ended December 31, 2006.

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Selling, general and administrative. Selling, general and administrative expenses decreased $2.6 million, or 2.2%, from $117.8 million for the year ended December 31, 2005 to $115.2 million for the year ended December 31, 2006. This decrease was primarily due to the acceleration of pay