Metals USA Holdings Corp.
Form S-1/A
July 17, 2008
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As filed with the Securities and Exchange Commission on July 17, 2008

Registration No. 333-150999

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO THE

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

METALS USA HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

Delaware	**5051**	**20-3779274**

(State or other jurisdiction of	***(Primary Industrial***	***(I.R.S. Employer***
incorporation or organization)	***Classification Code Number)***	***Identification Number)***

One Riverway, Suite 1100

Houston, Texas 77056

(713) 965-0990

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

John A. Hageman

Senior Vice President and Chief Legal Officer

One Riverway, Suite 1100

Houston, Texas 77056

(713) 965-0990

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

Copies to:

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box. ¨

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(2)(3)
Common Stock, $0.01 par value	$200,000,000	$7,860

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended, at a rate equal to $39.30 per $1,000,000 of the proposed maximum aggregate offering price.
(2) Includes shares of common stock which may be purchased by the underwriters to cover over-allotments, if any.
(3) The registrant previously paid a registration fee of $21,400.00 with a registration statement on Form S-1, File No. 333-134533, initially filed on May 26, 2006. Pursuant to Rule 457(p) of the Securities Act, $7,860 of the previously paid registration fee is offset against the registration fee otherwise due for this registration statement.

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

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The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the U.S. Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated July 17, 2008.

PROSPECTUS

Shares

Metals USA Holdings Corp.

Common Stock

This is an initial public offering of shares of common stock, par value $0.01 per share, of Metals USA Holdings Corp. We are offering shares of common stock, and the selling stockholders identified in this prospectus are offering shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

No later than 60 days following our receipt of the proceeds of this offering, we will make an offer to all holders of our senior floating rate toggle notes due 2012, including our affiliates, to repurchase the maximum principal amount of the notes that may be purchased out of the net proceeds of this offering, estimated to be approximately $ million, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of the closing of the repurchase offer.

If the net proceeds of this offering are greater than the purchase price of the notes tendered by holders, we will use the balance of the net proceeds, if any, for general corporate purposes. Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between $ and $. We have applied to list our common stock on The New York Stock Exchange under the symbol MUX.

Investing in our common stock involves risks. See Risk Factors on page 18 to read about factors you should consider before buying shares of our common stock.

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

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Metals USA Holding Corp.	$	$
Proceeds, before expenses, to Selling Stockholders	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from us and an additional shares from the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2008.

Goldman, Sachs & Co.

Prospectus dated , 2008.

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Prospectus

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current as of this date.

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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PROSPECTUS SUMMARY

This summary highlights 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 our common stock, par value $0.01 per share, which we refer to as our common stock, 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, the Company, we, our, and us refer collectively to (1) Metals USA, Inc. and its subsidiaries on a consolidated basis prior to the consummation of the merger of Flag Acquisition Corporation, which we refer to as Flag Acquisition, with and into Metals USA, which we refer to as the Merger (see Organizational Structure Description of the Apollo Transactions), and (2) Metals USA Holdings Corp., which we refer to as Metals USA Holdings, Flag Intermediate Holdings Corporation, which we refer to as Flag Intermediate, Metals USA, Inc. and Metals USA, Inc. s subsidiaries on a consolidated basis after the consummation of the Merger, and (b) Metals USA refers collectively to Metals USA, Inc. and its subsidiaries. Metals USA prior to the Merger is referred to as the Predecessor Company.

Our Company

As one of the largest metal service center businesses in the United States, we are a leading provider of value-added carbon steel; value-added refers to enhanced metal processing and services beyond basic delivery which are recognized and desired by many end-users as efficient cost savings opportunities. We believe that we serve an important function as an intermediary between primary metal producers that generally sell large volumes in limited sizes and configurations and end-users that generally require more services and smaller quantities of customized products. Our metal service center business consists of a Plates and Shapes Group that sold approximately 826 thousand tons of steel plates and structurals in 2007 and a Flat Rolled and Non-Ferrous Group that sold approximately 614 thousand tons of ferrous and non-ferrous flat rolled products in 2007. We sell our products and services to a diverse customer base and range of end markets, including the land and marine transportation, energy, aerospace, defense, electrical and appliance manufacturing, fabrication, furniture, commercial construction, and machinery and equipment industries, among several others, throughout the United States. In our metal service centers we earn a margin over the cost of metal. Management s strategy, manifested through our organic growth initiatives and acquisitions of Port City and Lynch Metals (each as defined below) focuses on maximizing the margin we earn over the cost of metal by offering additional value-added processing services and by diversifying our product mix. We believe our growth and acquisition strategy, in combination with management s demonstrated ability to manage metal purchasing and inventories to consistently meet our customers high expectations for service and reliability, serves as a foundation for future revenue growth and stable operating profit per ton through the economic cycle. For the years ended December 31, 2007 and 2006, our net income was $13.9 million and $39.3 million, respectively, as changes to our financial structure affected net income in the form of higher annual interest expense associated with increased debt levels between the two periods. The higher debt levels during 2007 were primarily due to the issuance in December 2006 of $150.0 million initial aggregate principal amount of senior floating rate toggle notes due 2012, which we refer to in this prospectus as the 2006 Notes, and the issuance in July 2007 of $300.0 million initial aggregate principal amount of senior floating rate toggle notes due 2012, which we refer to in this prospectus as the 2007 Notes, a portion of the proceeds of which were used to redeem the 2006 Notes.

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Metals USA Holdings, which was formerly named Flag Holdings Corporation, was incorporated in Delaware on May 9, 2005. Metals USA Holdings is owned by investment funds affiliated with Apollo Management V, L.P. as well as certain members of its management. Flag Intermediate is a wholly owned subsidiary of Metals USA Holdings, and in turn, owns all the shares of Metals USA. Metals USA and its subsidiaries are the operating entities, and Metals USA Holdings has no assets, obligations, employees or operations other than those resulting from the Apollo Transactions (as defined hereafter), the 2007 Notes and this offering. See Organizational Structure Description of the Apollo Transactions.

We operate in three segments: our Plates and Shapes Group, our Flat Rolled and Non-Ferrous Group, and our Building Products Group.

Plates and Shapes Group (48% of 2007 net sales). We believe we are one of the largest distributors of steel plates and structurals in the United States. In 2007, we sold approximately 826 thousand tons of products through 21 metal service centers located primarily in the southern and eastern regions of the United States. Our Plates and Shapes metal service centers are generally equipped to provide additional value-added processing, and a substantial portion of our volume is processed prior to being delivered to the end-user. These processing services include blasting and painting (the process of cleaning steel plate by shot-blasting, then immediately applying a paint or primer), tee-splitting (the cutting of metal beams along the length to form separate pieces), cambering (the bending of structural shapes to improve load-bearing capabilities), leveling (the flattening of metals to uniform tolerances for proper machining), cutting, sawing, punching, drilling, beveling, surface grinding, bending, shearing and cutting-to-length (the cutting of metals into pieces and along the width of a coil to create sheets or plates). We sell our products to a diversified customer base, including a large number of small customers who purchase products in small order sizes. We generally earn additional margin from our customers by providing services such as product marking, item sequencing, just-in-time delivery and kitting. The customers of our Plates and Shapes Group are primarily in the fabrication, commercial construction, machinery and equipment, land and marine transportation, and energy industries. Because our Plates and Shapes metal service centers are generally located in close proximity to our metal suppliers and our customers, we are able to meet our customers product and service needs reliably and consistently. In May 2006, we completed the acquisition of the Port City Metal Services business (which we refer to as Port City) a higher value-added plate facility located in Tulsa, Oklahoma, which has bolstered our presence in the construction and oil-field services sectors.

Flat Rolled and Non-Ferrous Group (44% of 2007 net sales). Through 13 metal service centers located primarily in the mid-western and southern regions of the United States, the Flat Rolled and Non-Ferrous Group sold approximately 614 thousand tons of products in 2007, including carbon (which we refer to as ferrous) and stainless steel, aluminum, brass and copper (which we refer to as non-ferrous) in a number of alloy grades and sizes. In 2007, we derived approximately 52% and 48% of this division s revenue from ferrous products and non-ferrous products, respectively. Substantially all of the products sold by our Flat Rolled and Non-Ferrous Group undergo value-added processing prior to shipping to our customers. These processing services include precision blanking (the process in which metal is cut into precise two-dimensional shapes), slitting (the cutting of coiled metals to specified widths along the length of the coil), shearing and cutting-to-length, punching and leveling. We sell our Flat Rolled and Non-Ferrous Group s products and services to customers in the electrical and appliance manufacturing, fabrication, furniture, machinery and equipment, transportation and aerospace industries. Many of our large customers purchase through pricing arrangements or contractual agreements that specify the margin over the cost of metal and we generally earn

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additional margin from these customers by providing services such as product marking and labeling, just-in-time delivery and kitting. We are able to provide these services reliably because our metal service centers are generally located in close proximity to our metal suppliers and our customers. In July 2007, we acquired Lynch Metals, Inc. and Lynch Metals of California, Inc. (which we refer to as Lynch Metals) a metal service center business that provides additional value-added, specialized aluminum products to customers who are predominantly manufacturers of air/heat transfer products specifically focused on aerospace, industrial and automotive applications.

Building Products Group (8% of 2007 net sales). The Building Products Group manufactures and sells roofing and patio products. Substantially all of our Building Products Group sales are attributable to the residential remodeling market with the remaining sales attributable to commercial applications. We generally sell our products through a network of independent distributors and home improvement contractors. With facilities located throughout the southern and western regions of the United States and Canada, we believe we are one of only a few suppliers with national scale across our product offering.

Industry Overview

Our operations focus on the metal service center industry and the building products industry.

Metal Service Centers. Metal service centers purchase approximately 35% of all the metals used in the U.S. and Canada and play an important intermediary role between the production mills and the end-users. Over the last several years primary metal producers have consolidated and have focused on optimizing throughput and operating efficiencies of their production facilities. Increasingly, they have required metal service centers and processors to perform value-added services for end-users. As a result, most end-users cannot obtain processed products directly from primary metals producers, and therefore, over 300,000 original equipment manufacturers (which we refer to as OEMs) contractors and fabricators nationwide rely on metal service centers for their primary supply of metal products and services. End-users generally buy metal products and services from metal service centers on a basic margin over the base cost of the metal. When additional processing or customer specific services are needed, value-added metal service centers, including our own, earn additional premium margins over the cost of metal beyond those associated with a basic purchase transaction. OEMs and other end-users have also recognized the economic advantages associated with outsourcing their customized metals processing needs, which include (1) permitting end-users to reduce total production costs by shifting the responsibility of pre-production processing to metal service centers and (2) allowing OEMs and end-users to reduce inventories and focus on driving value from additional inventory management measures. These supply-chain services, which are not normally 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.

We believe that growth opportunities for metal service centers will continue to expand as both primary metals producers and end-users increasingly seek to have their metals processing and inventory management requirements met by value-added metal service centers. We believe larger and financially flexible companies, like ours, enjoy significant advantages over smaller companies in areas such as obtaining higher discounts associated with volume purchases, servicing customers with operations in multiple locations, offering a broader range of products and using more sophisticated information systems.

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The steel industry, among several other metals industries, is global in nature and is currently undergoing a paradigm shift, which began over six years ago, and which resulted in measurable revenue and profit expansion as global demand for steel has grown, driven largely by industrial development in China, Brazil, Russia and India and to some extent Western economies. We believe this demand growth will result in increased profitability for both producers and metal service centers. Global demand for steel has grown at approximately 9% annually over the last five years and according to the International Iron and Steel Institute, steel use is expected to increase approximately 7% from 2007 to 2008, and projections for 2009 suggest a global growth rate of approximately 6% from 2008. Demand growth for steel is expected to outpace the ability for steel producers and raw material suppliers to meet this demand.

Additionally, transportation costs have also increased over the last several years, and energy is becoming more expensive globally. All of these factors have caused the steel production cost curve to increase substantially. Foreign mills have been affected more than U.S. mills as the U.S. dollar has weakened because steel is priced globally in U.S. dollars, but as the U.S. dollar has weakened, U.S. mills have become some of the world s lowest cost producers, encouraging them to export production for the first time in more than fifteen years. Finally, adding raw material capacity has now become significantly more expensive relative to historic levels and as a result, higher raw material and steel prices will be required to yield acceptable returns on these capital investments.

Given the tight market for steel worldwide and especially in the United States, where steel consumption exceeds domestic production, the structural increase in the cost to produce steel, and the increasingly costly expansion projects, we anticipate there will be a growing interest from both domestic mills and foreign producers to purchase metal service centers in order to acquire better visibility of domestic consumer demand and base-load their relatively high fixed-cost production assets. Considering all of these factors together, we believe the industry has undergone and continues to undergo a paradigm shift that will result in measurable improvements in the financial health and prosperity of North American industry participants.

Building Products. The residential remodeling industry is currently in a state of transition as recent mortgage market turmoil and weak consumer confidence have been reflected in a general decline in the purchase of home remodeling goods and services. However, we believe that factors including rising disposable incomes, increased rates of home ownership, a low interest rate environment and aging American houses have generated significant pent-up demand for remodeling that will manifest itself when the housing sector rebounds. We believe that these factors support a strong long-term outlook for residential remodeling as a cost-effective alternative to new housing construction.

Our Competitive Strengths

Premium Margins Over Metal. Metal service centers generally earn a margin over the cost of metal, which provides stability to metal service centers cash flows relative to metal producers through pricing cycles. In addition, by performing certain value added processing to metal before it is shipped to the customer as well as providing inventory management services, we earn a premium margin over the cost of metal. We also sell an enhanced product mix across our metal service center business by supplementing our core carbon offerings with non-ferrous volumes. Non-ferrous volumes are generally higher margin and more stable through economic cycles. Over the last several years, we have invested in our facilities and completed acquisitions to equip our metal service centers with the ability to continue earning premium margins going forward.

Platform for Strong Growth. Over the last several years we spent approximately $122.4 million in growth initiatives including $38.5 million to grow our business organically and $83.9 million of acquisitions. Our growth initiatives have focused on increasing our mix of higher-margin products and services, such as value-added processing, inventory management services and non-ferrous volumes. Our largest recent organic growth project was a $17.5 million investment in our Plates and Shapes metal service center in Waggaman, Louisiana to capitalize upon the strong marine industry in the gulf coast region. This investment equipped this facility with the ability to provide value-added processing, such as blast, paint, laser and plasma cutting (the cutting of metals to produce shapes under strict tolerance requirements) and press brake services. In late 2005, we established and trained a dedicated acquisitions team that is responsible for identifying, evaluating, executing, integrating and monitoring acquisitions. This team has completed two strategic acquisitions for our metal service center business: (1) Port City in our Plates and Shapes Group that increased our plate processing capabilities to customers serving the oil field, construction equipment and refining industries, and (2) Lynch Metals in our Flat Rolled and Non-Ferrous Group that provides value-added, specialized aluminum products to customers who are predominantly manufacturers of air/heat transfer products specifically focused on aerospace, industrial and automotive applications.

Skilled Inventory Management. Inventory management is critical to metal service centers ability to balance investment in working capital, pass on the cost of metal to the customer and meet customer needs often on a just-in-time basis. The Company s purchasing practices follow an inventory management framework that is designed to generate attractive returns on our inventory investment while reliably meeting customer demands irrespective of steel prices. Our Chief Executive Officer monitors and adjusts this framework on at least a weekly basis. Within this framework, inventory and processing services are tailored to the needs of each metal service center s particular customers. We believe our system of inventory management and our capital structure flexibility have allowed us to react to changing metals prices and customer needs. Our information technology systems allow us to share inventory among our facilities, which helps us to maximize returns and satisfy our customers needs. In addition, our inventory management framework has supported our ability to generate significant earnings during rising metal price environments and free cash flow in declining metal price environments.

Strong Relationships with Key Suppliers. We are one of the largest domestic purchasers of steel, and 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 sufficient access to feedstock in periods of tight supply. Access to feedstock during these periods enhances our standing relative to our competitors with end-users. Our relationships with our metal suppliers also help us to optimize our inventory management.

Diversified Customer Base, Products and End-Markets. Our business supplies a broad range of products to a large and diversified customer base (over 522,417 transactions to 17,400 customers in 2007) in a wide variety of end-markets and industries. For the twelve months ended December 31, 2007, our average transaction size was approximately $3,681. However, we have sought to enhance our position in stable growth industries that demand additional value-added services and reduce our exposure to more cyclical sectors. As a result of our organic growth projects and acquisitions, we have capitalized on growth opportunities with products such as aluminum brazing sheet, armor plate, marine grade aluminum plate, and pressure vessel plate to service the aerospace, marine, defense, and oil and gas industries. Our broad range of high-quality products and customized value-added services offered throughout our metal service centers allow us to offer one-stop shopping to our customers. We

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believe one-stop shopping provides a measurable competitive advantage over smaller metal service centers, which generally stock fewer products than we do.

Experienced and Proven Management Team. Our senior management team has on average over 20 years of metals industry experience and is supported by, in our opinion, considerable management talent, including our division presidents and facility operators, amongst others. Our President, Chief Executive Officer and Chairman, C. Lourenço Gonçalves, has over 25 years of experience in the metals industry, including his terms as Chief Executive Officer of California Steel Industries (the largest U.S. steel slab re-roller, which we refer to as CSI), which had many of the same value chain dynamics as a metal service center, and as managing director, among other positions, of Companhia Siderúrgica Nacional (which we refer to as CSN). Under his leadership since 2003, we have executed a strategy that has significantly improved our earnings growth, cash flow stability, and competitiveness within the industry.

Our Strategy

Expand Value-Added Services. We intend to continue expanding our value-added services, which enhance our relationships with existing customers and help us build new customer relationships. Customers increasingly demand and are willing to pay a premium margin for additional value-added services to facilitate more efficient inventory management and reduce total production costs. In addition, we experience an increased level of repeat business from customers who utilize our value-added services. Demand for these services generally remains strong through most economic cycles. We intend to continue to identify and invest in capital projects that provide attractive returns to fulfill this growing demand. We believe that our operating expertise, organizational structure, high-quality facilities, size, and our low cost and flexible capital structure enable us to reliably provide a full range of value-added services to our customers relative to our competitors, particularly smaller metal service centers.

Increase Sales of Higher Margin Products and Services. The sale of higher margin products and services, which tend to have higher growth prospects and are more stable, will continue to be one of our core strategies. We intend to continue executing on this strategy by increasing our non-ferrous volumes and our sales of processed products. Focusing on this strategy historically has increased our margins, stabilized our earnings, and optimized our investment in working capital, and we expect this strategy will continue benefiting us in these areas. We anticipate that we will continue investing in and acquiring companies to maintain and expand our processing facilities, which will enable us to fulfill a greater proportion of our customers processing requirements relative to our competitors.

Execute Strategic Acquisitions to Improve Our Business. The North American metal service center industry is highly fragmented, which we believe provides us with opportunities to execute our core strategies through synergistic bolt-on acquisitions. We completed two acquisitions, Port City for our Plates and Shapes Group and Lynch Metals for our Flat-Rolled and Non-Ferrous Group, both of which have benefited us financially, operationally and strategically. The combination of our track record of acquiring and integrating acquisitions and our internal acquisition team s industry relationships has yielded proprietary deal flow for us and has helped us maintain an active pipeline of opportunities. We intend to maintain our acquisition strategy, and we will generally target one to two bolt-on acquisitions per year that will enhance our metal service center strategy.

Maintain and Strengthen Our Strong Relationships with Suppliers and Customers. As one of the largest metal service center businesses in the United States, we intend to use our

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relationships to leverage the opportunities presented by the consolidation of steel producers and the changing needs of our customers. 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.

Continue Strong Focus on Inventory Management. We will continue managing our inventory to maximize our returns, profitability and cash flow while maintaining sufficient inventory to respond to customer demands. 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 to further improve our just-in-time delivery and customer service. Constant evaluation of our inventory management will allow us to continue supplying our customers reliably, even during periods of tight metal supply. We expect our inventory management framework will continue generating strong earnings during periods of rising metal prices and strong cash flow during periods of declining metal prices.

Maintain High Free Cash Flow Generation and Conversion. Senior management has implemented a strategy designed to maximize our profitability and cash flow. We believe that we are a reliable supplier, especially of higher margin products and services, to our customers even in periods of tight supply. We believe that our reliability allows us to generate higher margins and more stable operating income through the business cycle. Moreover, we believe our inventory framework bolstered by our relationships with our metals suppliers will stabilize earnings during periods of weakness. Our core business also requires minimal maintenance capital investment. We believe these strengths taken together underscore our ability to generate high levels of free cash flow. We believe that our free cash flow will enable us to reinvest in our business and to achieve other corporate and financial objectives.

Risk Factors

An investment in our common stock involves substantial risks and uncertainties. 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, a Delaware corporation 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. Some of the more significant challenges and risks include:

- those associated with our susceptibility to conditions in the U.S. and international economies;
- our ability to pass through increases in our costs to our customers;
- the cost of energy and raw materials;
- our substantial indebtedness;
- our acquisition strategy; and
- the highly competitive nature of the industry in which we operate.

See Risk Factors for a discussion of the factors you should consider before investing in our common stock.

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Principal Stockholders

Our principal stockholders are investment funds affiliated with, or co-investment vehicles managed by, Apollo Management, L.P., including Apollo Investment Fund V, L.P., which we refer to throughout this prospectus collectively as Apollo. Apollo Investment Fund V, L.P. is an investment fund with committed capital, along with its co-investment affiliates, of over $3.7 billion. Apollo Management, L.P., is an affiliate of Apollo Global Management, LLC, a leading global alternative asset manager with offices in New York, Los Angeles, London, Frankfurt, Paris and Singapore. Apollo Global Management, LLC has assets under management in excess of $40 billion in private equity, hedge funds, distressed debt and mezzanine funds invested across a core group of industries where Apollo Global Management, LLC has considerable knowledge and resources. 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, Affinion Group Holdings, Inc., Berry Plastics Corporation, CEVA Logistics, Momentive Performance Materials Inc., Noranda Aluminum Holding Corporation and Rexnord Holdings, Inc.

Metals USA Holdings entered into a management agreement with Apollo on November 30, 2005, pursuant to which Apollo provides us with management services. See Certain Relationships and Related Party Transactions Related Party Transactions Apollo Agreements for a description of this management agreement.

Metals USA Holdings

Metals USA Holdings was incorporated in Delaware on May 9, 2005. The principal executive offices of Metals USA Holdings are at One Riverway, Suite 1100, Houston, Texas 77056, and the telephone number 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 will 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, Inc. was incorporated in Delaware on July 3, 1996, and began operations upon completion of an initial public offering on July 11, 1997. Metals USA Holdings acquired Metals USA on November 30, 2005 in connection with the Merger. Pursuant to the Merger, Flag Acquisition Corporation, a Delaware corporation, and wholly owned subsidiary of Metals USA Holdings, merged with and into Metals USA, with Metals USA surviving. To finance the Merger and related transaction costs, Metals USA entered into a six-year $450.0 million senior secured asset-based revolving credit facility, completed a private placement of $275.0 million aggregate principal amount of Metals USA s 11 $^{1}/_{8}$% senior secured notes due 2015, and Apollo and certain members of management of Metals USA contributed $140.0 million to Metals USA Holdings in exchange for Metals USA Holdings common stock. See Organizational Structure Description of the Apollo Transactions.

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The Offering

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Underwriters over-allotment option to purchase additional common stock from us and the selling stockholders	Up to shares
Shares of our common stock to be outstanding immediately following this offering	shares (including shares that will be sold to the underwriters if they exercise their over-allotment option in full)
Use of proceeds	We estimate that we will receive net proceeds from this offering of approximately $ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at $ per share, which represents the midpoint of the range set forth on the cover page of this prospectus. As described in Use of Proceeds, no later than 60 days following our receipt of the proceeds of this offering, we will make an offer to all holders of our 2007 Notes to repurchase the maximum principal amount of the 2007 Notes, of which $300.0 million aggregate principal amount were outstanding as of June 30, 2008, that may be purchased out of the net proceeds of this offering, estimated to be approximately $ million, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of the closing of the repurchase offer. The 2007 Notes include 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 in Description of Certain Indebtedness 2007 Notes. The net proceeds from the offering of the 2007 Notes were used to redeem $150.0 million aggregate principal amount of our Senior Floating Rate Toggle Notes due 2012 and to pay a cash dividend of approximately $139.5 million to our stockholders.

Our affiliates, including Apollo, that are holders of the 2007 Notes may participate in the repurchase offer. See Certain Relationships and

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	Related Party Transactions Related Party Transactions Repurchase Offer. As of July 16, 2008 our affiliates, including Apollo, held $91.4 million of our 2007 Notes.
	If the net proceeds of this offering are greater than the purchase price of the 2007 Notes tendered in the repurchase offer, we will use the balance of the net proceeds, if any, for general corporate purposes, including working capital, the expansion of our production capabilities, research and development, purchases of capital equipment and potential acquisitions of businesses.
	We intend to use the net proceeds from any sales of our common stock sold pursuant to the underwriters over-allotment for the uses specified above. If the maximum number of additional shares is purchased from us by the underwriters, the offer to repurchase would be increased by approximately $ million. We will not receive any of the proceeds from the sale of our common stock by the selling stockholders, including with respect to any shares sold by the selling stockholders pursuant to the underwriters exercise of their option to purchase additional shares. For sensitivity analyses as to the offering price and other information, see Use of Proceeds.
	This prospectus is not an offer to purchase, a solicitation of an offer to purchase or a solicitation of a consent with respect to our 2007 Notes.
Dividends	We do not currently anticipate paying any dividends on our common stock in the foreseeable future. See Dividend Policy.
Listing	We have applied to list our common stock on The New York Stock Exchange under the trading symbol MUX.

Other Information About This Prospectus

Except as otherwise indicated, all information in this prospectus:

- assumes no exercise of the underwriters over-allotment option;
- does not give effect to shares of our common stock issuable upon the exercise of outstanding options as of , 2008; and
- does not give effect to shares of common stock reserved for future issuance under our Amended and Restated 2005 Stock Incentive Plan, which we refer to as the 2005 Plan.

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SUMMARY HISTORICAL CONSOLIDATED AND COMBINED FINANCIAL DATA

Set forth below is summary historical consolidated and combined financial data of our business, as of the dates and for the periods indicated. The summary historical consolidated financial data for the period from January 1, 2005 to November 30, 2005 for the Predecessor Company discussed below, and for the period from May 9, 2005 (date of inception) to December 31, 2005 and as of December 31, 2006 and 2007 and for the years ended December 31, 2006 and 2007, respectively, for the Successor Company (as defined below) 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 selected historical financial data as of December 31, 2005 for the Successor Company has been derived from the Successor Company s audited consolidated financial statements not included in this prospectus.

The summary historical consolidated financial data as of June 30, 2008 and for the six months ended June 30, 2007 and 2008 have been derived from our unaudited condensed consolidated financial statements which are included elsewhere in this prospectus. The June 30, 2007 and 2008 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 that 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.

After the consummation of the Apollo Transactions (as defined below), Metals USA Holdings, along with its consolidated subsidiaries, is 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 (SFAS) No. 141, Business Combinations, which we refer to as SFAS 141, on 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. In addition, we have completed a number of acquisitions that may affect comparability of our financial results.

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) was 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 Apollo Transactions collectively refers to:

- the Merger;

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Flag Acquisition s issuance of $275.0 million aggregate principal amount of its 11 $^{1}/_{8}$% senior secured notes due 2015 pursuant to a private placement, which Metals USA assumed pursuant to the Merger. In September 2006, Metals USA exchanged $275.0 million aggregate principal amount of the 11 $^{1}/_{8}$% senior secured notes due 2015 that were registered under the Securities Act of 1933, as amended, which we refer to as the Securities Act, for an equal principal amount of the senior 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 ;

the borrowings under the ABL facility entered into by Metals USA in connection with the Merger, which we refer to as the ABL facility, on the date of the Merger;

the contribution by Apollo and certain members of management of Metals USA of $140.0 million to Metals USA Holdings, in exchange for common stock of Metals USA Holdings at the effective time of the Merger; and

the other related transactions.

For a more complete description of the Apollo Transactions and the terms of the indebtedness incurred in connection therewith, see Organizational Structure Ownership and Corporate Structure, Organizational Structure Description of the Apollo Transactions and Description of Certain Indebtedness.

The summary historical consolidated and combined financial data should be read in conjunction with the information about the limitations on comparability of our financial results, including as a result of acquisitions. See 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					
	Predecessor Company	Successor Company				
	Period from January 1 to November 30, 2005	Period from May 9 (Date of Inception) to December 31, 2005	Years Ended December 31, 2006	Years Ended December 31, 2007	Six Months Ended June 30, 2007	Six Months Ended June 30, 2008
	(in millions, except per share data)					
Net sales	$ 1,522.1	$ 116.9	$ 1,802.9	$ 1,845.3	$ 943.5	$ 1,082.1
Operating costs and expenses:						
Cost of sales (exclusive of operating and delivery, and depreciation and amortization shown below)	1,189.3	92.5	1,371.8	1,418.8	720.0	799.5
Operating and delivery	139.1	12.8	175.5	178.4	89.9	96.0
Selling, general and administrative	108.5	9.3	115.2	112.4	58.2	62.6
Depreciation and amortization(1)	3.1	1.4	21.4	22.1	10.3	10.9
Gain on sale of property and equipment						(1.5)
Impairment of property and equipment				0.2	0.2	
Operating income (loss)	82.1	0.9	119.0	113.4	64.9	114.6
Other (income) expense:						
Interest expense	12.0	4.1	54.6	87.0	39.0	45.0
Loss on debt extinguishment				8.4		
Other (income) expense	(0.1)		(0.7)	(0.7)	(0.1)	
Income (loss) before income taxes	70.2	(3.2)	65.1	18.7	26.0	69.6
Provision (benefit) for income taxes	26.7	(1.2)	25.8	4.8	10.5	26.0
Net income (loss)	$ 43.5	$ (2.0)	$ 39.3	$ 13.9	$ 15.5	$ 43.6
Income (loss) per share:						
Income (loss) per share basic	$ 2.14	$ (0.14)	$ 2.80	$ 0.99	$ 1.10	$ 3.10
Income (loss) per share diluted	$ 2.05	$ (0.14)	$ 2.79	$ 0.96	$ 1.09	$ 2.99
Number of common shares used in the per share calculations:						
Basic	20.3	14.0	14.1	14.1	14.1	14.1
Diluted	21.2	14.0	14.1	14.4	14.2	14.6
Pro forma income per share:						
Income per share basic(2)				$		$
Income per share diluted(2)				$		$
Pro forma number of common shares used in pro forma per share calculation:						
Basic(2)						
Diluted(2)						
Cash flow data:						
Cash flows provided by (used in) operating activities	$ 170.1	$ 7.3	$ (45.7)	$ 119.2	$ 32.7	$ (73.0)
Cash flows provided by (used in) investing activities	(15.8)	(434.5)	(61.0)	(58.5)	(9.9)	(0.6)
Cash flows provided by (used in) financing activities	(120.7)	438.5	251.2	(202.9)	(160.9)	78.4
Other operating data:						
Shipments (in thousands of tons)	1,332	107	1,505	1,429	736	787
Capital expenditures	$ 15.9	$ 4.4	$ 16.9	$ 21.5	$ 11.0	$ 4.9
Other financial data:						
EBITDA(3)	$ 85.6	$ 2.4	$ 141.6	$ 137.1	$ 75.9	$ 127.0
Fixed charge coverage ratio(3)	N/A	N/A	1.51	1.31	1.64	2.33

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	Historical				Pro Forma
	Successor Company				
	As of December 31,			As of June 30,	As of June 30,
	2005	2006	2007	2008	2008(4)
	(in millions)				
Balance sheet data:					
Cash	$ 11.3	$ 155.8	$ 13.6	$ 18.4	$
Total assets	795.3	1,127.0	959.0	1,139.3	
Total debt	473.5	755.4	857.3	936.9	
Total liabilities	662.9	979.4	1,084.6	1,212.0	
Stockholders equity (deficit)	132.4	147.6	(125.6)	(72.7)	

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

(2) In accordance with SEC rules for initial public offerings, pro forma income per share for the year ended December 31, 2007 and the six months ended June 30, 2008, should give effect to the number of shares that would be sufficient to replace the capital in excess of earnings that have been withdrawn through the payment of dividends during 2007 and the first six months of 2008. No dividends were paid during the first six months of 2008. However, because the amount of dividends paid during 2007, which was $288.5 million, exceeded 2007 earnings, which was $13.9 million and also exceeds the assumed offering proceeds of $ million, pro forma earnings per share reflects million shares of common stock that would be outstanding based on an assumed offering price of $ per share.

(3) Certain covenants contained in the loan and security agreement governing our ABL facility and the indentures governing the Metals USA Notes and the 2007 Notes restrict our ability to take certain actions, such as incurring additional debt and making acquisitions or paying dividends, if we are unable to meet defined fixed charge coverage ratios, which we refer to as FCCR, calculated with reference to adjusted EBITDA (as defined in the loan and security agreement and the indentures). Although we do not expect to violate any of the provisions in the agreements governing our outstanding indebtedness, these covenants can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions. See Risk Factors Risks Related to Our Business Our substantial leverage exposes us to interest rate risk and 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 and prevent us from meeting our obligations under our indebtedness.

Adjusted EBITDA (as defined by the loan and security agreement governing the ABL facility and the indentures governing the Metals USA Notes and the 2007 Notes, which we refer to as adjusted EBITDA) is defined as EBITDA (net income (loss) before interest, income taxes, depreciation and amortization) further adjusted to exclude certain non-cash, non-recurring and realized (or in case of the indentures, expected) future cost savings directly related to prior acquisitions. EBITDA, adjusted EBITDA and fixed charges are not defined terms under generally accepted accounting principles in the United States, which we refer to as GAAP. Neither EBITDA nor adjusted EBITDA should be considered an alternative to operating income or net income as a measure of operating results or an alternative to cash flows as a measure of liquidity. Fixed charges should not be considered an alternative to interest expense. Because we are highly leveraged, we believe that the inclusion of supplementary adjustments to EBITDA applied in presenting adjusted EBITDA are appropriate to provide additional information to investors to demonstrate compliance with the covenants in our debt agreements. We also use adjusted EBITDA as a key indicator to evaluate the performance of certain key employees, as well as the business as a whole. A reconciliation of net income (loss) to EBITDA and adjusted EBITDA is presented below. In addition, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Adjusted EBITDA.

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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 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

income 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.

We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting adjusted EBITDA are appropriate to provide additional information to investors about the performance of the business, and we are required to reconcile net income to adjusted EBITDA to demonstrate compliance with certain covenants in our debt agreements. Management uses adjusted EBITDA as a key indicator to evaluate performance of certain employees and the business as a whole.

Under the ABL facility, the FCCR is determined on a rolling four-quarter period, often referred to as a last-twelve month, or LTM, period by dividing (1) the sum of adjusted EBITDA (as defined in the loan and security agreement governing the ABL facility) of Metals USA minus income taxes paid in cash minus non-financed capital expenditures by (2) the sum of certain distributions paid in cash, cash interest expense and scheduled principal reductions on debt paid by Metals USA. The interest rate in respect of borrowings under the ABL facility is determined in reference to the FCCR, and should borrowing availability under the ABL facility fall below $45.0 million, we must maintain an FCCR of at least 1.0 to 1.0, measured on a trailing four-quarter basis. As of June 30, 2008, our borrowing availability under the ABL facility was $148.3 million. In addition, the FCCR also is an important measure of our liquidity and affects our ability to take certain actions, including paying dividends to stockholders and making acquisitions.

Although the indentures governing the Metals USA Notes and the 2007 Notes also contain covenants that restrict our ability to incur indebtedness and pay dividends based on our FCCR, the definition and application of the FCCR contained in the indentures differ from the definition and application of the FCCR in the ABL facility in that the numerator of the FCCR as defined in the indentures does not include cash income taxes or non-financed capital expenditures and the denominator of the FCCR as defined in the indentures does not include the sum of certain distributions paid in cash and scheduled principal reductions on debt, and separate FCCRs are required under certain circumstances. See Management s Discussion and Analysis of Financial Condition and Result of Operations Financing Activities.

The FCCR 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.

Assuming an initial public offering price of $ per share, which represents the midpoint of the range set forth on the cover page of this prospectus, and the subsequent purchase of the maximum principal amount of the 2007 Notes out of the net proceeds of this offering (assuming the exercise of the underwriters option to purchase additional shares in full), the FCCR under our ABL facility on a pro forma basis for the year ended December 31, 2007 and the twelve months ended June 30, 2008 would have been and , respectively.

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(4) The pro forma combined balance sheet data reflects the balance sheet data as of June 30, 2008, adjusted for this offering and the use of the proceeds assuming the purchase of the maximum principal amount of the 2007 Notes out of the net proceeds from this offering, and assuming an initial public offering price of $ per share. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would decrease (increase) net total debt by approximately $ million, and increase (decrease) stockholders equity by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us. For every additional 1,000,000 shares sold by us in this offering, including as a result of the exercise by the underwriters of their option to purchase additional shares from us, stockholders equity would increase by $, assuming an initial public offering price of $ per share and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us.

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

	Historical					
	Predecessor Company	Successor Company				
	Period from January 1 to November 30, 2005	Period from May 9 (Date of Inception) to December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Six Months Ended June 30, 2007	Six Months Ended June 30, 2008
	(dollars in millions)					
Net income (loss)	$ 43.5	$ (2.0)	$ 39.3	$ 13.9	$ 15.5	$ 43.6
Depreciation and amortization(a)	3.5	1.5	22.6	23.7	11.0	12.4
Interest expense	12.0	4.1	54.6	87.0	39.0	45.0
Loss on extinguishment of debt				8.4		
Provision (benefit) for income taxes	26.7	(1.2)	25.8	4.8	10.5	26.0
Other (income) expense	(0.1)		(0.7)	(0.7)	(0.1)	
EBITDA	85.6	2.4	141.6	137.1	75.9	127.0
Covenant defined adjustments:						
Inventory purchase adjustments(b)		4.1	10.8			
Stock options and grant expense(c)	15.0	0.4	1.2	4.8	3.7	0.6
Write-off prepaid expenses as result of Merger(d)	0.3					
Facilities closure(e)			1.4	0.7		4.7
Severance costs(f)	0.7					
Pension withdrawal liability(g)				2.0		
Management fees(h)		0.1	1.2	1.5	0.6	0.6
Adjusted EBITDA(i)	$ 101.6	$ 7.0	$ 156.2	$ 146.1	$ 80.2	$ 132.9

(a) Includes depreciation for Building Products that is included in cost of sales.

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(b) As a result of management s analysis and evaluation of the replacement cost of inventory at the date of the closing of the Apollo 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.

(c) Non-cash stock option and stock grant expense.

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

(e) The amount for 2006 represents charges incurred in connection with the closure of two locations within our metal service center business and three locations within our building products business. The amount for 2007 represents charges in the building products business for the closure of two facilities in the third quarter of 2007 and one in the fourth quarter of 2007. The amount for the six months ended June 30, 2008, represents charges to the building products business for the closure of six locations during such period.

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

(g) This amount represents accrued expenses incurred in connection with the withdrawal of two of our operating facilities from a multi-employer pension fund.

(h) Includes accrued expenses related to the management agreement we have with Apollo, pursuant to which Apollo provides us with management services, which will be terminated upon consummation of this offering. See Certain Relationships and Related Party Transactions Related Party Transactions Apollo Agreements.

(i) As defined by the loan and security agreement governing the ABL facility and the indentures governing the Metals Notes and the 2007 Notes.

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RISK FACTORS

Investing in our common stock 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 common stock or deciding whether you will or will not participate in this offering. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or cash flows. In such a case, you may lose all or part of your original investment.

Risks Related to Our Business

Our business, financial condition, results of operations and cash flows are heavily affected by changing metal prices, which are currently high relative to historic levels.

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 metal service centers maintain substantial inventories of metal to accommodate the short lead-times and just-in-time delivery requirements of our customers. Accordingly, using information derived from customers, market conditions, historic usage and industry research, 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. 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, results of operations or cash flows.

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. 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.

Our operating results and liquidity could be negatively affected during economic downturns because the demand for our products is cyclical and the industry is currently at a high point.

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. The industry is currently at a high point, however, and 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 conditions in general could result in a reduction in demand for our products and could have a material adverse effect on our business, financial condition, results of operations or cash flows. 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, results of operations or cash flows.

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 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 continues to fall, 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 and termination of one or more of our relationships with any of them could have a material adverse effect on our business, financial condition, results of operations or cash flows.

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 June 30, 2008, our top two metals suppliers represent a significant portion of our total metal purchasing cost. Termination of our relationship with either of these suppliers could have a material adverse effect on our business, financial condition, results of operations or cash flows if we were unable to obtain metal from other sources in a timely manner.

In addition, the domestic metals production industry experienced consolidation in recent years. As of June 30, 2008, the top three steel producers together controlled over 50% of domestic steel production. 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, results of operations or cash flows. 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, results of operations or cash flows if we were not able to pass these price increases on to our customers.

Intense competition in our fragmented industry 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 oriented metals processor/metal service centers on a regional and local basis, some of which may have greater financial resources than we have. The United States and Canadian metal service center industry generated $143 billion in sales from approximately 1,200 participants in 2007. The top 100 competitors represent approximately 43% of industry revenue. Metals USA is ranked ninth among this group. 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. Because price, particularly in the ferrous flat rolled business, is a competitive factor 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, results of operations or cash flows.

Our ability to retain our key employees is critical to the success of our business, and failure to do so may adversely affect our revenues and as a result could materially adversely affect our business, financial condition, results of operations and cash flows.

We are dependent on the services of our Chief Executive Officer and other members of our senior management team to remain competitive in our industry. We may not be able to retain or replace one or more of these key employees, we may suffer an extended interruption in one or more of their services or we may lose the services of one or more of these key employees entirely. Our current key employees are subject to employment conditions or arrangements that permit the employees to terminate their employment without notice. See Management Management Agreements with Metals USA and Related Stock Option Grants from Metals USA Holdings. Other than a life insurance policy maintained by us on our Chief Executive Officer, for which we are the beneficiary, we do not maintain any life insurance policies for our key employees. If any of our key employees were not able to dedicate adequate time to our business, due to personal or other factors, we lose or suffer an extended interruption in the services of any of our key employees or if any of our key employees were to terminate their employment it could have a material adverse effect on our business, financial condition, results of operations or cash flows. In addition, the market for qualified individuals may be highly competitive and we may not be able to attract and retain qualified personnel to replace or succeed members of our senior management or other key employees, should the need arise.

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, results of operations or cash flows.

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 cash flows 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 for clean up under the Comprehensive Environmental Response, Compensation, and Liability Act, which we refer to as CERCLA. 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 costs related to such claims.

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

As of June 30, 2008, approximately 272 of our employees (approximately 10%) at various sites were members of unions. We are currently a party to eight collective-bargaining agreements. One expires in mid 2008, two in late 2009 and five expire in 2010. Presently we do not anticipate any problems or issues with respect to renewing these agreements upon acceptable terms. 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, results of operations or cash flows. See Business Employees for a discussion of our previous negotiations of collective-bargaining agreements.

Our historical financial information is not comparable to our current financial condition, results of operations and cash flows because of our use of purchase accounting in connection with the Merger (which resulted in a new valuation for the assets and liabilities of Metals USA to their fair values) and the acquisitions of Port City, Lynch Metals and Allmet.

It may be difficult for you to compare both our historical and future results to our results for the fiscal year ended December 31, 2007 and the six months ended June 30, 2008. The Merger was 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. In addition, the acquisition of Port City and Dura-loc Roofing Systems Limited, subsequently renamed Allmet, which we refer to as Allmet (collectively, which we refer to as the 2006 Acquisitions), and the acquisition of Lynch Metals were, 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.

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. 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, results of operations and cash flows, 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 that could be material; and
- increasing the scope, geographic diversity and complexity of our operations.

As a result of the foregoing, our acquisition strategy may not be successfully received by customers, and we may not realize any anticipated benefits from acquisitions.

Metals USA Holdings is a holding company and relies on dividends and other payments, advances and transfers of funds from its subsidiaries to meet its dividend and other obligations.

Metals USA Holdings has no direct operations and no significant assets other than ownership of 100% of the stock of Flag Intermediate and its indirect ownership of 100% of Metals USA. Because Metals USA Holdings conducts its operations through its subsidiaries, Metals USA Holdings depends on those entities for dividends and other payments to generate the funds necessary to meet its financial obligations, and to pay any dividends with respect to our common stock. Legal and contractual restrictions in the ABL facility, the Metals USA Notes indenture, the 2007 Notes indenture and other agreements governing current and future indebtedness of Metals USA Holdings subsidiaries, as well as the financial condition and operating requirements of Metals USA Holdings subsidiaries, may limit Metals USA Holdings ability to obtain cash from its subsidiaries. The earnings from, or other available assets of, Metals USA Holdings subsidiaries may not be sufficient to pay dividends or make distributions or loans to enable Metals USA Holdings to pay any dividends on our common stock.

We may not be able to retain or expand our customer base if the North American manufacturing industry continues to erode through moving offshore or through acquisition and merger or consolidation activity in our customers industries.

Our customer base, including our Flat Rolled and Non-Ferrous Group s customer base, primarily includes manufacturing and industrial firms. Some of these customers operate in industries that are undergoing consolidation through acquisition and merger activity; some are considering or have considered relocating production operations overseas or outsourcing particular functions overseas; and some customers have closed as they were unable to compete successfully with overseas competitors. Our facilities are predominately located in the mid-western and southern United States. To the extent that these customers cease U.S. operations, relocate or move operations overseas to regions in which we do not have a presence, we could lose their business. In addition, acquirers of manufacturing and industrial firms may have suppliers of choice that do not include us, which could affect our customer base and sales.

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We may face product liability claims that are costly and create adverse publicity.

If any of the products that we sell cause harm to any of our customers, we could be exposed to product liability lawsuits. If we were found liable under product liability claims, we could be required to pay substantial monetary damages. Further, even if we successfully defended ourselves against this type of claim, we could be forced to spend a substantial amount of money in litigation expenses, our management could be required to spend valuable time to defend against these claims and our reputation could suffer, any of which could harm our business.

We may not be able to generate sufficient cash to service all of our indebtedness.

Our ability to make payments on our indebtedness depends on our ability to generate cash in the future. The Metals USA Notes, the 2007 Notes, the ABL facility and our other outstanding indebtedness are expected to account for significant cash interest expenses in fiscal 2008. Accordingly, we will have to generate significant cash flows from operations to meet our debt service requirements. If we do not generate sufficient cash flow to meet our debt service and working capital requirements, we may need to seek additional financing; however, this insufficient cash flow may make it more difficult for us to obtain financing on terms that are acceptable to us, or at all. Furthermore, Apollo has no obligation to provide us with debt or equity financing and we therefore may be unable to generate sufficient cash to service all of our indebtedness.

Our substantial leverage exposes us to interest rate risk and 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 and prevent us from meeting our obligations under our indebtedness.

We are highly leveraged. As of June 30, 2008, our total indebtedness was $936.9 million. We also had an additional $148.3 million available for borrowing under the ABL facility as of that date. As of June 30, 2008, we had $935.0 million of senior indebtedness outstanding, consisting of borrowings under the ABL facility, the Metals USA Notes, the 2007 Notes and an Industrial Revenue Bond, which we refer to as IRB, and $1.9 million of junior indebtedness outstanding. We are required by the terms of the 2007 Notes to make an offer to all holders of the 2007 Notes within 60 days of the receipt of the proceeds of this offering to repurchase the maximum principal amount of the 2007 Notes that may be purchased out of the net proceeds, estimated to be approximately $ million, or $ million if the over-allotment option is exercised in full, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of the closing of the repurchase offer. We cannot assure you that holders of the 2007 Notes will accept our offer and, even if they do, we expect that $ million of the 2007 Notes will remain outstanding. We will also continue to be subject to the covenants in the indenture governing the 2007 Notes. See Use of Proceeds.

Our substantial indebtedness could have important consequences for you, including:

- it may limit, along with the financial and other restrictive covenants in our indebtedness, among other things, our 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;
- it may limit our flexibility in planning for, or reacting to, changes in our operations or business;
- we may be more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- it may make us more vulnerable to downturns in our business or the economy; and
- there would be a material adverse effect on our business, financial condition, results of operations or cash flows if we were unable to service our indebtedness or obtain additional financing, as needed.

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Our debt agreements impose significant operating and financial restrictions, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

The ABL facility and the indentures governing the Metals USA Notes and the 2007 Notes contain various covenants that limit or prohibit our ability, among other things, to:

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

The indentures governing the Metals USA Notes and the 2007 Notes contain covenants that restrict our ability to take certain actions, such as incurring additional debt, if we are unable to meet defined adjusted EBITDA to fixed charges and consolidated total debt ratios (each, as defined). The covenants in the indentures require us to have an adjusted EBITDA to fixed charge ratio (measured on a trailing four-quarter basis and calculated differently from the FCCR as defined by the ABL facility) of 2.0 to 1.0 to incur ratio indebtedness and a consolidated total debt ratio of no greater than 4.75 to 1.0 to incur ratio indebtedness in connection with acquisitions. Based on the calculations for the trailing four quarters, we are able to satisfy these covenants and incur additional indebtedness under these ratios, including for acquisition purposes, under our indentures.

As of June 30, 2008, our FCCR was 2.33. As of June 30, 2008 we had $148.3 million of additional borrowing capacity under the ABL facility. Failure to comply with the FCCR covenant of the ABL facility can result in limiting our long-term growth prospects by hindering our ability to incur future indebtedness or grow through acquisitions. The interest rate in respect of borrowings under the ABL facility is determined in reference to the FCCR, and should borrowing availability under the ABL facility fall below $45.0 million, we must maintain an FCCR of at least 1.0 to 1.0, measured on a trailing four-quarter basis.

A breach of any of these covenants could result in a default under our debt agreements. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financing Activities Covenant Compliance.

The restrictions contained in the agreements that govern the terms of our debt could:

limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans;

adversely affect our ability to finance our operations, to enter into strategic acquisitions, investments or other capital needs or to engage in other business activities that would be in our interest; and

limit our access to the cash generated by our subsidiaries.

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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 we were 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, results of operations or cash flows. In addition, we may not have sufficient assets to repay the 2007 Notes or the Metals USA Notes upon acceleration.

For a more detailed description on the limitations on our ability to incur additional indebtedness, please see Management s Discussion and Analysis of Financial Condition and Results of Operations Financing Activities and Description of Certain Indebtedness.

Despite our substantial indebtedness, we may still be able to incur significantly more indebtedness which could have a material adverse effect on our business, financial condition or results of operations.

The terms of the Metals USA Notes indenture, the 2007 Notes indenture and the ABL facility contain restrictions on our 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, we or our subsidiaries could incur significant additional indebtedness in the future. As of June 30, 2008, we had approximately $148.3 million available for additional borrowing under the ABL facility, including the subfacility for letters of credit, and the covenants under our debt agreements would allow us to borrow a significant amount of additional indebtedness. In addition, the Metals USA Notes indenture does not limit the amount of indebtedness that may be incurred by Flag Intermediate or Metals USA Holdings. Additional leverage could have a material adverse effect on our business, financial condition or results of operations and could increase the risks described in Our substantial leverage exposes us to interest rate risk and 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 and prevent us from meeting our obligations under our indebtedness, Our debt agreements impose significant operating and financial restrictions, which could have a material adverse effect on our business, financial condition, results of operations or cash flows and Because a substantial portion of our indebtedness bears interest at rates that fluctuate with changes in certain prevailing short-term interest rates, we are vulnerable to interest rate increases.

Because a substantial portion of our indebtedness bears interest at rates that fluctuate with changes in certain prevailing short-term interest rates, we are vulnerable to interest rate increases.

A substantial portion of our indebtedness, including the ABL facility and the 2007 Notes, bears interest at rates that fluctuate with changes in certain short-term prevailing interest rates. As of June 30, 2008, we had approximately $660.0 million of floating rate debt under the 2007 Notes, the ABL facility and the IRB. We also had an additional $148.3 million available for borrowing under the ABL facility as of June 30, 2008. Assuming a consistent level of debt, a 100 basis point change in the interest rate on our floating rate debt effective from the beginning of the year would increase or decrease our fiscal 2008 interest expense under the 2007 Notes, the ABL facility and the IRB by approximately $6.6 million. If interest rates increase dramatically, we could be unable to service our debt which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Cash interest on the 2007 Notes will accrue at a rate per annum, reset quarterly, equal to LIBOR plus a spread of 6.00%, which increases by 0.25% to 6.25% in year 2, by 0.50% to 6.50% in year 3,

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and by 0.75% to 6.75% in year 4. The spread increased to 6.25% on July 10, 2008. Assuming a LIBOR rate of % and the adjusted spread of 6.25% and assuming $ million of our 2007 Notes are repurchased with the proceeds of this offering, our annual interest expense would be reduced by $ million. We cannot assure you, however, that holders of our 2007 Notes will accept our offer to repurchase their notes, and even if they do, we expect that $ million of the 2007 Notes will remain outstanding. For each $1.0 million of 2007 Notes that remain outstanding our interest expense related thereto will be $.

Risks Related to an Investment in Our Common Stock and This Offering

There is no existing market for our common stock and we do not know if one will develop, which could impede your ability to sell your shares and depress the market price of our common stock.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on The New York Stock Exchange or otherwise or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the common stock will be determined by negotiations between us and the representative of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. See Underwriting. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

Apollo controls us and its interests may conflict with or differ from your interests as a stockholder.

After the consummation of this offering, Apollo will beneficially own approximately % of our common stock, assuming the underwriters do not exercise their over-allotment option. If the underwriters exercise in full their over-allotment option, Apollo will beneficially own approximately % of our common stock immediately after the consummation of this offering. As a result, Apollo will continue to have the power to elect all of our directors and will have the ability to prevent any transaction that requires the approval of our board of directors or stockholders, including the approval of significant corporate transactions such as mergers and the sale of substantially all of our assets.

The amended and restated investors rights agreement that we intend to enter into with Apollo and each of our management members, which we refer to as the amended and restated investors rights agreement, will provide that, except as otherwise required by applicable law, Apollo will have the right to nominate (a) four directors as long as Apollo owns (including shares of common stock issuable under the terms of any exchangeable securities issued by us) at least 30% but less than 50% of our outstanding common stock, (b) three directors as long as Apollo owns (including shares of common stock issuable under the terms of any exchangeable securities issued by us) at least 20% but less than 30% of our outstanding common stock and (c) two directors as long as Apollo owns (including shares of common stock issuable under the terms of any exchangeable securities issued by us) at least 10% but less than 20% of our outstanding common stock. In the event that the board of directors increases its size beyond nine members, Apollo s nomination rights will be proportionately increased, rounded up to the nearest whole number. Thus, Apollo will continue to be able to significantly influence or effectively control our decisions. See Certain Relationships and Related Party Transactions Related Party Transactions Amended and Restated Investors Rights Agreement and Description of Capital Stock Composition of Board of Directors; Election and Removal of Directors.

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The interests of Apollo could conflict with or differ from your interests as a holder of our common stock. For example, the concentration of ownership held by Apollo could delay, defer or prevent a change of control of our company or impede a merger, takeover or other business combination that you as a stockholder may otherwise view favorably. Apollo is in the business of making or advising on investments in companies and holds, and may from time to time in the future acquire, interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. They may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Further, Apollo will realize substantial benefits from the sale of their shares in this offering. A sale of a substantial number of shares of stock in the future by funds affiliated with Apollo could cause our stock price to decline.

Because all of the proceeds from this offering of our common stock may be used to repay the 2007 Notes, none or very little of such proceeds may be used to further invest in our business.

The 2007 Notes indenture requires that we make an offer to all holders of the 2007 Notes within 60 days of the receipt of the proceeds of this offering to repurchase the maximum principal amount of the 2007 Notes that may be purchased out of the net proceeds, estimated to be approximately $ million, or $ million if the over-allotment option is exercised in full, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of the closing of the repurchase offer. As a result, none or very little of such proceeds may be used to further invest in our business. On June 17, 2008, the 2007 Notes traded at 94.75%, based on quoted market prices. See Use of Proceeds.

We are a controlled company within the meaning of The New York Stock Exchange rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon the closing of this offering, Apollo will continue to control a majority of our voting common stock. As a result, we are a controlled company within the meaning of The New York Stock Exchange corporate governance standards. Under The New York Stock Exchange rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain New York Stock Exchange corporate governance requirements, including:

- the requirement that a majority of the board of directors consists of independent directors;
- the requirement that we have a nominating/governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating/governance and compensation committees.

Following this offering, we intend to utilize the exemptions from The New York Stock Exchange corporate governance requirements, including the foregoing. As a result, we will not have a majority of independent directors nor will our nominating/governance and compensation committees consist entirely of independent directors and we will not be required to have an annual performance evaluation of the nominating/governance and compensation committees. See Management. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of The New York Stock Exchange corporate governance requirements.

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The price of our common stock may fluctuate significantly and you could lose all or part of your investment.

Volatility in the market price of our common stock price may prevent you from being able to sell your common stock at or above the price you paid for your common stock. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- conditions that impact demand for our products and services;
- future announcements concerning our business or our competitors businesses;
- the public s reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and environmental regulation;
- general market, economic and political conditions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- the number of shares to be publicly traded after this offering;
- sales of common stock by us, Apollo or members of our management team;
- adverse resolution of new or pending litigation against us; and

changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

See Risks Related to Our Business.

In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our share price.

We have no plans to pay regular dividends on our common stock, so you may not receive funds without selling your common stock.

We have no plans to pay regular dividends on our common stock. Any payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends, and other considerations that our board of directors deems relevant. The ABL facility and the indentures governing the 2007 Notes and the Metals USA

Notes also include limitations on the ability of our subsidiaries to pay dividends to us. Accordingly, you may have to sell some or all of your common stock in order to generate cash flow from your investment.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of shares of our common stock.

We may sell additional shares of common stock in subsequent public offerings. Our amended and restated articles of incorporation will authorize us to issue shares of common stock, of which shares will be outstanding upon consummation of this offering. This number includes shares that we are selling in this offering, which may be resold immediately in the public market. Of the remaining shares, or % are restricted from immediate resale under the federal securities laws and the lock-up agreements between our current stockholders and the underwriters described in the Underwriting section of this prospectus, but may be sold into the market in the near future. These shares will become available for sale at various times following the expiration of the lock-up agreements, which, without the prior consent of the representative of the underwriters, is 180 days after the date of this prospectus (which period could be extended by the underwriters for up to an additional 18 days under certain circumstances). Immediately after the expiration of the 180-day lock-up period, the shares will be eligible for resale under Rule 144 or Rule 701 of the Securities Act subject to volume limitations and applicable holding period requirements. In addition, immediately following this offering, we intend to file a registration statement under the Securities Act registering 1,400,000 shares reserved for issuance under the 2005 Plan (of which shares will not be subject to the 180-day lock-up).

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

Our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

Provisions of our amended and restated certificate of incorporation and bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our board of directors. These provisions include:

- a classified board of directors;
- the sole power of a majority of the board of directors to fix the number of directors;
- limitations on the removal of directors;
- the ability of our board of directors to designate one or more series of preferred stock and issue shares of preferred stock without stockholder approval;
- the sole power of our board of directors to fill any vacancy on our board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise; and
- advance notice requirements for nominating directors or introducing other business to be conducted at stockholder meetings.

The foregoing factors, as well as the significant common stock ownership by Apollo, could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See Description of Capital Stock.

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You will suffer an immediate and substantial dilution in the net tangible book value of the common stock you purchase.

Prior investors have paid substantially less per share than the price in this offering. The initial offering price is substantially higher than the net tangible book value per share of the outstanding common stock immediately after this offering. Accordingly, based on an assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus), purchasers of common stock in this offering will experience immediate and substantial dilution of approximately $ per share in net tangible book value of the common stock. See Dilution, including the discussion of the effects on dilution from a change in the price of this offering.

Any issuance of preferred stock could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our board of directors has the authority to issue preferred stock and to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium over the market price, and adversely affect the market price and the voting and other rights of the holders of our common stock.

The additional requirements of having a class of publicly traded equity securities may strain our resources and distract management.

After the consummation of this offering, we will be subject to additional reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, and the Sarbanes-Oxley Act of 2002, which we refer to as the Sarbanes-Oxley Act. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control for financial reporting. These requirements may place a strain on our systems and resources. Under Section 404 of the Sarbanes-Oxley Act, we are currently required to include a report of management on our internal control over financial reporting in our Annual Reports on Form 10-K. After consummation of this offering, our independent public accountants auditing our financial statements must attest to the effectiveness of our internal control over financial reporting. This requirement will first apply to our Annual Report on Form 10-K for our fiscal year ending December 31, 2009. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. This may divert management s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. If we are unable to conclude that our disclosure controls and procedures and internal control over financial reporting are effective, or if our independent public accounting firm is unable to provide us with an unqualified report as to management s assessment of the effectiveness of our internal control over financial reporting in future years, investors may lose confidence in our financial reports and our stock price may decline.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that 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, which we refer to as 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:

- 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;
- adverse developments in our relationship with both our key employees and unionized employees;
- 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;
- our ability to operate our businesses efficiently, manage capital expenditures and costs (including general and administrative expenses) tightly and generate earnings and cash flow;

our substantial indebtedness described in this prospectus;

restrictive covenants in our indebtedness that may adversely affect our operational flexibility;

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

our expectations with respect to our acquisition activity;

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- our ability to retain key employees; and

- the costs of being a public company, including Sarbanes-Oxley compliance.

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. 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.

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USE OF PROCEEDS

Assuming an initial public offering price of $ per share, which represents the midpoint of the range set forth on the cover page of this prospectus, our net proceeds from this offering are estimated to be approximately $ million after deducting the estimated underwriting discounts and commissions and offering expenses that will be paid out of the proceeds of this offering. We currently intend to use the net proceeds from the shares being sold by us in this offering, including any net proceeds from any sales of our common stock sold pursuant to the underwriters over-allotment, as follows:

- approximately $ million to make an offer to all holders of our 2007 Notes to repurchase the maximum principal amount of the 2007 Notes that may be purchased out of the net proceeds of this offering, estimated to be approximately $ million, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of the closing of the repurchase offer;

- approximately $ million for estimated fees and expenses; and

- any remaining net proceeds will be used for general corporate purposes.

Under the terms of the indenture governing the 2007 Notes, we must offer to repurchase all of a holder s 2007 Notes or a pro rata portion thereof. The 2007 Notes will be repurchased no earlier than 30 days nor later than 60 days from the date we commence the repurchase offer, which may be commenced no later than 60 days following our receipt of the proceeds of this offering. Prior to the commencement of the repurchase offer, we must irrevocably deposit the net proceeds of this offering with the trustee, Wells Fargo Bank, N.A., and the proceeds must be invested in cash or cash equivalents to be held for the payment of the purchase price of the 2007 Notes. We cannot assure you that holders of the 2007 Notes, of which $300.0 million aggregate principal amount are outstanding, will accept our offer, and even if they do, we expect that $ million of the 2007 Notes will remain outstanding. If the amount deposited is greater than the purchase price of the 2007 Notes tendered by holders, the trustee will deliver the excess to us immediately after the expiration of the repurchase offer. We will use the balance of the net proceeds, if any, for general corporate purposes, as described below.

Our affiliates, including Apollo, that are holders of the 2007 Notes may participate in the repurchase offer. See Certain Relationships and Related Party Transactions Related Party Transactions Repurchase Offer. As of July 16, 2008 our affiliates, including Apollo, held $91.4 million of our 2007 Notes. Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with the offering, a $1.00 increase (decrease) in the assumed public offering price of $ per share would increase (decrease) the amount of proceeds from this offering by $ million, with a corresponding increase (decrease) in the repurchase offer made to holders of the 2007 Notes.

If the net proceeds of this offering, including any net proceeds from any sales of our common stock sold pursuant to the underwriters over-allotment, are greater than the purchase price of the 2007 Notes tendered in the repurchase offer, we will use any remaining net proceeds for general corporate purposes. General corporate purposes includes working capital, the expansion of our production capabilities, research and development, purchases of capital equipment and potential acquisitions of businesses that we believe are complementary to our business. We have not determined the specific portion of any net proceeds to be used for these purposes, and the net proceeds from this offering have not been accounted for in our normal budgeting process. Although from time to time we evaluate possible acquisitions of companies and assets, we currently have no definitive commitments or

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agreements to make any acquisitions, and cannot assure you that we will make any acquisitions in the future. The amounts actually expended for these purposes may vary significantly and will depend on a number of factors, including the amount of cash we generate from future operations, the actual expenses of operating our business, opportunities that may be or become available to us and the other factors described under Risk Factors. Notwithstanding the uses described above, we will retain broad discretion in the allocation of any remaining net proceeds after the purchase of the 2007 Notes tendered in the repurchase offer.

We will not receive any proceeds from the sale of our common stock by the selling stockholders, including with respect to any shares sold by the selling stockholders pursuant to the underwriters exercise of their option to purchase additional shares. In the aggregate, the selling stockholders will receive approximately $ million of proceeds from this offering, after deducting the estimated underwriting discounts and commissions and offering expenses, or approximately $ million if the underwriters option to purchase additional shares is exercised in full, assuming the shares are offered at $ per share, which is the midpoint of the estimated offering price range set forth on the cover of this prospectus.

The net proceeds from the offering of the 2007 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 2007 Notes.

The first three interest payments on the 2007 Notes were paid and the interest payment on July 1, 2008 is payable solely in cash. For any interest period thereafter, we may elect to pay interest (1) entirely in cash or (2) entirely by increasing the principal amount of the 2007 Notes or issuing new 2007 Notes, which we refer to as PIK Interest, or (3) on 50% of the outstanding principal amount of the 2007 Notes in cash and on 50% of the outstanding principal amount of the 2007 Notes by increasing the principal amount of the outstanding 2007 Notes or by issuing new 2007 Notes, which we refer to as Partial PIK Interest. Cash interest on the 2007 Notes will accrue at a rate per annum, reset quarterly, equal to LIBOR plus a spread of 6.00%, which increases by 0.25% to 6.25% in year 2, by 0.50% to 6.50% in year 3, and by 0.75% to 6.75% in year 4. In the event PIK Interest is paid on the 2007 Notes, the then-applicable margin over LIBOR on 2007 Notes would increase by 0.75% for each period in which PIK Interest is paid. The 2007 Notes, including any notes issued to pay PIK Interest or Partial PIK Interest, mature on July 1, 2012. See Management s Discussion and Analysis of Financial Condition and Results of Operations Financing Activities The 2007 Notes.

DIVIDEND POLICY

We do not currently anticipate paying any dividends on our common stock in the foreseeable future. Any future determination as to our dividend policy will be made at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal requirements, restrictions in our debt agreements and other factors our board of directors deems relevant. The terms of the indebtedness of Metals USA, our subsidiary, may also restrict it from paying cash dividends to us under some circumstances. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations 2005 Successor Company and Predecessor Company Results Combined Non-GAAP Contractual Obligations, Description of Certain Indebtedness, and Description of Capital Stock Common Stock.

On July 10, 2007, Metals USA Holdings used the net proceeds from the issuance of $300.0 million initial aggregate principal amount of the 2007 Notes as well as approximately $8.3 million of additional borrowings under the ABL facility, to redeem the 2006 Notes (for approximately $150.0 million plus accrued and unpaid interest of approximately $5.4 million see Note 8 to our consolidated financial statements for further discussion of the 2006 Notes redemption), to pay a cash dividend of approximately $130.3 million to its stockholders, which include Apollo and certain members of management, to pay approximately $9.2 million to its stock option holders in order to equitably adjust such stock options to reflect such dividend, which include certain members of our management, which we refer to collectively as the July 2007 dividend, and to pay fees and expenses related to the offering of the 2007 Notes.

In connection with the July 2007 dividend, stock option holders were paid approximately $9.25 per share on outstanding options (an amount equal to the per-share amount of the July 2007 dividend), for a total of approximately $9.2 million. The cash payment to holders of outstanding options to acquire shares of Metals USA Holdings common stock was made to equitably adjust such option holders by the Metals USA Holdings board of directors pursuant to the exercise of its discretion to preserve the rights of options holders under the 2005 Plan. As a result of the cash payment on outstanding options, we were required to recognize $0.3 million of non-cash stock-based compensation expense, net of related tax effects, in the third quarter of 2007.

During December 2006, Metals USA Holdings issued $150.0 million initial aggregate principal amount of the 2006 Notes. On January 3, 2007, Metals USA Holdings used the net proceeds from the issuance of the 2006 Notes, as well as $8.2 million of additional borrowings under the ABL facility, to pay a cash dividend of approximately $144.8 million to its stockholders, which include Apollo and certain members of our management, to make a cash payment (partially in lieu of the cash dividend) of approximately $4.2 million to its vested stock option holders, which include certain members of our management, and to pay fees and expenses related to the issuance of the 2006 Notes, including a $1.5 million non-recurring transaction fee to Apollo. We refer to such cash payment and the cash dividend collectively as the January 2007 dividend.

In connection with the January 2007 dividend, the outstanding employee stock options under the 2005 Plan were adjusted a second time. The combination of the reduction of the per share exercise price of the stock options and the cash payment to vested stock option holders was, on a per share basis, approximately equal to the per share amount of the dividend.

Because the payment of the January 2007 dividend resulted in the achievement of certain performance targets with respect to Apollo s investment in Metals USA Holdings, the board of directors exercised its discretion under the 2005 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.

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On January 3, 2007, the board of directors of Metals USA Holdings adopted our 2006 Deferred Compensation Plan. Our 2006 Deferred Compensation Plan was adopted in connection with the January 2007 dividend, and credits to individual accounts established for stock option holders an amount equal to $6.56 per share on certain unvested options, for a total of $2.3 million. Payment of this liability is subject to continued employment for two years following the adoption date and will be paid in one lump sum upon completion of such period.

On May 23, 2006, we declared a dividend of $25 million to our stockholders of record as of that date, which we paid on May 24, 2006, which we refer to as the May 2006 dividend.

In connection with the payment of the May 2006 dividend, the outstanding employee stock options under the 2005 Plan were equitably adjusted by decreasing the exercise price of such options in an amount equal to the per share amount of the May 2006 dividend.

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CAPITALIZATION

The following table sets forth cash and cash equivalents and capitalization as of June 30, 2008:

on a historical basis; and

on a pro forma basis to give effect to:

(a) the issuance of shares of our common stock to our existing stockholders immediately prior to the consummation of this offering;

(b) the sale of approximately shares of our common stock in this offering at the initial public offering price of $ per share, which represents the midpoint of the range set forth on the cover page of this prospectus, providing net proceeds to us from this offering (after deducting the estimated underwriting discounts and commissions) of approximately $ million; and

(c) the application of the net proceeds as described in Use of Proceeds.

This table should be read together with Use of Proceeds, Selected Historical Consolidated Financial Data, Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and the combined financial statements and notes to those statements, in each case, included elsewhere in this prospectus.

	As of June 30, 2008	
	Historical	**Pro Forma (1)**
	(in millions)	
Cash and cash equivalents(2)	$ 18.4	$
Total debt:		
ABL facility(3)	$ 361.5	$
Metals USA Notes(2)	275.0	
2007 Notes	292.8	
Other long-term debt(4)	7.6	
Total debt	936.9	
Stockholders deficit:		
Common stock(5)(6)	0.1	&nbs