

METALS USA INC
Form SC 13E3/A
October 11, 2005

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13E-3

RULE 13e-3 TRANSACTION STATEMENT

(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)

(Amendment No. 4)

METALS USA, INC.

(Name of the Issuer)

Metals USA, Inc.

Flag Holdings Corporation

Flag Acquisition Corporation

Apollo Management V, L.P.

Apollo Advisors V, L.P.

Apollo Investment Fund V, L.P.

Apollo Overseas Partners V, L.P.

Apollo Netherlands Partners V(A), L.P.

Apollo Netherlands Partners V(B), L.P.

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Apollo German Partners V GMBH & CO KG

C. Lourenco Goncalves

Terry L. Freeman

John A. Hageman

(Name of Person(s) Filing Statement)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

591324207

(CUSIP Number of Class of Securities)

Daniel W. Dienst

c/o Metals Management, Inc.

750 Lexington Avenue

New York, NY 10021

(212) 750-7280

(Name, Address and Telephone Number of Persons Authorized to Receive Notices and Communications on Behalf of Persons Filing Statement)

Eric L. Press

Apollo Management, L.P.

9 West 57th Street, 43rd Floor

New York, NY 10019

(212) 515-3200

Copy to:

Steven H. Scheinman, Esq.

Akin Gump Strauss Hauer & Feld LLP

590 Madison Avenue

New York, NY 10022

(212) 872-1000

Michael D. Weiner

Apollo Management, L.P.

9 West 57th Street, 43rd Floor

New York, NY 10019

(212) 515-3200

Andrew J. Nussbaum, Esq.

Wachtell, Lipton, Rosen & Katz

51 West 52nd Street

New York, NY 10019

(212) 403-1000

This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14-C or Rule 13e-3(c) under the Securities Exchange Act of 1934 (the Act).
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

Calculation of Filing Fee

Transaction Valuation*	Amount of Filing Fee**
\$539,075,835.66	\$63,449.23

* Calculated solely for purposes of determining the filing fee. The transaction value was determined by adding (a) the product of (i) 20,282,790 shares of common stock of Metals USA, Inc. (Metals USA) and (ii) \$22.00, (b) the product of (i) 45,437 unvested rights to receive shares of Metals USA common stock and (ii) \$22.00, (c) the product of (i) 1,081,270 shares of common stock of Metals USA subject to currently outstanding options and (ii) the excess of \$22.00 over \$9.42, the weighted average exercise price with respect to such options and (d) the product of (i) 3,556,703 shares of common stock of Metals USA subject to currently outstanding warrants and (ii) \$22.00.

** The filing fee, calculated in accordance with Exchange Act Rule 0-11(c)(1), was calculated by multiplying the transaction value by 0.0001177.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) under the Act and identify the filing with which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$63,449.23

Form or Registration No.: Schedule 14A

Filing Party: Metals USA, Inc.

Date Filed: June 14, 2005

Introduction

This Amendment No. 4 to the Rule 13E-3 Transaction Statement on Schedule 13E-3 (the Statement) is being filed to replace exhibits (d)(3), (d)(4) and (d)(5) of this Statement and add exhibits (a)(6) and (a)(7) to reflect the following events: (1) Terry L. Freeman plans to resign from his position with the Company upon the consummation of the Merger and has entered into a Separation Agreement and General Release; (2) In order to assist C. Lourenco Goncalves and John A. Hageman to receive the economic value of the Shares as if their investment was a tax free exchange, C. Lourenco Goncalves and John A. Hageman have entered into Amended Employment Agreements; and (3) The Company has agreed in principle to resolve certain litigation related to the Merger brought against it and each of its directors. This summary is qualified in its entirety by reference to the aforementioned exhibits.

In addition, certain additional members of management of the Company and its subsidiaries have entered into agreements or arrangements with Parent and/or Merger Sub which contemplate an equity interest in the Surviving Corporation. The equity interests of each of these individuals is less than the equity investment of each of Messrs. Goncalves and Hageman.

Item 1. Summary Term Sheet

Regulation M-A Item 1001

The information set forth in the Proxy Statement under the caption SUMMARY incorporated herein by reference.

Item 2. Subject Company Information

Regulation M-A Item 1002

- (a) **Name and Address.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

THE PARTIES TO THE MERGER Metals USA, Inc.

- (b) **Securities.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

THE SPECIAL MEETING Record Date, Quorum and Voting Power

- (c) **Trading Market and Price.** The information set forth in the Proxy Statement under the caption MARKET PRICES OF THE COMPANY'S STOCK is incorporated herein by reference.
- (d) **Dividends.** The information set forth in the Proxy Statement under the caption MARKET PRICES OF THE COMPANY'S STOCK is incorporated herein by reference.
- (e) **Prior Public Offerings.** None.
- (f)

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Prior Stock Purchasers. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

BENEFICIAL OWNERSHIP OF COMMON STOCK

TRANSACTIONS IN SHARES OF COMMON STOCK

Item 3. Identity and Background of Filing Person(s)

Regulation M-A Item 1003

(a) **Name and Address.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

THE PARTIES TO THE MERGER

SPECIAL FACTORS Position of C. Lourenco Goncalves, Terry L. Freeman and John A. Hageman as to Fairness

SPECIAL FACTORS Position of Merger Sub, Parent, Apollo and the Apollo Affiliates as to Fairness

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

BENEFICIAL OWNERSHIP OF COMMON STOCK

- (b) **Business and Background of Entities.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

THE PARTIES TO THE MERGER

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

BENEFICIAL OWNERSHIP OF COMMON STOCK

- (c) **Business and Background of Natural Persons.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference.

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

BENEFICIAL OWNERSHIP OF COMMON STOCK

Item 4. Terms of the Transaction

Regulation M-A Item 1004

- (a) **Material Terms.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

THE SPECIAL MEETING Required Vote

SPECIAL FACTORS

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THE MERGER AGREEMENT (PROPOSAL NO. 1)

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

(c) **Different Terms.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Certain Effects of the Merger

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

THE MERGER AGREEMENT (PROPOSAL NO. 1) Treatment of Stock Options, Warrants and Rights to Receive Shares of Metals USA Common Stock

(d) **Appraisal Rights.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Position of C. Lourenco Goncalves, Terry L. Freeman and John A. Hageman as to Fairness

SPECIAL FACTORS Position of Merger Sub, Parent, Apollo and the Apollo Affiliates as to Fairness

DISSENTERS RIGHTS OF APPRAISAL

ANNEX C Section 262 of the General Corporation Law of the State of Delaware

(e) **Provisions for Unaffiliated Security Holders.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

(f) **Eligibility for Listing or Trading.** Not applicable.

Item 5. Past Contacts, Transactions, Negotiations and Agreements

Regulation M-A 1005

(a) **Transactions.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Interests of the Company's Directors and Executive Officers in the Merger

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SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

- (b) **Significant Corporate Events.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

SPECIAL FACTORS Citadel Support Agreement

THE MERGER AGREEMENT (PROPOSAL NO. 1)

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

- (c) **Negotiations or Contacts.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Citadel Support Agreement

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

- (e) **Agreements Involving the Subject Company's Securities.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Financing by Parent of Merger and Related Transactions

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

SPECIAL FACTORS Citadel Support Agreement

THE MERGER AGREEMENT (PROPOSAL NO. 1)

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

Item 6. Purpose of the Transaction and Plans or Proposals

Regulation M-A Item 1006

- (b) **Use of Securities Acquired.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Questions and Answers About the Special Meeting and the Merger

SUMMARY Treatment of the Company's Stock Options

SUMMARY Treatment of the Company's Warrants

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SUMMARY Treatment of the Right to Receive Additional Metals USA Shares

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

SPECIAL FACTORS Certain Effects of the Merger

THE MERGER AGREEMENT (PROPOSAL NO. 1) Structure

THE MERGER AGREEMENT (PROPOSAL NO. 1) Treatment of Stock Options, Warrants and Rights to Receive Shares of Metals USA Common Stock

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

(c)(1)-(8) **Plans.** The information set forth in the Proxy Statement under the following captions is incorporated herein by

reference:

SUMMARY

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

SPECIAL FACTORS Certain Effects of the Merger

SPECIAL FACTORS Financing by Parent of Merger and Related Transactions

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

SPECIAL FACTORS Citadel Support Agreement

THE MERGER AGREEMENT (PROPOSAL NO. 1)

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

Item 7. Purposes, Alternatives, Reasons and Effects

Regulation M-A Item 1013

(a) **Purposes.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

(b) **Alternatives.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SPECIAL FACTORS Background of the Merger

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SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

SPECIAL FACTORS Effects on the Company if the Merger is Not Completed

(c) **Reasons.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

SPECIAL FACTORS Citadel Support Agreement

(d) **Effects.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

SPECIAL FACTORS Certain Effects of the Merger

SPECIAL FACTORS Effects on the Company if the Merger is Not Completed

SPECIAL FACTORS Material U.S. Federal Income Tax Consequences

THE MERGER AGREEMENT (PROPOSAL NO. 1)

STOCKHOLDER PROPOSALS

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

Item 8. Fairness of the Transaction

Regulation M-A 1014

(a) **Fairness.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

SUMMARY Opinion of Jefferies & Company, Inc.

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SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

SPECIAL FACTORS Position of C. Lourenco Goncalves, Terry L. Freeman and John A. Hageman as to Fairness

SPECIAL FACTORS Position of Merger Sub, Parent, Apollo and the Apollo Affiliates as to Fairness

Annex B Opinion of Jefferies & Company, Inc.

- (b) **Factors Considered in Determining Fairness.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

SPECIAL FACTORS Position of C. Lourenco Goncalves, Terry L. Freeman and John A. Hageman as to Fairness

SPECIAL FACTORS Position of Merger Sub, Parent, Apollo and the Apollo Affiliates as to Fairness

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

Annex B Opinion of Jefferies & Company, Inc.

- (c) **Approval of Security Holders.** The transaction is not structured so that the approval of at least a majority of unaffiliated security holders is required. The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY

THE SPECIAL MEETING Record Date, Quorum and Voting Power

THE SPECIAL MEETING Required Vote

SPECIAL FACTORS Citadel Support Agreement

THE MERGER AGREEMENT (PROPOSAL NO. 1)

- (d) **Unaffiliated Representative.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

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Annex B Opinion of Jefferies & Company, Inc.

- (e) **Approval of Directors.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

THE MERGER AGREEMENT (PROPOSAL NO. 1)

(f) **Other Offers.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

Item 9. Reports, Opinions, Appraisals and Certain Negotiations

Regulation M-A Item 1015

(a) **Report, Opinion or Appraisal.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

THE MERGER AGREEMENT (PROPOSAL NO. 1) Representations and Warranties

Annex B Opinion of Jefferies & Company, Inc.

(b) **Preparer and Summary of the Report, Opinion or Appraisal.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SPECIAL FACTORS Background of the Merger

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SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

SPECIAL FACTORS Financial Advisory Services of CIBC World Markets Corp.

THE MERGER AGREEMENT (PROPOSAL NO. 1) Representations and Warranties

Annex B Opinion of Jefferies & Company, Inc.

- (c) **Availability of Documents.** The reports, opinions or appraisals referenced in this Item 9 will be made available for inspection and copying at the principal executive offices of the Company during its regular business hours by any interested holder of Shares.

Item 10. Source and Amounts of Funds or Other Consideration

Regulation M-A Item 1007

- (a) **Source of Funds.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Questions and Answers About the Special Meeting and the Merger

SUMMARY Financing by Parent of Merger and Related Transactions

SUMMARY Termination Fees and Expenses

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Financing by Parent of Merger and Related Transactions

SPECIAL FACTORS Fees and Expenses of the Merger

THE MERGER AGREEMENT (PROPOSAL NO. 1)

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

(b) **Conditions.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

SUMMARY Financing by Parent of Merger and Related Transactions

SUMMARY Termination of the Merger Agreement

SUMMARY Termination Fees and Expenses

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Certain Effects of the Merger

SPECIAL FACTORS Financing by Parent of Merger and Related Transactions

THE MERGER AGREEMENT (PROPOSAL NO. 1)

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

(c) **Expenses.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Financing by Parent of Merger and Related Transactions

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SUMMARY Termination Fees and Expenses

THE SPECIAL MEETING Expenses of Proxy allocation

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Fees and Expenses of the Merger

SPECIAL FACTORS Financing by Parent of Merger and Related Transactions

THE MERGER AGREEMENT (PROPOSAL NO. 1) Termination Fee

THE MERGER AGREEMENT (PROPOSAL NO. 1) Reimbursement of Expenses

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

(d) **Borrowed Funds.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Financing by Parent of Merger and Related Transactions

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Financing by Parent of Merger and Related Transactions

ANNEX A Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation and Flag Acquisition Corporation

Item 11. Interest in Securities of the Subject Company

Regulation M-A Item 1008

- (a) **Securities Ownership.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Interests of the Company's Directors and Executive Officers in the Merger

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

BENEFICIAL OWNERSHIP OF COMMON STOCK

- (b) **Securities Transactions.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

INFORMATION REGARDING THE TRANSACTION PARTICIPANTS

BENEFICIAL OWNERSHIP OF COMMON STOCK

TRANSACTIONS IN SHARES OF COMMON STOCK

Item 12. The Solicitation or Recommendation

Regulation M-A Item 1012

- (d) **Intent to Tender or Vote in a Going-Private Transaction.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

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SUMMARY Summary Term Sheet

SUMMARY Interests of the Company's Directors and Executive Officers in the Merger

THE SPECIAL MEETING Voting by Directors and Executive Officers

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Position of C. Laurence Goncalves, Terry L. Freeman and John A. Hageman as to Fairness

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

- (e) **Recommendations of Others.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Purposes, Reasons and Plans for Metals USA after the Merger

Item 13. Financial Information

Regulation M-A Item 1010

- (a) **Financial Statements.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SELECTED FINANCIAL INFORMATION

RATIO OF EARNINGS TO FIXED CHARGES

WHERE YOU CAN FIND ADDITIONAL INFORMATION

- (b) **Pro Forma Information.** Not applicable.

Item 14. Persons/Assets, Retained, Employed, Compensated or Used

Regulation M-A Item 1009

- (a) **Solicitations or Recommendations.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

THE SPECIAL MEETING Voting by Directors and Executive Officers

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

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SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

SPECIAL FACTORS Fees and Expenses of the Merger

- (b) **Employees and Corporate Assets.** The information set forth in the Proxy Statement under the following captions is incorporated herein by reference:

SUMMARY Summary Term Sheet

SUMMARY Questions and Answers About the Special Meeting and the Merger

THE SPECIAL MEETING Voting by Directors and Executive Officers

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Recommendation of the Company's Board of Directors

SPECIAL FACTORS Interests of the Company's Directors and Executive Officers in the Merger

Item 15. Additional Information

Regulation M-A Item 1011

- (b) **Other Material Information.** The information set forth in the Proxy Statement and annexes thereto filed contemporaneously herewith is incorporated in its entirety herein by reference.

Item 16. Exhibits

Regulation M-A Item 1016

- (a)(1) Letter to Stockholders of Metals USA, Inc., incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(2) Notice of Special Meeting of Stockholders of Metals USA, Inc., incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.

- (a)(3) Proxy Statement of Metals USA, Inc., incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(4) Form of Proxy Card, incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(5) Press release issued by Metals USA, Inc., dated May 18, 2005, incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed by Metals USA, Inc. on May 18, 2005.
- (a)(6) Press release issued by Metals USA, Inc., dated October 10, 2005, incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed by Metals USA, Inc. on October 11, 2005.
- (a)(7) Press release issued by Metals USA, Inc., dated October 11, 2005, incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K filed by Metals USA, Inc. on October 11, 2005.
- (b)(1) Amended and Restated Commitment Letter, dated June 8, 2005, by and among Credit Suisse, Cayman Islands Branch, CIBC World Markets Corp., CIBC Inc., Bank of America, N.A. and Banc of America Securities LLC and accepted and agreed to by Flag Acquisition Corporation.*
- (c)(1) Opinion of Jefferies & Company, Inc., dated May 18, 2005, incorporated herein by reference to Annex B to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (c)(2) Presentation of CIBC World Markets Corp. to the Board of Directors of Metals USA, Inc., dated May 10, 2005.*
- (c)(3) Preliminary Presentation of CIBC World Markets Corp. to the Board of Directors of Metals USA, Inc., dated May 3, 2005.*
- (c)(4) Preliminary Presentation of CIBC World Markets Corp. to the Board of Directors of Metals USA, Inc., dated March 1, 2005.*
- (c)(5) Presentation of Jefferies & Company, Inc. to the Board of Directors of Metals USA, Inc., dated May 18, 2005.*
- (c)(6) Preliminary Presentation of Jefferies & Company, Inc. to the Board of Directors of Metals USA, Inc., dated May 10, 2005.*
- (d)(1) Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation, and Flag Acquisition Corporation, incorporated herein by reference to Annex A to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (d)(2) Support Agreement, dated as of May 18, 2005, by and among Flag Holdings Corporation, Citadel Equity Fund Ltd. and Citadel Credit Trading Ltd., incorporated herein by reference to Annex C to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (d)(3) Amended Employment Agreement, by and between Flag Acquisition Corporation and C. Lourenco Goncalves, dated as of September 29, 2005.
- (d)(4) Separation Agreement and General Release, by and among Metals USA, Inc., Flag Holdings Corporation, Flag Acquisition Corporation and Terry L. Freeman, dated as of October 3, 2005.

- (d)(5) Amended Employment Agreement, by and between Flag Acquisition Corporation and John A. Hageman, dated as of September 29, 2005.
- (d)(6) Letter Agreement, between Apollo Management V, L.P. and Metals USA, Inc., dated February 1, 2005.*
- (d)(7) Letter Agreement, between Apollo Management V, L.P. and Metals USA, Inc., dated March 17, 2005.*
- (f)(1) Section 262 of the General Corporation Law of the State of Delaware, incorporated herein by reference to Annex C of the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (g) None.

* Filed as an exhibit to the Schedule 13e-3 filed by Metals USA, Inc. with the Securities and Exchange Commission on June 14, 2005.

SIGNATURES

After due inquiry and to the best knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated as of October 11, 2005

METALS USA, INC.

By: /s/ Terry L. Freeman
Name: Terry L. Freeman
Title: Sr. Vice President

FLAG HOLDINGS CORPORATION

By: /s/ Eric L. Press
Name: Eric L. Press
Title: Chairman of the Board

FLAG ACQUISITION CORPORATION

By: /s/ Eric L. Press
Name: Eric L. Press
Title: Chairman of the Board

APOLLO MANAGEMENT V, L.P.

By: **AIMV Management, Inc., its General Partner**

By: /s/ Eric L. Press
Name: Eric L. Press
Title: Vice President

APOLLO ADVISORS V, L.P.

By: **Apollo Capital Management V, Inc., its
General Partner**

By: /s/ Eric L. Press
Name: Eric L. Press
Title: Vice President

APOLLO INVESTMENT FUND V, L.P.

By: **Apollo Advisors V, L.P., its General Partner**

By: **Apollo Capital Management V, Inc., its
General Partner**

By: /s/ Eric L. Press
Name: Eric L. Press
Title: Vice President

APOLLO OVERSEAS PARTNERS V, L.P.

By: **Apollo Advisors V, L.P., its General Partner**

By: **Apollo Capital Management V, Inc., its
General Partner**

By: /s/ Eric L. Press

Name: Eric L. Press

Title: Vice President

APOLLO NETHERLANDS PARTNERS V(A), L.P.

By: **Apollo Advisors V, L.P., its General Partner**

By: **Apollo Capital Management V, Inc., its
General Partner**

By: /s/ Eric L. Press

Name: Eric L. Press

Title: Vice President

APOLLO NETHERLANDS PARTNERS V(B), L.P.

By: **Apollo Advisors V, L.P., its General Partner**

By: **Apollo Capital Management V, Inc., its
General Partner**

By: /s/ Eric L. Press

Name: Eric L. Press

Title: Vice President

**APOLLO GERMAN PARTNERS V GMBH & CO
KG**

By: **Apollo Advisors V, L.P., its General Partner**

By: **Apollo Capital Management V, Inc., its
General Partner**

By: /s/ Eric L. Press

Name: Eric L. Press

Title: Vice President

C. LOURENCO GONCALVES

/s/ C. Lourenco Goncalves

TERRY L. FREEMAN

/s/ Terry L. Freeman

JOHN A. HAGEMAN

/s/ John A. Hageman

EXHIBIT INDEX

- (a)(1) Letter to Stockholders of Metals USA, Inc., incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(2) Notice of Special Meeting of Stockholders of Metals USA, Inc., incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(3) Proxy Statement of Metals USA, Inc., incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(4) Form of Proxy Card, incorporated herein by reference to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (a)(5) Press release issued by Metals USA, Inc., dated May 18, 2005, incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed by Metals USA, Inc. on May 18, 2005.
- (a)(6) Press release issued by Metals USA, Inc., dated October 10, 2005, incorporated by reference to Exhibit 99.1 of the Current Report on Form 8-K filed by Metals USA, Inc. on October 11, 2005.
- (a)(7) Press release issued by Metals USA, Inc., dated October 11, 2005, incorporated by reference to Exhibit 99.2 of the Current Report on Form 8-K filed by Metals USA, Inc. on October 11, 2005.
- (b)(1) Amended and Restated Commitment Letter, dated June 8, 2005, by and among Credit Suisse, Cayman Islands Branch, CIBC World Markets Corp., CIBC Inc., Bank of America, N.A. and Banc of America Securities LLC and accepted and agreed to by Flag Acquisition Corporation.*
- (c)(1) Opinion of Jefferies & Company, Inc., dated May 18, 2005, incorporated herein by reference to Annex B to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (c)(2) Presentation of CIBC World Markets Corp. to the Board of Directors of Metals USA, Inc., dated May 10, 2005.*
- (c)(3) Preliminary Presentation of CIBC World Markets Corp. to the Board of Directors of Metals USA, Inc., dated May 3, 2005.*
- (c)(4) Preliminary Presentation of CIBC World Markets Corp. to the Board of Directors of Metals USA, Inc., dated March 1, 2005.*
- (c)(5) Presentation of Jefferies & Company, Inc. to the Board of Directors of Metals USA, Inc., dated May 18, 2005.*
- (c)(6) Preliminary Presentation of Jefferies & Company, Inc. to the Board of Directors of Metals USA, Inc., dated May 10, 2005.*
- (d)(1) Agreement and Plan of Merger, dated as of May 18, 2005, by and among Metals USA, Inc., Flag Holdings Corporation, and Flag Acquisition Corporation, incorporated herein by reference to Annex A to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (d)(2) Support Agreement, dated as of May 18, 2005, by and among Flag Holdings Corporation, Citadel Equity Fund Ltd. and Citadel Credit Trading Ltd., incorporated herein by reference to Annex C to the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (d)(3) Amended Employment Agreement, by and between Flag Acquisition Corporation and C. Lourenco Goncalves, dated as of September 29, 2005.

- (d)(4) Separation Agreement and General Release, by and between Flag Acquisition Corporation and Terry L. Freeman, dated as of October 3, 2005.
- (d)(5) Amended Employment Agreement, by and between Flag Acquisition Corporation and John A. Hageman, dated as of September 29, 2005.
- (d)(6) Letter Agreement, between Apollo Management V, L.P. and Metals USA, Inc., dated February 1, 2005.*
- (d)(7) Letter Agreement, between Apollo Management V, L.P. and Metals USA, Inc., dated March 17, 2005.*
- (f)(1) Section 262 of the General Corporation Law of the State of Delaware, incorporated herein by reference to Annex C of the Proxy Statement on Schedule 14A filed by Metals USA, Inc. with the Securities and Exchange Commission on September 14, 2005.
- (g) None.

* Filed as an exhibit to the Schedule 13e-3 filed by Metals USA, Inc. with the Securities and Exchange Commission on June 14, 2005.