

METALS USA INC  
Form SC 13E3  
June 14, 2005

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**SCHEDULE 13E-3**

**RULE 13e-3 TRANSACTION STATEMENT**

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

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**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.**

**Apollo German Partners V GMBH & CO KG**

**C. Lourenco Goncalves**

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**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 57<sup>th</sup> Street, 43<sup>rd</sup> 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 57<sup>th</sup> Street, 43<sup>rd</sup> Floor**

**New York, NY 10019**

**(212) 515-3200**

**Andrew J. Nussbaum, Esq.**

**Wachtell, Lipton, Rosen & Katz**

**51 West 52<sup>nd</sup> Street**

**New York, NY 10019**

**(212) 403-1000**

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

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- 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\***  
\$539,075,835.66

**Amount of Filing Fee\*\***  
\$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

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**Introduction**

This Rule 13(e)-3 Transaction Statement (the "Transaction Statement") relates to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of May 18, 2005, by and among Metals USA, Inc., a Delaware corporation (the "Company"), Flag Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub") and Flag Holdings Corporation, a Delaware corporation ("Parent"). Parent and Merger Sub were recently formed by certain private equity funds managed by Apollo Management V, L.P. (the "Apollo Funds"). Merger Sub is a wholly owned subsidiary of Parent. Parent is a wholly owned subsidiary of the Apollo Funds, which are 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., and Apollo German Partners V GMBH & CO KG. Apollo Advisors V, L.P. serves as general partner of each of the Apollo Funds. A copy of the Merger Agreement is attached as Annex A to the preliminary proxy statement filed by the Company with the Securities and Exchange Commission contemporaneously herewith (including all annexes thereto, the "Proxy Statement"). The Proxy Statement is attached hereto as Exhibit (a)(3).

Pursuant to the Merger Agreement, (i) Merger Sub will merge with and into the Company (the "Merger"), with the Company continuing as the surviving corporation (the "Surviving Corporation") and as a wholly owned subsidiary of Parent, (ii) each share of common stock of the Company, par value \$0.01 per share (a "Share"), issued and outstanding immediately prior to the effective time of the Merger (excluding any Shares owned by the Company, Parent, Merger Sub or any of their respective direct or indirect wholly owned subsidiaries and any Shares owned by stockholders properly exercising appraisal rights), will be converted into and represent the right to receive \$22.00 in cash, without interest, (iii) each option to purchase Shares granted under the Company's 2002 Long Term Incentive Plan (the "Plan") (other than options held by certain members of management who may be required to convert their options into the right to purchase the stock of either Parent or the Surviving Corporation) will be cancelled and will be entitled to receive a cash payment equal to the amount by which \$22.00 exceeds the exercise price for each Share underlying such option, (iv) each outstanding and unvested right to receive one Share ("MUSA Deferred Stock Right") granted under the Plan or otherwise, will be cancelled and converted into the right to receive \$22.00 in cash and (v) each outstanding warrant to purchase Shares ("Warrant") issued pursuant to the Warrant Agreement, dated as of October 31, 2002, by and between the Company and Equiserve Trust Company, N.A. or otherwise, shall represent the right to receive (upon surrender of such Warrant and the payment to the Surviving Corporation of the exercise price thereunder) a cash payment, without interest, equal to \$22.00 for each Share underlying the Warrants.

The cross references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. The information contained in the Proxy Statement, including all appendices thereto, is incorporated in its entirety herein by this reference, and the responses to each Item in this Schedule 13E-3 are qualified in their entirety by the information contained in the Proxy Statement.

All information contained in this Transaction Statement concerning any of the persons filing this 13E-3 Transaction Statement (each, a "Filing Person") has been provided by such Filing Person and no other Filing Person, including the Company, takes responsibility for the accuracy of any information not supplied by such Filing Person.

**Item 1. Summary Term Sheet**

**Regulation M-A Item 1001**

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

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY

**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 The Parties to the Merger

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY The Special Meeting

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.

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- (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) **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 The Parties to the Merger

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 The Parties to the Merger

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY

THE SPECIAL MEETING Required Vote

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SPECIAL FACTORS

THE MERGER AGREEMENT

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:

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

SUMMARY Treatment of the Right to Receive Additional Metals USA Shares

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

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 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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Dissenters Rights of Appraisal

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 SPECIAL FACTORS Background of the Merger is incorporated herein by reference. There have been no other provisions in connection with this transaction to grant unaffiliated security holders access to the corporate files of the filing persons or to obtain counsel or appraisal services at the expense of the filing persons.

(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

SPECIAL FACTORS Background of the Merger

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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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

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

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Financing

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

SPECIAL FACTORS Citadel Support Agreement

THE MERGER AGREEMENT

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Treatment of the Company's Stock Options

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SUMMARY Treatment of the Company's Warrants

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 Structure

THE MERGER AGREEMENT 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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

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

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

SPECIAL FACTORS Citadel Support Agreement

THE MERGER AGREEMENT

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

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

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

SUMMARY Opinion of Jefferies & Company, Inc.

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

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

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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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY The Special Meeting Record Date and Voting

SUMMARY The Special Meeting Vote Required

SUMMARY When the Merger Will Be Completed

SUMMARY Conditions to Closing

SUMMARY Termination of the Merger Agreement

SUMMARY Conditions to Closing

THE SPECIAL MEETING Record Date, Quorum and Voting Power

THE SPECIAL MEETING Required Vote

SPECIAL FACTORS Citadel Support Agreement

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### THE MERGER AGREEMENT

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

SUMMARY Opinion of Jefferies & Company, Inc.

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

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 Board Recommendation

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

(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 Opinion of Jefferies & Company, Inc.

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Reasons for the Merger

SPECIAL FACTORS Opinion of Jefferies & Company, Inc.

THE MERGER AGREEMENT 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 Opinion of Jefferies & Company, Inc.

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 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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Financing

SUMMARY Termination Fees and Expenses

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Financing

SPECIAL FACTORS Fees and Expenses of the Merger

THE MERGER AGREEMENT

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY When the Merger Will be Completed

SUMMARY Financing

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

THE MERGER AGREEMENT

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



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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

THE MERGER AGREEMENT Termination Fee

THE MERGER AGREEMENT 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

SPECIAL FACTORS Background of the Merger

SPECIAL FACTORS Financing

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

SUMMARY The Special Meeting Share Ownership of Directors and Executive Officers

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

SUMMARY The Special Meeting Share Ownership of Directors and Executive Officers

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:

### QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

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:

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

SUMMARY Board Recommendation

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 June 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 June 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 June 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 June 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.
- (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 June 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 June 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 June 14, 2005.
- (d)(3) Employment Agreement, by and between Flag Acquisition Corporation and C. Lourenco Goncalves, dated as of May 18, 2005.
- (d)(4) Employment Agreement, by and between Flag Acquisition Corporation and Terry L. Freeman, dated as of May 18, 2005.

- (d)(5) Employment Agreement, by and between Flag Acquisition Corporation and John A. Hageman, dated as of May 18, 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 June 14, 2005.
- (g) None.



**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 June 14, 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 June 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 June 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 June 14, 2005.
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- (g) None.