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METALS USA INC  
Form 11-K  
June 29, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 11-K  
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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

METALS USA, INC. UNION 401 (K) PLAN  
(Full title of the Plan)

METALS USA, INC.  
(Name of Issuer of the Securities Held Pursuant to the Plan)

COMMISSION FILE NUMBER 1-13123

Delaware  
(State or other jurisdiction  
of incorporation or organization)

76-0533626  
(I.R.S. Employer  
Identification Number)

One Riverway, Suite 1100  
Houston, Texas  
(Address of Principal Executive Offices)

77056  
(Zip Code)

Registrant's telephone number, including area code: (713) 965-0990

Metals USA, Inc.  
Union 401(k) Plan  
Financial Statements for the Years Ended  
December 31, 2004 and 2003 and Supplemental Schedule for the Year Ended  
December 31, 2004 and Report of Independent Registered Public  
Accounting Firm

METALS USA, INC.  
UNION 401(k) PLAN  
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SUPPLEMENTAL SCHEDULE* -	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year), December 31, 2004	7

\* Other supplemental schedules required by Section 2520-103.1 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA") have been omitted because they are not applicable.

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of  
Metals USA, Inc. Union 401(k) Plan  
Houston, Texas

We have audited the accompanying statements of net assets available for benefits of Metals USA, Inc. Union 401(k) Plan (the "Plan") as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly in all material respects, the net assets available for benefits as of December 31, 2004 and 2003, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and,

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in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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DELOITTE & TOUCHE LLP

Houston, Texas

June 28, 2005

METALS USA, INC.  
UNION 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS, DECEMBER 31, 2004 AND 2003

	2004	2003
	-----	-----
ASSETS:		
Investments, at fair value . . . . .	\$704,386	\$1,083,722
Cash . . . . .	317	-
Receivables:		
Employer contributions . . . . .	1,207	-
Employee contributions . . . . .	3,076	12,101
Other receivables. . . . .	140	-
Participant loans. . . . .	17,194	40,930
Total Receivables. . . . .	21,617	53,031
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS . . . . .	\$726,320	\$1,136,753
	=====	=====

The accompanying notes are an integral part of these financial statements.

METALS USA, INC.  
UNION 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
	-----	-----
ADDITIONS TO NET ASSETS		

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ATTRIBUTED TO:		
Investment income:		
Net appreciation in pooled separate accounts and mutual funds	\$ 68,223	\$ 115,631
Interest . . . . .	2,440	21,712
Company securities . . . . .	12,544	4,732
	-----	-----
Total investment income . . . . .	83,207	142,075
	-----	-----
Contributions:		
Employer . . . . .	28,840	32,972
Employee . . . . .	78,793	94,828
	-----	-----
Total contributions . . . . .	107,633	127,800
	-----	-----
Total additions . . . . .	190,840	269,875
	-----	-----
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefit payments . . . . .	8,932	389,920
Administrative expense . . . . .	270	1,041
Participant loans receivable terminated due to withdrawal of participants . . . . .	-	50,845
Transfer to affiliated plan . . . . .	592,071	24,998
	-----	-----
Total deductions . . . . .	601,273	466,804
	-----	-----
NET DECREASE . . . . .	(410,433)	(196,929)
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR . . . . .	1,136,753	1,333,682
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR . . . . .	\$ 726,320	\$1,136,753
	=====	=====

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The accompanying notes are an integral part of these financial statements.

METALS USA, INC.  
 UNION 401(k) PLAN  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. DESCRIPTION OF PLAN

The following description of the Metals USA, Inc. Union 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan established effective October 1, 1998, and was amended and restated in its entirety effective as of January 1, 2000. Union employees of Metals USA, Inc. (the "Company") become eligible to participate upon completing six months of service, if

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covered by a collective bargaining agreement which provides for participation. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

**Contributions** - During 2003, participants could contribute an amount equal to not less than 1% or more than 15% of their compensation for the contribution period. During 2003, the Plan was amended to permit participant contributions of up to 25% of their compensation, effective January 1, 2004. Participants direct the investment of their contributions into various investment options offered by the Plan. At December 31, 2004, the Plan offered a number mutual funds and a stable value fund as investment options for participants. Employee contributions are recorded in the period during which the Company makes payroll deductions from the participant's earnings.

The Company may make matching contributions to participant's accounts as determined by the terms of collective bargaining agreements. The Company may also make discretionary non-elective or profit sharing contributions. Matching company contributions, if any, are recorded monthly. Discretionary non-elective and profit-sharing contributions, if any, are recorded when received. For the years ended December 31, 2004 and 2003, no discretionary contributions were made.

**Participant Accounts** - Each participant's account is credited with the participant's contribution, the Company's matching contribution, an allocation of Plan earnings, and an allocation of any Company discretionary qualified non-elective and profit sharing contributions. Earnings are allocated by fund based on the ratio of a participant's account invested in a particular fund to all participants' investments in that fund. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting** - Participants are immediately 100% vested in their own voluntary contributions plus actual earnings thereon. The balance of vesting in the participants' accounts is based on years of service. Unless otherwise designated by a collective bargaining agreement, a participant becomes 25% vested after one year of service, 50% vested after two years of service, 75% vested after three years of service and 100% vested after four years of service. However, if a participant dies, becomes disabled, or attains early or normal retirement age as defined by the Plan, prior to attaining the normal retirement age, the participant's account becomes 100% vested, if still employed by the Plan sponsor as of such date.

**Benefits Payment** - On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the vested portion of his or her account, a distribution in the form of an annuity, partial payments, or installment payments. Distributions are subject to the applicable provisions of the Plan agreement. Benefits claims are recorded as distributions when they have been approved for payment and paid by the Plan.

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**Participant Loans Receivable** - A participant may borrow up to a maximum of \$50,000 or 50% of the vested portion of his or her account balance, whichever is less. Loans are treated as a transfer to/from the investment fund from/to Participant Notes Receivable. A loan is secured by the balance in the participant's account and bears interest at a rate comparable with market rates for similar loans, as defined (5.0% to 9.50% for the years ended December 31, 2004 and 2003).

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Administrative Expenses - The expenses of administration of the Plan, including the expenses of the administrator and fees of the trustee, shall be paid from the Plan, unless the Plan sponsor elects to make payment.

Forfeitures - Forfeitures result from non-vested company contributions remaining in the Plan for all terminated employees. Upon reaching the break-in-service requirement, as defined in the Plan document, forfeitures generated are added to the forfeiture reserve balance, which can be utilized to reduce Company contributions. Forfeiture reserve balances at December 31, 2004 and 2003 were \$4,918 and \$2,031, respectively. No forfeitures were utilized in 2004 or 2003.

### 2. SUMMARY OF ACCOUNTING POLICIES

Method of Accounting - The Plan's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein. Actual results could differ from these estimates.

Investment Valuation - Investments in the stable value fund and pooled separate accounts are stated at fair value, as determined by the unit value reported by the Plan's trustee. The investment in the CIGNA Guaranteed Income Fund is non-fully benefit responsive and stated at fair value. The term "non-fully benefit responsive" generally relates to investments that have or could have possible conditions, limitations or restrictions on participant initiated transactions. Participant loans receivable are valued at the outstanding loan balance, which approximates fair value. The mutual funds and warrants for the Company's common stock are valued at quoted market prices.

The Plan assets at December 31, 2004 and 2003 include warrants which are traded on the NASDAQ national market quotation system under the ticker symbol "MUSAW." Pursuant to the Company's Reorganization Plan, which became effective October 31, 2002, all holders of Metals USA common stock were entitled to receive warrants in exchange for their shares in an approximate ratio of 1 warrant for every 10 shares of stock. On April 30, 2003, the Company initiated the exchange of warrants for the stock.

As a result of this exchange, the Plan received 4,300 warrants that were allocated to plan participants who may direct the usage of the warrants. The participants may sell the warrants and use the cash received to invest in any of the other plan asset options or take the cash as a distribution. At December 31, 2004 and 2003, the Plan held 3,941 and 4,043 warrants, respectively.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded as earned.

Risk and Uncertainties - The Plan provides for investments in various securities through the investment funds offered to participants, including but not limited to, foreign and domestic equity securities, bonds and obligations of the U.S. government, among others. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that

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such changes could materially affect the amounts reported in the financial statements.

### 3. INVESTMENTS

Investments that represent 5% or more of the Plan's net assets are separately identified below.