QRS MUSIC TECHNOLOGIES INC
Form 10KSB
October 12, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-KSB

ANNUAL REPORT PURSUANT TO

Section 13 Or 15(d) Of The Securities Exchange Act Of 1934

For the fiscal year ended June 30, 2005

Commission file number: 0-31955

QRS Music Technologies, Inc.

(Name of small business issuer in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**36-3683315** (I.R.S. Employer Identification No.)
2011 Seward Avenue, Naples, Florida (Address of principal executive offices)	**34109** (Zip Code)

Issuer s telephone number **(239) 597 - 5888**

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common, $0.01 par value
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
ý Yes o No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ý

The issuer s revenues for its most recent fiscal year were $20,247,169.14.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the average of the closing bid ($2.20) and closing asked ($2.25) price of such common equity, as of June 30, 2005 was $6,799,916.

The number of shares outstanding of the issuer s common stock as of June 30, 2005 was 9,458,956.

Transitional Small Business Disclosure Format (Check one): Yes o; No ý

PART I

Item 1. Description of Business.

GENERAL

QRS Music Technologies, Inc. (Company) is a Delaware Corporation which was formed in January, 1990. During fiscal year ended June 30, 2005, Company s primary lines of business were manufacture and sale of Pianomation® Music Instrument Digital Interface (MIDI), manufacture and sale of Story & Clark pianos, sale of MIDI CDs and floppy disks, distribution of piano supply parts, manufacture and distribution of the Gulbransen Digital Hymnal, and manufacture and sale of music rolls for player pianos. All financial statements presented are consolidated statements. The Company s fiscal year ends each June 30, and the fiscal years ended June 30, 2004, and June 30, 2005 are referred to as fiscal 2004 and fiscal 2005 , respectively. The Company maintains its corporate offices and a showroom in Naples, Florida. The Company has a warehouse, teaching facility, Pianomation® development facility and showroom in Las Vegas, Nevada, piano manufacturing and Pianomation® assembly and showroom facilities in Seneca, Pennsylvania, and a piano roll manufacturing and warehouse facility and software development facility in Buffalo, New York. During Fiscal 2005 the Company leased space in Hong Kong to help with procurement and sales to the Chinese and surrounding markets. During Fiscal 2004, the Company began utilizing space in Sydney, Australia in a building at the time owned by an affiliated company. The Company used the space to inventory pianos and pianomation units that will be sold in the Australian market. During Fiscal 2005 the affiliated company was sold to a non-affiliated party, and subsequently the Company moved its sales offices to another location. (Please refer to Item 12 for additional information.) See Consolidated Financial Statements for financial information.

PIANOMATION®

The Pianomation® MIDI System is a Musical Instrument Digital Interface equipped playback system for acoustic and digital pianos. Pianomation®, which is Company s flagship product, automates Company s own line of Story & Clark pianos, and can be retrofitted by independent installers into virtually any brand of piano. Several major piano manufacturers, have selected Pianomation® as an OEM choice for factory installation in new instruments.

The Pianomation® product consists of an electronic processor and a mechanical assembly which drives solenoid actuators. The processor receives MIDI signals from a MIDI master controller such as a CD player, disk drive or personal computer. The signals received from the master controller are processed by the Pianomation® processor which in turn causes the mechanical solenoid actuators to play the piano s keys. The MIDI signal contains, and the Pianomation® processor transmits, the information necessary to control the duration of each note and the level of expression and foot pedal operation. The Pianomation® system is unique as it is the only system currently available which not only controls the mechanical operation of a piano but synchronizes the MIDI signal with a separate track containing an audio music signal and stores both tracks in analog format on a CD. This allows the Pianomation® system to enhance the piano performance with a vocalist, symphony orchestra or other recorded music.

The ease of installation and minimal service requirements of the Pianomation® system and the software which allows the conversion of a digital signal into analog format are principal features. A unique low profile solenoid rail actuates the keys, and can be easily regulated to the touch of the host piano to a high degree of sensitivity. In fact, Pianomation® can actually play at volume levels below the capabilities of the human pianist for the ultimate in background music. The sustain pedal is operated by a specially designed solenoid, or can be simulated by the system s exclusive Magic Pedal feature.

Pianomation s® flexibility and open-ended architecture allow a wide range of use and flexibility for all current and future playback formats. With QRS CDs, Pianomation® can play unobtrusively with solo piano music or with concert-quality performances that include audio accompaniment; with QRS videos, Pianomation® can be used for group sing-alongs or karaoke; with QRS floppies, Pianomation® can drive a general MIDI system for the MIDI enthusiast; and, with various computer programs, it can serve the working musician as a MIDI slave, interacting on a sophisticated level with all manner of MIDI equipment. The Transcription Series and SyncAlong CDs continue to be popular items in the Pianomation CD series, and the libraries of available CDs are expanded every year. The SyncAlong Series CDs leverage the Pianomation system advantages to allow the end-user to experience the true audio recordings of major recording artists. The Company in fiscal 2004 introduced a download service called Net Piano. This subscription service allows the consumer to log into a specified internet site and download music to play on their Pianomation system. The Company also sells the Playola System of portable piano automation. Unlike the Pianomation® System which requires installation by a trained technician, the Playola system consists of only two components which can be easily placed on and removed from a piano by a user. Playola is also MIDI compatible.

Pianomation® Manufacturer

The components of the Pianomation® MIDI System and Playola system are manufactured for the Company by a number of different suppliers. With the exception of a number of small pieces, the Company has located more than one supplier for each component. It maintains an inventory of components which it believes would be sufficient to continue its business if the single source vendor of small pieces should cease to adequately supply ordered parts. The Company assembles some of the Pianomation® System and Playola components in its Pennsylvania facility. In large part, the Pianomation® System is shipped in kit form for installation by a technician into an acoustic piano. The Company believes there to be ample sources and quantities of raw materials for the manufacture of all components. As technology advances, the Company continues to develop and introduce new user-interface devices (front ends) that can be utilized to play the Pianomation system. In Fiscal 2005 the company debuted the Ancho, Petine and Q-Touch interfaces as the music industry s annual trade show in January in Anaheim, CA. Each front end has unique properties that leverage the advantages of current technology to enhance and benefit the Pianomation player system. The introduction of new front ends, and discontinuation of older models also enables the Company to address conditions of supply of electronic components.

Pianomation® Distribution

The Company distributes the Pianomation® system as an option on its Story & Clark pianos, through approximately 240 independent piano retailers and independent piano technicians who install the system on pianos initially sold by the retailer or as a retrofit on pianos owned by customers. The Company also distributes through OEM sales to piano manufacturers such as Young Chang Pianos and other distributors who private label the system. Playola is distributed though the same network of independent piano retailers.

STORY & CLARK PIANOS

The Company imports and sells pianos under the Story & Clark trademark, and manufactures a select number of specialty pianos bearing the Story & Clark trademark. The Story & Clark line includes reproducing player pianos, grand pianos, console and studio pianos, nickelodeons, custom leaded glass panel pianos, roll players, and various piano accessories such as piano benches and lamps. The term player piano is used to describe any acoustic piano that has been modified to play itself. A nickelodeon is a piano that plays itself, and has additional instruments (such as drums, xylophone, castanets, etc.) that are mounted on or near the piano and are also played by the same solenoid system.

All Story & Clark pianos, including imported pianos, are thoroughly serviced and prepared by factory piano technicians prior to sale. All Story & Clark pianos are pre-slotted to allow for easy later installation of the Pianomation® system.

In September 2004 the Company introduced a new commercial line of pianos marketed under the Gulbransen brand name. The Gulbransen brand of pianos is offered through different sales channels as well as several traditional dealer accounts. The primary focus of the Gulbransen line is direct sales through the Internet as well as catalog sales. The Gulbransen line increases exposure to QRS s unique line of products from venue specific Grand Pianos to Nickelodeons and Violins. QRS Music s Pianomation® technology will be available on the Gulbransen line of pianos. The Company purchased the Gulbransen name and the Digital Hymnal in 2003. The Gulbransen name is an established name in the piano industry. The piano was first produced in 1905 and was one of the few piano brands manufactured during World War II.

Piano Manufacture

A majority of the Company s line of pianos are imported from the Peoples Republic of China. Specialty pianos and all piano prep services are performed at the Company s 46,000 square foot facility in Seneca, Pennsylvania. The Company believes that there is an adequate supply of all materials used to build its specialty pianos in Pennsylvania. The Company also believes there are other sources of imported pianos if current supply were interrupted.

The name Story & Clark is used on pianos imported from various piano manufacturers located in the People s Republic of China. For Fiscal 2005 and Fiscal 2004 combined imported piano sales represented 38.41% and 48.29% of overall sales respectively.

Piano Distribution

The Company distributes its pianos and technology products through a network of approximately 400 to 500 independent piano stores around the country.

The Company may enter into an agreement with a financing company when the dealer (purchaser) desires to finance his purchases. For the year ended June 30, 2005, approximately 23.21% of the Company sales were subject to these financing agreements. Under these agreements, the entire sale is financed. Total amount of material cost incurred by the Company due to repurchasing of repossessed merchandise amounted to $58,935 for the year ended June 30, 2005. Company also retails its pianos through its own showroom in Las Vegas.

PLAYER PIANO ROLLS

The Company is the only major manufacturer in the world of paper player piano rolls. The Company has master recording data for over 5,000 music titles for player piano rolls and maintains an inventory of over 45,000 music rolls at its Buffalo facility. The Company contracts with copyright owners for nonexclusive rights to produce various musical selections and then with artists who actually perform the musical selection. The Company has master rolls representing the only player piano performance of Liberace and one of only a few of the performances of Scott Joplin, Fats Waller, George Gershwin and other famous pianists. Celebrity performances are recorded on a specially equipped piano called a marking piano. Each key on the marking piano is connected pneumatically to a metal stylus on unit sitting next to the piano. There is a blank roll of piano roll paper that passes over a drum equipped with a piece of carbon paper. As a key is depressed on the piano, the metal stylus descends against the piano roll paper, and a carbon mark is made on the underside of the paper. As long as the key is depressed, the stylus stays down. Once the key is released, the stylus raises. Once the performance is complete, the roll with the carbon marks is taken out, and the carbon lines are cut out with an exacto knife. This becomes the pattern for the piano rolls that will be mass-produced. Celebrity performances are recorded on the marking piano because it requires no knowledge of player piano roll arranging by the performer. The artist is only required to sit at the piano and play as they normally would. Upon completion of the performance there is a pattern of the exact performance that can then be reproduced in the form of a perforated piano roll. When the completed roll is played on a customer s piano, the original artist s performance will be duplicated exactly. For fiscal year ended June 30, 2005 and 2004 player piano roll and related items sales represented 3.38% and 3.39% of total overall sales respectively. Non-celebrity performances are done on a digital keyboard or computer. All raw materials for the rolls are readily available from multiple sources. The Company also sells player piano accessories.

Roll Distribution.

Player piano rolls and player piano accessories are primarily sold though mail order catalog. The Company maintains a prospect list of over 89,000 qualified buyers. The Company also sells player piano rolls and accessories on its internet web site and through a few independent dealers.

MIDI CDS, FLOPPY DISKS and NETPIANO

The Company has an inventory of over 2000 musical data files in MIDI format which it sells in CD, DVD and floppy disk format and as downloads on its internet web site. The CDs are primarily used for electronic player devices such as Pianomation®. The web downloads are part of a new online service called NetPiano. Total music sales for Pianomation (including CD, floppy and downloadable format) for fiscal year ended June 30, 2005 and 2004 were 4.86% and 5.06% of total overall sales respectively.

COMPETITION

Pianomation® has two major competitors, Yamaha Music and PianoDisc. The Yamaha Disklavier system is only available as a factory installed option on Yamaha pianos. The PianoDisc system is retrofitable. Principal competitive factors are reliability, features, system flexibility and ease of installation. The Company believes it competes well as a result of the reliability of its system, ease of installation, and its strong library of live recorded background music including vocals as well as piano signal on one CD.

The high caliber of the software offered for use on the Pianomation System continues to be one of the strongest selling points of the system. The Sync Along Series of CDs, available exclusively in the QRS Library, is a deciding factor in many consumers choice of player systems.

Story & Clark competes with very large (Steinway Pianos, Samick Pianos, Young Chang Pianos, and Kawai Music) and several other offshore piano manufacturers and has a very small portion of the market. Principal competitive factors are distribution channels, trademark and value added features. While it is one of only a handful of domestic piano manufacturers, The Company competes by filling niche markets including player pianos and nickelodeons rather than competing in the mass distribution market for standard home-use and commercial-use pianos.

Currently no other company sells new player piano rolls. Although several small companies do specialty recuts and small runs of unique rolls. Used player piano rolls are sold by numerous individuals.

PIANOMATION AND OTHER PIANO SALES

For Fiscal 2004 and Fiscal 2005, perforated paper roll players represented less than one percent of piano sales. Total piano sales for fiscal year ended June 30, 2005 and 2004 represented 38.72% and 36.25% of total overall sales respectively. Sales of technology related products for fiscal year ended June 30, 2005 and 2004 represented 50.72% and 49.72% of overall sales respectively. Approximately 61.7% of Story & Clark pianos sold were retrofitted with the Pianomation® system in fiscal year 2005 and approximately 55.1% in fiscal year 2004.

EMPLOYEES

The Company employs 53 full-time employees.

RESEARCH AND DEVELOPMENT

The Company is involved in several research and development projects both in the area of Pianomation products and pianos. The expenditures for fiscal year 2005 were $684,000 and for fiscal 2004 they were $338,000. All research and development expenses were borne directly by the Company. Other than new products discussed elsewhere herein, all other publicly announced new products are in the research and development stage. The Company is undertaking several large projects as it works to maintain its leading edge in technology for the music industry. As these projects progress in their development cycle more funds are required to bring them to fruition. Development for the Petine and Ancho user interfaces for the Pianomation player system was nearly completed in fiscal 2005, and these interfaces were introduced and are now a part of the QRS product line of technology devices.

In fiscal 2004 the Company introduced a new patented service that delivers a vast library of content via the internet to the thousands of Pianomation® player pianos installed worldwide. This service, called Net Piano, delivers the song from a specified secure site to a QRS version of Media Player or the customers Windows Media Player. The customer can then take that song and play it on their pianomation-equipped piano.

PATENTS TRADEMARKS AND LICENSES

The Company has 6 United States Trademark registrations: Registration No. 658,518 (QRS logo), Registration No. 2,190,286 (QRS), Registration No. 2,562,052 (Hobart M. Cable), Registration No. 2,490,762 (Story & Clark), Registration No. 2,227,035 (Pianomation), and Registration No 744,841 (Gulbransen).

The Company also holds and or has rights (some exclusive) to ten patents related to both existing product offerings, such as NetPiano, and the Gulbransen Digital Hymnal and several other products currently under development.

QRS obtains rights to use the music for both the Pianomation library and music roll library from the appropriate copyright holders. In some cases those rights are administered by an agency, and sometimes by the copyright holder themselves.

Item 2. Description of Property.

The Company owns a 24,000 square foot building in Buffalo, New York which is used for piano roll manufacture and warehouse, a 46,000 square foot building in Seneca, Pennsylvania which is used for specialty piano manufacturing, Pianomation® System assembly and warehouse facility, and a 17,000 square foot building in Seneca, Pennsylvania which is used for a warehouse. The Company leases from its Chairman and largest shareholder, 4,000 square feet of office and warehouse space in Naples, Florida. The Naples location is the Company s principal corporate office. The Company leases from its Chairman and largest shareholder approximately 6,000 square feet of showroom and warehouse space in Las Vegas, Nevada. The terms of the office space arrangements for Las Vegas and Naples are comparable to similar spaces available on the open market. In Fiscal 2004, the Company utilized, without charge, warehouse space in New South Wales, Australia provided by Alltech International Holdings, an affiliate of the Company s Chairman. In Fiscal 2005, the Company s Chairman was no longer an affiliate of Alltech and the Company later moved it s showroom and warehouse space to a location in Balmain, Australia which it leases from an independent third party.

The principle provisions of those leases are as follows:

Description and Location		Base Rent Per Month	Date of Lease	Expiration
Offices and Warehouse Naples, Florida	$	2,000	01/01/1993	12/31/2012
Showroom and Warehouse Las Vegas, Nevada	$	6,250	04/01/2000	Month-to-month
Showroom and Warehouse Balmain, Australia	$	3,555*	04/27/2005	05/05/2006
Office and Warehouse Hong Kong	$	3,904*	12/15/2004	12/15/2006

*converted to US $ from native currency as of 06/30/05.

Item 3. Legal Proceedings.

A lawsuit filed in Clark County Nevada District Court in October 2000 by Family Music against the Company, Richard Dolan and a former employee of the Company was settled on February 3, 2005. The lawsuit was settled without any payment to the plaintiff or any other consideration by the Company.

On August 20, 2003 a default judgment in the amount of approximately $478,000 was entered against the Company in the United States Bankruptcy Court, Southern District of Ohio, Western Division. The default judgment was granted to Dwight s Piano Co (formerly known as Baldwin Piano & Organ Company and subsidiaries, a former customer of the Company) and was based upon claims that preferential transfers were made to the Company during the 90 day period prior to Baldwin s bankruptcy filing on May 31, 2001. Because a judgment was entered against the Company by the Court, the entire amount of the judgment was accrued as of June 30, 2003. The Company filed a motion seeking vacation of the judgment and raised several defenses available to it under the Bankruptcy Code. On January 3, 2005 the United States

Bankruptcy Court, Southern District of Ohio, Western Division, approved a negotiated settlement agreement between the Company and Dwight s Piano Co. The negotiated settlement agreement reduced the Company s preference liability to $61,395. Upon the consummation of the settlement, the United States Bankruptcy Court immediately entered an Order vacating the default judgment entered, and subsequently dismissed the litigation initiated by Dwight s Piano Co. against the Company, with prejudice. As a result of the negotiated settlement, for the year ended June 30, 2005 the Company recognized income of $416,206, reflected as a reduction of selling, general and administrative expenses.

Item 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to shareholders.

PART II

Item 5. Market for Common Equity Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities

On August 6, 2001 the Company s common stock began quotation on the OTCBB under the symbol QRSM. Prior to that time, the Company s common stock was quoted on the Electronic Pink Sheets. The high and low bids of the Company s common stock for each quarter during fiscal years ended June 30, 2005 and 2004 are as follows:

Fiscal Year Ended June 30, 2005	High Bid Price	Low Bid Price
First Quarter	2.50	1.45
Second Quarter	2.25	1.40
Third Quarter	3.84	1.98
Fourth Quarter	2.20	1.60

Fiscal Year Ended June 30, 2004	High Bid Price	Low Bid Price
First Quarter	1.55	.85
Second Quarter	1.60	1.20
Third Quarter	2.90	1.25
Fourth Quarter	2.90	2.15

Trading information is as reported by the National Association of Securities Dealers Composite feed or other qualified interdealer quotation medium and as compiled by Pink Sheets, LLC. Such over-the-counter quotations reflect inter-dealer prices, without retail markup, markdown or commission, and may not necessarily represent actual transactions.

The records of American Registrar and Transfer Co., the Company s transfer agent, indicate that there are 130 registered owners of the Company s common stock as of June 30, 2005.

The Company has paid no dividends on common stock in the past five fiscal years. The Company has no intention of paying dividends on common stock in the foreseeable future. The Company declared and paid no preferred stock dividends in fiscal year 2005 and $521,773 in fiscal year 2004. All shares of preferred stock are owned by the Company s Chairman.

In April, 2004, the Company issued 100,000 shares of its common stock to one individual. The issuance was for consulting services performed by a non-employee. The shares were issued in a private transaction pursuant to Section 4(2) of the Securities Act of 1933.

Item 6. Management s Discussion and Analysis or Plan of Operation.

GENERAL.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS.

Certain statements in this Form 10-KSB constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: the effects of the changes in Homeland Security policies, specifically relating to the effects on international and domestic transportation of goods, the state of the economy; the financial condition of major OEM s such as Baldwin Piano Co. and Young Chang Pianos; competition; seasonality; success of operating initiatives; new product development and introduction schedules; acceptance of new product offerings; advertising and promotional efforts; adverse publicity; changes in business strategy or development plans; availability and terms of capital; labor and employee benefit costs; changes in government regulations; uncertainty regarding economic recovery of the United States and international economies in general and consumer spending in particular, and other factors particular to the Company.

The Company is a Delaware Corporation and is a manufacturer and distributor of pianos, pianomation units, and music for

electronic player systems (in a variety of forms) and music rolls for use in player pianos. The Company has three wholly owned subsidiaries, one in Hong Kong one in Australia, and the third was formed in the US for purposes of the Gulbransen asset acquistion. All statements made encompass the main company and the two subsidiaries. The Company sells its products to dealers and end-users, predominately in the United States and has offices in New York, Pennsylvania, Florida and Nevada recently started leasing space in Balmain, Australia and Hong Kong.

Critical Accounting Policies and Estimates

SUMMARY

The consolidated financial statements include the accounts and transactions of QRS Music Technologies Inc. and its wholly-owned subsidiaries. All significant inter-company transactions and balances are eliminated in consolidation. The preparation of consolidated financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, the Company evaluates its estimates, including those related to revenue recognition, product returns and allowances, bad debts, inventory valuation, goodwill and intangible assets, income taxes, warranty provisions, contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

REVENUE RECOGNITION

Sales of products are generally recognized by the Company upon shipment to its customers. Stated terms of each sale are generally FOB shipping point and title for the products transfers to the customer upon shipment. The Company may, at times, arrange financing of customers purchases through commercial financing companies. These arrangements generally require the Company to repurchase pianos financed and repossessed by the commercial financing companies. The purchase price is typically the total unpaid balance owed to the finance companies plus reasonable expenses. Shipping and handling costs are included in selling expenses net of amounts invoiced to the customer per the order. The Company s products generally carry a warranty. These costs are accrued at the point of shipment and, at June 30, 2005, the Company had a reserve for returns of $91,000.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

No single customer of the Company has represented greater than 10% of revenues or accounts receivable in fiscal 2005 or fiscal 2004. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company does not request collateral from its customers but collectibility is enhanced through the use of credit card payments. The Company assesses collectibility based on a number of factors including, but not limited to, past transaction history with the customer, the credit-worthiness of the customer, independent credit reports, industry trends and the macro-economic environment. The Company s experience with the bankruptcy of Baldwin Piano has lead it to re-address terms it offers to larger customers and OEM accounts. As of June 30, 2005 and 2004 the Company maintained an allowance for doubtful accounts of approximately $214,000 and $73,000, respectively.

INVENTORIES

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. On a regular basis the Company reviews its inventories for slow-moving and obsolete items and adjusts the value of such inventory to its estimated net realizable value. As of June 30, 2005 and 2004, resepectively, the Company reflected a reserve for slow-moving and obsolete inventory of approximately $770,000 and $487,000.

The Company believes that the mix of inventory reflects the current customer demand for products. The Company maintains several hundred suppliers for both manufactured and distributed components and products. The Company feels that there are many sources for component suppliers, and maintains a listing of alternative source for many critical parts. No assurances can be given as to maintaining a supply from any one distributor. Currently, the Company doesn t have any knowledge from any distributor as to a reduction or discontinuation of products currently being purchased. The Company has no information indicating that any distributor intends to reduce or discontinue products currently being purchased.

LONG-LIVED ASSETS, INTANGIBLE ASSETS AND GOODWILL

The Company adopted SFAS No. 141, Business Combinations, and SFAS 142, Goodwill and Other Intangible Assets, effective July 1, 2002. Under these standards, all acquisitions subsequent to June 30, 2001 must be accounted for under the purchase method of accounting, and purchased goodwill is no longer subject to amortization. Rather, it is subject to periodic impairment tests based on its fair value. Goodwill represents the excess cost over the fair value of tangible net assets of the Company and is recorded on the consolidated balance sheet in other assets. The Company reviews the carrying value of the goodwill annually and at other times when facts or circumstances indicate that the recorded amount of goodwill may be impaired. If this review indicates that goodwill is not recoverable, the Company s carrying value of the goodwill is reduced by the estimated shortfall. As of June 30, 2005, no impairment has been recorded.

INCOME TAXES

As part of the process of preparing the consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves the Company estimating its actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as depreciation, amortization, and inventory reserves, for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheets. The Company must then assess the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes that recovery is not likely, the Company must establish a valuation allowance. In the event that actual results differ from these estimates, or the Company adjusts these estimates in future periods, the Company may need to establish an additional valuation allowance which could materially impact its financial position and results of operations.

The Company has substantial deferred tax assets associated with inventory adjustments, allowance for doubtful accounts and other accruals which will reduce taxable income in the future. The Company believes that it is more likely than not that the deferred tax assets will be utilized.

FISCAL 2005 COMPARED TO FISCAL 2004.

SALES

Total sales increased 9.4% from $18.51 million in fiscal 2004 to $20.25 million in fiscal 2005. The majority of the increase is attributable to an increase in the sales of Pianomation equipped Story & Clark pianos, and to an increase in Pianomation Hardware sales. In fiscal 2003 the company changed focus from manufacturing and production to sales and marketing. Changes involved included expanding the piano line, adjusting the mix of piano sizes and finishes, and realigning talent to focus on procuring, maintaining, and developing a network of dealers and technicians. These efforts not only led to a substantial increase in piano sales, but also had the benefit of exposing dealers to the advantages of the Pianomation system, and thereby increasing the sales of Pianomation Hardware. Although there was only a small net change in the number of Story & Clark dealers, the company was benefited by a stronger penetration with the current dealers and a shifting of dealers in some markets to a larger store or chain affording more opportunities for customer sales. The number of Pianomation units factory installed on Story and Clark pianos continues to increase, as well as the number of units sold to dealers for installation. The overall growth trend continues as the piano dealers are enjoying good sell through on the products they have received, and continue to keep the product on their showroom floors.

COSTS AND EXPENSES

Total cost of sales increased 12.5% from $12.5 million in fiscal 2004 to $14 million in fiscal 2005. As a percentage of sales, cost of sales increased 2.0% from 67.5% in fiscal 2004 to 69.5% in fiscal 2005. While higher sales accounted for a higher total cost of sales, the Company has experienced increases in transportation costs during the fiscal year 2005.

Selling, general and administrative expenses increased 16.0% from $3.27 million in fiscal 2004 to $3.79 million in fiscal 2005. The increase is a result of additional advertising expenses, increased commissions and selling expenses due to increased sales, an increase in shipping and delivery costs as a result of the rising transportation costs, increased legal and accounting expenses, and increased office expenses related to establishing new offices in Hong Kong and Australia and the funding of a profit share plan on behalf of the company employees, and an increase in accrued tax expense, offset by a decrease in bonuses paid to the officers, relative to last year, and a reversal of a previous charge associated with the Baldwin preference action. During Fiscal 2003, Baldwin Piano and Organ, a large OEM account of the Company s, declared bankruptcy and as a result the Company was party to a preference action brought by the estate of the company. The Company recognized the entire expense as bad debt during fiscal 2003. During fiscal 2005 the suit was settled for a lesser amount, and the Company reversed the difference to its current bad debt expense. This reduction in selling, general and administrative expenses was reflected in the

third quarter financials.

Research and development expenses increased 102.5% from $338,000 in fiscal 2004 to $684,000 in fiscal 2005 due to the varying development times of products in development. The Company is undertaking several large projects as it works to maintain its leading edge in technology for the music industry. As these projects progress in their development cycle more funds are required to bring them to fruition. Development for the Petine and Ancho user interfaces for the Pianomation player system was nearly completed in fiscal 2005, and these interfaces were introduced and are now a part of the QRS product line of technology devices. Several other products are nearing completion and the Company plans to introduce them during fiscal 2006. Still others are in the early stages of development, and no completion date has been determined.

INTEREST EXPENSE, NET.

Net interest expense increased 42.9% from $23,000 in fiscal 2004 to $33,000 in fiscal 2005. The increase is due to the additional borrowing undertaken in fiscal 2005. The additional borrowing was used to finance the acquisition of inventory for the Gulbransen piano line.

PROVISION FOR INCOME TAXES.

The Company s effective tax rate for fiscal 2005 and fiscal 2004 were 34.5% and 38.6%, respectively.

LIQUIDITY AND CAPITAL RESOURCES.

The primary sources of the Company s cash are net cash flows from operating activities and short-term vendor financing. Currently, the Company does not have available any established lines of credit with banking facilities.

The Company s cash amounted to $603,000 and $1.6 million at June 30, 2005 and 2004, respectively. Fiscal 2005 earnings before interest, taxes, depreciation and amortization (EBITDA) decreased $685,000 to $1.86 million from $2.54 million in fiscal 2004. The Company s cash and cash equivalent decreased for year ended June, 30, 2005 as compared to the year ended June 30, 2004 as a result of the increase in inventory, and the increase in both research and development and administrative expenses. The importation of pianos from China requires that the pianos be paid upon shipping from overseas, instead of purchasing parts and paying for them 30 days after receipt. This process has a negative impact on cash flow as it requires the use of funds 90 to 120 days prior to the receipt of funds for an item, although the increased sales and additional funds available due to the decrease in cost of sales have allowed the Company to maintain proper inventory levels. Although prepayment is the norm, one supplier did extend terms on several shipments near the end of fiscal 2005 Also during both fiscal year 2004 the Company made payments on the outstanding preferred stock dividends. The accounts receivable for fiscal year ended June 30, 2005 were higher than fiscal year ended June 30, 2004, due to increased sales, and the timing of those sales. During fiscal 2005 the Company experienced a lower EBITDA largely due to an increase in research and development spending and funding of the Company s profit sharing plan.

The Company had a note payable to a lending institution due May 2002 which required a balloon payment of approximately $919,000 payable at that time (see Note 4 to the Financial Statements). The Company refinanced this note prior to the due date. The new note payable in monthly

installments of $13,751, plus accrued interest at the prime rate (6% at June 30, 2005) and due in May 2007, requires the Company to satisfy certain tests concerning tangible capital funds and debt coverage ratio. The Company is in compliance with these covenants.

The Company entered into a demand note payable with its majority shareholder for $500,000 bearing an interest rate of 6% per annum. The Company has since made a partial payment against the note of $250,000.

The Company believes its current available cash position, coupled with its cash forecast for the year and periods beyond, is sufficient to meet its cash needs on both a short-term and long-term basis. There are no major capital expenditures planned for in the foreseeable future, nor any payments planned for off-balance sheet obligations. Except as stated above, the Company s management is not aware of any known trends or demands, commitments, events, or uncertainties, as they relate to liquidity which could negatively affect the Company s ability to operate and grow as planned.

Future contractual obligations of the Company are as follows:

PAYMENTS DUE BY PERIOD

Contractual Obligations	Total	Next 12 Months	1-3 Years	After 4 Years
Long Term Debt	$ 108,834	$ 108,834		
Operating Leases	$ 270,309	$ 138,885	$ 95,424	$ 36,000

Recent Accounting Pronouncements

In January 2004, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities: an Interpretation of ARB No. 51 (FIN 46). FIN 46 addresses consolidation by business enterprises of entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. Variable interest entities are required to be consolidated by their primary beneficiaries if they do not effectively disperse risks among parties involved. The primary beneficiary of a variable interest entity is the party that absorbs a majority of its expected residual returns. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2004 and apply to existing entities in the first fiscal year or interim period beginning after June 15, 2004. Certain new disclosure requirements apply to all financial statements issued after January 31, 2004. The adoption of FIN 46 did not have a material effect on the Company s financial statements and related disclosures because it does not have any variable interest entity relationships.

In April 2003, FASB issued SFAS 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS 133, Accounting for Derivative Instruments and Hedging Activities. The changes in SFAS 149 improve financial reporting by requiring that contracts with similar characteristics be accounted for similarly. SFAS 149 is effective, with some exceptions, for contracts entered into or modified after June 30, 2003. Effective July 1, 2003 the Company adopted SFAS 149 which did not have a material impact on its financial position or results of operations because the Company does not use derivative instruments.

In May 2003, the FASB issued SFAS 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity (SFAS 150). SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS 150 requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The requirements of this statement apply to issuers classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted SFAS 150, and there was no material impact on its financial position, results of operations, or consolidated cash flows.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment (SFAS No, 123 ®), effective as of the first interim or annual reporting period that begins after June 15, 2005. SFAS No. 123 ® requires entities to measure and recognize the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). The Company is currently evaluating the impact of the revised rule on the Company s results of operations and financial position.

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Item 7. Financial Statements.

QRS Music Technologies Inc.

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June 30, 2005 and 2004

Independent Auditors Report

Board of Directors of
QRS Music Technologies Inc.

We have audited the accompanying consolidated balance sheets of QRS Music Technologies Inc. as of June 30, 2005 and 2004, and the related consolidated statements of income, changes in stockholders equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated 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 Company 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 Company 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 consolidated 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of QRS Music Technologies Inc. as of June 30, 2005 and 2004, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

ALTSCHULER, MELVOIN AND GLASSER LLP

Chicago, Illinois
August 25, 2005

QRS Music Technologies Inc.

Consolidated Balance Sheets
June 30, 2005 and 2004

	2005	2004
Assets		
Current assets		
Cash	$ 603,004	$ 1,602,571
Accounts receivable (net of allowance for doubtful accounts of $214,400 and $73,400 as of June 30, 2005 and 2004, respectively)	906,909	803,909
Inventories	7,911,851	5,652,583
Advances due from stockholder	0	18,000
Income taxes refundable	233,000	79,000
Deferred income taxes	620,000	620,000
Prepaid expenses and other current assets	181,570	88,866
	10,456,334	8,864,929
Property, plant and equipment	1,202,904	1,050,246
Other assets	123,829	109,780
	$ 11,783,067	$ 10,024,955
Liabilities and Stockholders Equity		
Current liabilities		
Current portion of long-term debt	$ 108,834	$ 165,012
Accounts payable (including $30,737 and $24,487 due to related parties as of June 30, 2005 and 2004, respectively)	1,462,267	516,623
Accrued expenses	536,066	413,993
Note payable due to stockholder	250,000	0
Liability for preferential payment	0	477,601
	2,357,167	1,573,229
Long-term debt	0	123,640
Commitments and contingencies		
Stockholders equity		
Series A preferred stock, voting, $.01 par value, 2,000,000 shares authorized, 534,925 shares issued and outstanding in 2005 and 2004, liquidation value of $2,300,180, and $2,171,796, respectively, as of June 30, 2005 and 2004	5,349	5,349
Class A common stock, voting, $.01 par value, 40,000,000 shares authorized, 9,458,956 shares issued and outstanding in 2005 and 2004	94,590	94,590
Additional paid-in capital	5,160,075	5,160,075
Retained earnings	4,165,886	3,068,072
	9,425,900	8,328,086
	$ 11,783,067	$ 10,024,955

See accompanying notes

QRS Music Technologies Inc.

Consolidated Statements of Income
Years Ended June 30, 2005 and 2004

	2005	2004
Net sales	$ 20,247,169	$ 18,512,717
Cost of sales (including $49,500 to related parties in each of 2005 and 2004)	14,064,682	12,502,577
Gross profit	6,235.4	1,530.4
Cost of sales (exclusive of depreciation and amortization shown below)		
Warehouse, delivery, selling, general and administrative	1,396.2	312.7
Depreciation and amortization	151.5	22.7
Gain on sale of property and equipment		(0.2)
Interest	58.4	36.3
Loss on extinguishment of debt		6.3
Other income, net	(8.6)	(0.1)
Income before income taxes	609.4	75.5
Income tax provision	201.1	22.8
Net income	408.3	52.7
Less: Net income attributable to noncontrolling interests	4.8	
Net income attributable to Reliance shareholders	$ 403.5	$ 52.7
Diluted earnings per common share attributable to Reliance shareholders	$ 5.33	
Weighted average shares outstanding diluted	75,694,212	
Basic earnings per common share attributable to Reliance shareholders	$ 5.36	
Weighted average shares outstanding basic	75,216,955	

			7,765.8
			1,708.9
	14.7(i)		188.9
			(0.2)
	(0.8)(ii)		93.9
			6.3(iii)
			(8.7)
	(13.9)		671.0
	(5.3)(iv)		218.6
	(8.6)		452.4
			4.8
$	(8.6)	$	447.6
$		$	5.91
			75,694,212
$		$	5.95
			75,216,955

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RELIANCE STEEL & ALUMINUM CO.
NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME

Pro Forma Adjustments

(i) Depreciation and Amortization Expense

Reflects the pro forma effect on amortization expense of the recognition of identifiable intangible assets at their estimated fair values at the expected effective date of the Merger. The amount of this adjustment may change as the values of the underlying asset valuations are finalized. Acquired amortizable intangible assets, primarily customer relationships intangible assets, were recorded at their estimated fair value of approximately $171.5 million and are estimated to have a weighted average estimated useful life of 10 years.

(ii) Interest Expense

Represents the pro forma adjustment for the elimination of interest expense related to the assumed and repaid debt of Metals USA of approximately $439.0 million and the addition of interest expense related to new debt incurred by Reliance in connection with the Merger, comprised of the offering of $500.0 million principal amount of notes, borrowings under a new term loan of $500.0 million, and $246.6 million of borrowings under our revolving credit facility. For the purposes of the pro forma statement of income, we have assumed an interest rate of 4.5% in respect of the notes offered hereby, an interest rate of 1.74%, based on LIBOR plus 1.50%, in respect of the new term loan, and an interest rate of 1.74%, based on LIBOR plus 1.50%, in respect of the existing revolving credit facility. The variable interest rates used are based on the applicable margin under our revolving credit facility and the new term loan based on our pro forma leverage ratio and the average LIBOR rate we paid on our revolving credit facility during the year ended December 31, 2012. A change of 0.125% in the applicable interest rates on the notes and borrowings would result in a change of $1.6 million in our interest expense on an annual basis.

(iii) Loss on Extinguishment of Debt

Metals USA's loss on extinguishment of debt is a non-recurring expense relating to the refinancing of certain debt which is being assumed and repaid by Reliance. Consequently, this loss will not have a continuing impact on the net income or earnings per share of the combined company.

(iv) Income Tax Provision

Reflects the pro forma effect on combined income tax expense of the above adjustments, determined based on the estimated prospective statutory tax rate of 38.0% for the combined company. This estimate could change based on changes in the applicable tax rates and finalization of the combined company's tax position.

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DESCRIPTION OF NOTES

The notes will be issued under an indenture, to be dated as of April , 2013, among Reliance, the subsidiary guarantors and Wells Fargo Bank, National Association, as trustee (the "trustee"). The indenture will be supplemented by a supplemental indenture to be entered into concurrently with the delivery of the notes (as so supplemented, the "indenture"). The following summary of provisions of the indenture and the notes does not purport to be complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the indenture, including definitions therein of certain terms and provisions made a part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). This summary may not contain all information that you may find useful. You should read the indenture and the notes, copies of which are available from Reliance upon request. See "Where You Can Find More Information and Incorporation By Reference." Capitalized terms used and not defined in this summary have the meanings specified in the indenture. References to "Reliance" in this section of the prospectus supplement are only to Reliance Steel & Aluminum Co. and not to any of its subsidiaries.

General

The notes will have the following basic terms:

- the notes will be senior unsecured obligations of Reliance and will rank equally with all other existing and future unsecured and unsubordinated debt obligations of Reliance;

- the notes will be unconditionally guaranteed on a senior basis by all of the direct and indirect wholly-owned Domestic Subsidiaries of Reliance that are borrowers or guarantors under the Credit Agreement or the existing notes as of the issue date of the notes (see " Guarantees" below);

- direct or indirect wholly-owned Domestic Subsidiaries of Reliance that become borrowers or guarantors under the Credit Agreement or the existing notes will be required to become subsidiary guarantors and guarantee the notes within 30 days following the date on which they become borrowers or guarantors under the Credit Agreement or the existing notes (see " Guarantees" below);

- the notes initially will be limited to $500.0 million aggregate principal amount (subject in each case to the rights of Reliance to issue additional notes as described under " Further Issuances" below);

- the notes will accrue interest at a rate of % per year;

- interest will accrue on the notes from the most recent interest payment date to or for which interest has been paid or duly provided (or if no interest has been paid or duly provided for, from the issue date of the notes), payable semiannually in arrears on and of each year, beginning on , 2013;

- the notes will mature on , 2023, unless redeemed or repurchased prior to that date;

- the notes will be subject to a special mandatory redemption in the event that a Merger Termination Event occurs or we do not complete the Merger on or prior to December 15, 2013 as described under " Special Mandatory Redemption";

- Reliance may redeem the notes, in whole or in part, at any time at its option as described under " Optional Redemption";

- Reliance may be required to repurchase the notes in whole or in part at your option in connection with the occurrence of a "change of control repurchase event" as described under " Purchase of Notes upon a Change of Control Repurchase Event";

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the notes will be issued in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof; and

the notes will be represented by one or more global notes registered in the name of a nominee of DTC, but in certain circumstances may be represented by notes in definitive form (see " Book-entry, Delivery and Form; Global Notes").

Interest on each note will be paid to the person in whose name that note is registered at the close of business on the or , as the case may be, immediately preceding the relevant interest payment date. Interest on the notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest or other payment date of a note falls on a day that is not a business day, the required payment of principal, premium, if any, or interest will be due on the next succeeding business day as if made on the date that the payment was due, and no interest will accrue on that payment for the period from and after that interest or other payment date, as the case may be, to the date of that payment on the next succeeding business day. The term "business day" means, with respect to any note, any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in New York City are authorized or required by law, regulation or executive order to close.

The notes will not be subject to any sinking fund.

Reliance may, subject to compliance with applicable law, at any time purchase notes in the open market or otherwise.

Guarantees

The subsidiary guarantors will unconditionally guarantee, jointly and severally, the due and punctual payment of principal of and premium, if any, and interest on the notes, when and as the same become due and payable, whether on a maturity date, by declaration of acceleration, upon redemption, repurchase or otherwise, and all other obligations of Reliance under the indenture. As of December 31, 2012, Reliance and the subsidiary guarantors accounted for approximately $5.2 billion, or 89%, of our total consolidated assets. Reliance and the subsidiary guarantors accounted for approximately $7.8 billion, or 92%, of our total consolidated revenues for the year ended December 31, 2012. As of December 31, 2012, on a pro forma basis giving effect to the Merger and the guarantees of Metals USA Holdings and its subsidiaries, Reliance and the subsidiary guarantors would have accounted for approximately $6.8 billion, or 91%, of our pro forma total consolidated assets and Reliance and the subsidiary guarantors would have accounted for approximately $9.8 billion, or 94%, of our pro forma total consolidated revenues for the year ended December 31, 2012.

As of the closing of this offering, all of the wholly-owned Domestic Subsidiaries of Reliance that are borrowers or guarantors under the Credit Agreement or the existing notes will be subsidiary guarantors of the notes (such subsidiaries guaranteeing the notes, together with any other subsidiaries that subsequently become guarantors, are referred to herein as the "subsidiary guarantors").

None of Reliance's Foreign Subsidiaries or its non-wholly-owned Domestic Subsidiaries will be guarantors with respect to the notes.

In the event that, at any time, any wholly-owned Domestic Subsidiary of Reliance that is not, or has previously been released as, a subsidiary guarantor becomes a borrower or guarantor under the Credit Agreement or the existing notes, such subsidiary will be required to become a subsidiary guarantor and guarantee the notes within 30 days following the date on which it becomes a borrower or guarantor under the Credit Agreement or the existing notes. In particular, in the event that the Merger is not completed substantially concurrently with the closing of this offering and Metals USA Holdings and any of its wholly-owned Domestic Subsidiaries that become borrowers or guarantors

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under our Credit Agreement are not then guarantors of the notes, Metals USA Holdings and any of such wholly-owned Domestic Subsidiaries will become guarantors of the notes within 30 days following the completion of the Merger.

In the event that, for any reason, the obligations of any subsidiary guarantor terminate as a borrower or guarantor under the Credit Agreement (including, without limitation, pursuant to the terms of the Credit Agreement, upon agreement of the requisite lenders under the Credit Agreement or upon the termination of the Credit Agreement or upon the replacement thereof with a credit facility not requiring such guarantees) and the existing notes, that subsidiary guarantor will be deemed released from all of its obligations under the indenture and its guarantee of the notes will terminate. A subsidiary guarantor's guarantee will also terminate and such subsidiary guarantor will be deemed released from all of its obligations under the indenture upon legal defeasance as provided below under " Defeasance and Covenant Defeasance" or satisfaction and discharge of the indenture as provided below under " Satisfaction and Discharge." A subsidiary guarantor's guarantee will also terminate and such subsidiary guarantor will be deemed released from all of its obligations under the indenture in connection with any sale or other disposition by Reliance of all of the capital stock of that subsidiary guarantor (including by way of merger or consolidation) or other transaction such that after giving effect to such transaction such subsidiary guarantor is no longer a Domestic Subsidiary of Reliance.

The indenture will provide that the obligations of each subsidiary guarantor under its guarantee will be limited to the maximum amount that, after giving effect to all other contingent and fixed liabilities of such subsidiary guarantor, would cause the obligations of such subsidiary guarantor not to constitute a fraudulent conveyance or fraudulent transfer under any applicable law.

The term "Credit Agreement" means the Third Amended and Restated Credit Agreement, dated as of April 4, 2013, by and among Reliance, the lenders party thereto and Bank of America, N.A., as administrative agent, as the same may be amended, supplemented or otherwise modified from time to time, and any successor credit agreement thereto (whether by renewal, replacement, refinancing or otherwise) that Reliance in good faith designates to be its principal credit agreement (taking into account the maximum principal amount of the credit facility provided thereunder, the recourse nature of the agreement and such other factors as Reliance deems reasonable in light of the circumstances), such designation (or the designation that at a given time there is no principal credit agreement) to be made by an officers' certificate delivered to the trustee.

The term "existing notes" means the 6.200% Senior Notes due 2016 and the 6.850% Senior Notes due 2036 of Reliance issued pursuant to the indenture dated as of November 30, 2006, by and among Reliance, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee, as amended, supplemented or otherwise modified from time to time.

Payment and Transfer or Exchange

Principal of and premium, if any, and interest on the notes will be payable, and the notes may be exchanged or transferred, at the office or agency maintained by Reliance for such purpose (which initially will be the corporate trust office of the trustee located in Minneapolis, Minnesota). Payment of principal of and premium, if any, and interest on a global note registered in the name of or held by The Depository Trust Company ("DTC") or its nominee will be made in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note. If any of the notes is no longer represented by a global note, payment of interest on certificated notes in definitive form may, at the option of Reliance, be made by (i) check mailed directly to holders at their registered addresses or (ii) upon request of any holder of at least $1,000,000 principal amount of notes, wire transfer to an account located in the United States maintained by the payee. See " Book-entry; Delivery and Form; Global Notes" below.

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A holder may transfer or exchange any certificated notes in definitive form at the same location set forth in the preceding paragraph. No service charge will be made for any registration of transfer or exchange of notes, but Reliance may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith. Reliance is not required to transfer or exchange any note selected for redemption during a period of 15 days before mailing of a notice of redemption of notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes.

All amounts of principal of and premium, if any, and interest on the notes paid by Reliance that remain unclaimed two years after such payment was due and payable will be repaid to Reliance, and the holders of such notes will thereafter look solely to Reliance for payment.

Ranking

The notes will be senior unsecured obligations of Reliance and will rank equally in right of payment with all existing and future unsecured and unsubordinated obligations of Reliance.

So long as they are in effect, the guarantees of the subsidiary guarantors will be senior unsecured obligations of those subsidiaries and will rank equally in right of payment with all other existing and future unsecured and unsubordinated obligations of those subsidiaries.

The notes and the guarantees will be effectively junior to all existing and future secured indebtedness of Reliance and, so long as they are in effect, the guarantees of any subsidiary guarantors will be effectively junior to all secured indebtedness of those subsidiaries, in each case, to the extent of the assets securing such indebtedness. As of December 31, 2012, Reliance and the subsidiary guarantors had secured indebtedness of approximately $0.0 million and $0.6 million, respectively. As of December 31, 2012, on a pro forma basis giving effect to the guarantees of Metals USA Holdings and its subsidiaries, the sale of the notes offered hereby, expected borrowings under our revolving credit facility and term loan, and the application of the net proceeds therefrom, as described under "Use of Proceeds," Reliance and the subsidiary guarantors would have had secured indebtedness of approximately $0.0 million and $13.2 million, respectively.

Reliance derives a large portion of its operating income and cash flow from its investments in its subsidiaries. Therefore, Reliance's ability to make payments when due to the holders of the notes is, in large part, dependent upon the receipt of sufficient funds from its subsidiaries. Holders of the notes will, however, have a claim with respect to the assets and earnings of the subsidiary guarantors so long as their respective guarantees are in effect.

Claims of creditors of Reliance's subsidiaries (other than subsidiary guarantors providing guarantees for the notes, so long as their respective guarantees are in effect) generally will have priority with respect to the assets and earnings of such subsidiaries over the claims of Reliance's creditors and of the creditors of the subsidiary guarantors, including holders of the notes. Accordingly, the notes and the guarantees of the subsidiary guarantors will be effectively subordinated to creditors, including trade creditors and preferred shareholders, if any, of Reliance's subsidiaries (other than the subsidiary guarantors so long as their respective guarantees are in effect).

Special Mandatory Redemption

Reliance expects to use the net proceeds from this offering to finance a portion of the Merger, as described under the heading "Use of Proceeds." Within ten Business Days following the earlier of (a) the date on which a Merger Termination Event occurs and (b) 5:00 p.m. (New York City time) on December 15, 2013, if the Merger has not closed by such date, Reliance will be required to mail a notice of mandatory redemption to the holders of the notes fixing the date of such mandatory redemption (such date to be not more than 30 days from the mailing of the notice of mandatory

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redemption, or if such date is not a Business Day, the next Business Day thereafter). On such mandatory redemption date, Reliance will be required to redeem the notes, in whole but not in part, at a redemption price equal to 101% of the aggregate principal amount of the notes, plus accrued and unpaid interest on the notes to the date of redemption.

"Merger Termination Event" means either (1) the Merger Agreement is terminated or (2) Reliance determines in its reasonable judgment that the Merger will not occur.

The proceeds of this offering will not be deposited into an escrow account pending any special mandatory redemption of the notes. Our ability to pay the redemption price to holders of the notes following a special mandatory redemption may be limited by our then-existing financial resources, and sufficient funds may not be available when necessary to make any required purchases of notes.

Optional Redemption

Reliance may redeem the notes at its option at any time, either in whole or in part. If Reliance elects to redeem the notes, it will pay a redemption price equal to the greater of the following amounts, plus, in each case, accrued and unpaid interest thereon to, but not including, the redemption date: (1) 100% of the aggregate principal amount of the notes to be redeemed; and (2) the sum of the present values of the Remaining Scheduled Payments; provided that if Reliance redeems any notes on or after , 2023 (three months prior to the stated maturity date of the notes), the redemption price for those notes will equal 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In determining the present values of the Remaining Scheduled Payments, Reliance will discount such payments to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) using a discount rate equal to the Treasury Rate plus % (basis points).

The following terms are relevant to the determination of the redemption price.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the Comparable Treasury Issue. In determining this rate, Reliance will assume a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the U.S. Treasury security selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

"Independent Investment Banker" means J.P. Morgan Securities LLC or Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective successors as may be appointed from time to time by Reliance; provided, however, that if any of the foregoing ceases to be a primary U.S. Government securities dealer in New York City (a "primary treasury dealer"), Reliance will substitute another primary treasury dealer.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the arithmetic average of the Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if Reliance obtains fewer than four Reference Treasury Dealer Quotations, the arithmetic average of all Reference Treasury Dealer Quotations for such redemption date.

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"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the arithmetic average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to Reliance by such Reference Treasury Dealer as of 3:30 p.m., New York City time, on the third business day preceding such redemption date.

"Reference Treasury Dealer" means J.P. Morgan Securities LLC or Merrill Lynch, Pierce, Fenner & Smith Incorporated, and two other primary treasury dealers selected by Reliance, and each of their respective successors and any other primary treasury dealers selected by Reliance.

"Remaining Scheduled Payments" means, with respect to any note to be redeemed, the remaining scheduled payments of the principal of and premium, if any, and interest thereon that would be due after the related redemption date but for such redemption; provided, however, that, if such redemption date is not an interest payment date with respect to such note, the amount of the next scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

A partial redemption of the notes may be effected pro rata or by lot or by such method as the trustee may deem fair and appropriate and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for the notes or any integral multiple thereof) of the principal amount of notes of a denomination larger than the minimum authorized denomination for the notes.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed.

Unless Reliance defaults in payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes, or portions thereof, called for redemption.

Purchase of Notes upon a Change of Control Repurchase Event

If a change of control repurchase event occurs, unless Reliance has exercised its right to redeem the notes as described above, Reliance will be required to make an offer to each holder of the notes to repurchase all or any part (in excess of $2,000 and in integral multiples of $1,000) of that holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the notes repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the date of repurchase. Within 30 days following any change of control repurchase event or, at the option of Reliance, prior to any change of control, but after the public announcement of the change of control, Reliance will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the change of control repurchase event and offering to repurchase the notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the change of control, state that the offer to purchase is conditioned on a change of control repurchase event occurring on or prior to the payment date specified in the notice. Reliance will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a change of control repurchase event. To the extent that the provisions of any securities laws or regulations conflict with the change of control repurchase event provisions of the notes, Reliance will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the change of control repurchase event provisions of the notes by virtue of such conflict.

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On the repurchase date following a change of control repurchase event, Reliance will, to the extent lawful:

(1) accept for payment all the notes or portions of the notes properly tendered pursuant to its offer;

(2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all the notes or portions of the notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted, together with an officers' certificate stating the aggregate principal amount of notes being purchased by Reliance.

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate after receipt of an authentication order and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered.

Reliance will not be required to make an offer to repurchase the notes upon a change of control repurchase event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by Reliance and such third party purchases all notes properly tendered and not withdrawn under its offer.

The change of control repurchase event feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of Reliance and, thus, the removal of incumbent management. The change of control repurchase event feature is a result of negotiations between Reliance and the underwriters. Reliance has no present intention to engage in a transaction involving a change of control, although it is possible that Reliance could decide to do so in the future. Subject to the limitations discussed below, Reliance could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a change of control under the indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the capital structure of Reliance or credit ratings on the notes. Restrictions on the ability of Reliance to incur Liens and enter into sale and leaseback transactions are contained in the covenants as described under " Certain Covenants Limitation on Liens" and " Certain Covenants Limitation on Sale and Leaseback Transactions." Except for the limitations contained in such covenants and the covenant relating to repurchases upon the occurrence of a change of control repurchase event, however, the indenture will not contain any covenants or provisions that may afford holders of the notes protection in the event of a highly leveraged transaction.

Reliance may not have sufficient funds to repurchase all the notes upon a change of control repurchase event. In addition, even if it has sufficient funds, Reliance may be prohibited from repurchasing the notes under the terms of the Credit Agreement. See "Risk Factors Reliance may not be able to repurchase all of the notes upon a change of control repurchase event."

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

"change of control" means the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Reliance and its subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than Reliance or one of its subsidiaries; (2) the adoption of a plan relating to Reliance's liquidation or dissolution; or (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of voting stock of Reliance.

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"change of control repurchase event" means the occurrence of both a change of control and a ratings event.

"investment grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's); a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P); and the equivalent investment grade credit rating from any additional rating agency or rating agencies selected by Reliance.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"rating agency" means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of the control of Reliance, a "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) under the Exchange Act, selected by Reliance (as certified by a resolution of the board of directors of Reliance) as a replacement agency for Moody's or S&P, or both, as the case may be.

"rating category" means (1) with respect to S&P, any of the following categories: BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody's used by another rating agency. In determining whether the rating of the notes has decreased by one or more gradations, gradations within rating categories (+ and-for S&P; 1, 2 and 3 for Moody's; or the equivalent gradations for another rating agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, will constitute a decrease of one gradation).

"rating date" means the date that is 60 days prior to the earlier of, (1) a change of control or (2) public notice of the occurrence of a change of control or of the intention by Reliance to effect a change of control.

"ratings event" means the occurrence of the events described in (a) or (b) below on, or within 60 days after, the earlier of (1) the occurrence of a change of control and (2) public notice of the occurrence of a change of control or the intention by Reliance to effect a change of control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any of the rating agencies): (a) in the event the notes are rated by both rating agencies on the rating date as investment grade, the rating of the notes shall be reduced so that the notes are rated below investment grade by both rating agencies, or (b) in the event the notes (i) are rated investment grade by one rating agency and below investment grade by the other rating agency or (ii) below investment grade by both rating agencies on the rating date, the rating of the notes by either rating agency shall be decreased by one or more gradations (including gradations within rating categories, as well as between rating categories). Notwithstanding the foregoing, a ratings event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular change of control (and thus shall not be deemed a ratings event for purposes of the definition of change of control repurchase event hereunder) if the rating agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable change of control (whether or not the applicable change of control shall have occurred at the time of the ratings event).

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any successor thereto.

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"voting stock" of any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

Further Issuances

Reliance may from time to time, without notice to or the consent of the holders of the notes, create and issue notes under the indenture in one or more series, which may have terms and conditions that differ from those that are set forth herein. In addition, Reliance may, without the consent of the holders of any series of the notes, issue additional notes having the same terms as, and ranking equally and ratably with, the notes in all respects (other than with respect to the date of issuance, issue price and amount of interest payable on the first payment date applicable thereto); provided that if the additional notes are not fungible with the notes for United States federal income tax purposes, the additional notes will have a separate CUSIP number. These additional notes may be guaranteed by the subsidiary guarantors on the same basis as the notes. Such additional notes (and related guarantees) may be consolidated and form a single series with, and will have the same terms as to ranking, redemption, waivers, amendments and otherwise as, the notes, and will vote together as one class on all matters with respect to the notes (and related guarantees).

Certain Covenants

Except as set forth below, neither Reliance nor any of its subsidiaries will be restricted by the indenture from:

incurring any indebtedness or other obligation,

paying dividends or making distributions on the capital stock of Reliance or of such subsidiaries, or

purchasing or redeeming capital stock of Reliance or such subsidiaries.

In addition, Reliance will not be required to maintain any financial ratios or specified levels of net worth or liquidity or to repurchase or redeem or otherwise modify the terms of any of the notes upon a change of control or other events involving Reliance or any of its subsidiaries that may adversely affect the creditworthiness of the notes, except to the limited extent provided under " Purchase of Notes upon a Change of Control Repurchase Event." Among other things, the indenture will not contain covenants designed to afford holders of the notes any protections in the event of a highly leveraged or other transaction involving Reliance that may adversely affect holders of the notes, except to the limited extent provided under " Purchase of Notes upon a Change of Control Repurchase Event."

The indenture will contain the following principal covenants:

Limitation on Liens

Reliance will not directly or indirectly incur, and will not permit any of its subsidiaries to directly or indirectly incur, any indebtedness secured by a mortgage, security interest, pledge, lien, charge or other similar encumbrance (collectively, "Liens") upon (1) any properties or assets, including capital stock, of Reliance or any of its subsidiaries or (2) any shares of stock or indebtedness of any of its subsidiaries (whether such property, assets, shares or indebtedness are now existing or owned or hereafter created or acquired), in each case, unless prior to or at the same time, the notes or, in respect of Liens on any property or assets of any subsidiary guarantor, the guarantees, if any (together with, at the option of Reliance, any other indebtedness or guarantees of Reliance or any of its subsidiaries ranking equally in right of payment with the notes or such guarantee) are equally and ratably secured with or, at the option of Reliance, prior to, such secured indebtedness.

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The foregoing restriction does not apply to:

(1) Liens on property, shares of stock or indebtedness existing with respect to any person at the time such person becomes a subsidiary of Reliance or a subsidiary of any subsidiary of Reliance, provided that such Lien was not incurred in anticipation of such person becoming a subsidiary;

(2) Liens on property, shares of stock or indebtedness existing at the time of acquisition by Reliance or any of its subsidiaries or a subsidiary of any subsidiary of Reliance of such property, shares of stock or indebtedness (which may include property previously leased by Reliance or any of its subsidiaries and leasehold interests on such property, provided that the lease terminates prior to or upon the acquisition) or Liens on property, shares of stock or indebtedness to secure the payment of all or any part of the purchase price of such property, shares of stock or indebtedness, or Liens on property, shares of stock or indebtedness to secure any indebtedness for borrowed money incurred prior to, at the time of, or within 18 months after, the latest of the acquisition of such property, shares of stock or indebtedness or, in the case of property, the completion of construction, the completion of improvements or the commencement of substantial commercial operation of such property for the purpose of financing all or any part of the purchase price of the property, the construction or the making of the improvements;

(3) Liens securing indebtedness of Reliance or any of Reliance's subsidiaries owing to Reliance or any of its subsidiaries;

(4) Liens existing on the date of the initial issuance of the notes (other than any additional notes);

(5) Liens on property or assets of a person existing at the time such person is merged into or consolidated with Reliance or any of its subsidiaries, at the time such person becomes a subsidiary of Reliance, or at the time of a sale, lease or other disposition of all or substantially all of the properties or assets of a person to Reliance or any of its subsidiaries, provided that such Lien was not incurred in anticipation of the merger, consolidation, or sale, lease, other disposition or other such transaction;

(6) Liens created in connection with a project financed with, and created to secure, a Non-recourse Obligation;

(7) Liens securing the notes (including any additional notes) and any Liens that secure debt under the Credit Agreement and the existing notes equally and ratably with Liens securing the notes;

(8) Liens imposed by law, such as carriers', warehousemen's and mechanic's Liens and other similar Liens, in each case for sums not yet overdue by more than 30 calendar days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution;

(9) Liens for taxes, assessments or other governmental charges not yet due or payable or subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;

(10) Liens to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; or

(11) any extensions, renewals or replacements of any Lien referred to in clauses (1) through (10) without increase of the principal of the indebtedness secured by such Lien; provided, however, that any Liens permitted by any of clauses (1) through (10) shall not extend to or cover any property of

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Reliance or any of its subsidiaries, as the case may be, other than the property specified in such clauses and improvements to such property.

Notwithstanding the restrictions set forth in the preceding paragraph, Reliance and its subsidiaries will be permitted to incur indebtedness secured by a Lien that would otherwise be subject to the foregoing restrictions without equally and ratably securing the notes or, in respect of Liens on property or assets of any subsidiary guarantors, their guarantees, if any, provided that, after giving effect to such indebtedness, the aggregate amount of all indebtedness secured by Liens (not including Liens permitted under clauses (1) through (11) above), together with all attributable debt outstanding pursuant to the second paragraph of the " Limitation on Sale and Leaseback Transactions" covenant described below, does not exceed 15% of the Consolidated Net Tangible Assets of Reliance calculated as of the date of the creation or incurrence of the Lien. Reliance and its subsidiaries also may, without equally and ratably securing the notes, create or incur Liens that extend, renew, substitute or replace (including successive extensions, renewals, substitutions or replacements), in whole or in part, any Lien permitted pursuant to the preceding sentence.

Limitation on Sale and Leaseback Transactions

Reliance will not directly or indirectly, and will not permit any of its subsidiaries directly or indirectly to, enter into any sale and leaseback transaction for the sale and leasing back of any property, whether now owned or hereafter acquired, unless:

(1) such transaction was entered into prior to the date of the initial issuance of the notes (other than any additional notes);

(2) such transaction was for the sale and leasing back to Reliance of any property by one of its subsidiaries;

(3) such transaction involves a lease for not more than three years (or which may be terminated by Reliance or its subsidiaries within a period of not more than three years);

(4) Reliance would be entitled to incur indebtedness secured by a Lien with respect to such sale and leaseback transaction without equally and ratably securing the notes pursuant to the second paragraph of the " Limitation on Liens" covenant described above; or

(5) Reliance applies an amount equal to the net proceeds from the sale of such property to the purchase of other property or assets used or useful in its business or to the retirement of long-term indebtedness within 365 days before or after the effective date of any such sale and leaseback transaction; provided that, in lieu of applying such amount to the retirement of long-term indebtedness, Reliance may deliver notes to the trustee for cancellation, such notes to be credited at the cost thereof to Reliance.

Notwithstanding the restrictions set forth in the preceding paragraph, Reliance and its subsidiaries may enter into any sale and leaseback transaction that would otherwise be subject to the foregoing restrictions, if after giving effect thereto the aggregate amount of all attributable debt with respect to such transactions, together with all indebtedness outstanding pursuant to the third paragraph of the " Limitation on Liens" covenant described above, does not exceed 15% of the Consolidated Net Tangible Assets of Reliance calculated as of the closing date of the sale and leaseback transaction.

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Merger, Consolidation or Sale of Assets

Reliance and any subsidiary guarantor may, without the consent of the holders of any outstanding notes (including any additional notes), consolidate with or sell, lease or convey all or substantially all of its or their properties or assets to, or merge with or into, any other person, provided that:

(1) Reliance or, in the case of any subsidiary guarantor, Reliance or such subsidiary guarantor, is the continuing person or, alternatively, the successor person formed by or resulting from such consolidation or merger, or the person that receives the transfer of such properties or assets, is a corporation or limited liability company organized under the laws of any state or the District of Columbia and expressly assumes the obligations of Reliance or the obligations of such subsidiary guarantor, as the case may be, under the notes and such subsidiary guarantor's guarantee (provided that such person need not assume the obligations of any such subsidiary guarantor if such person would not, after giving effect to such transaction, be required to guarantee the notes under the requirements described in " Guarantees" above);

(2) immediately after giving effect to such transaction, no event of default and no event that, after notice or the lapse of time, or both, would become an event of default has occurred and is continuing; and

(3) an officers' certificate and legal opinion are delivered to the trustee, each stating that the consolidation, merger, conveyance or transfer complies with clauses (1) and (2) above.

The successor person will succeed to, and be substituted for, Reliance or the subsidiary guarantor, as the case may be, and may exercise all of the rights and powers of Reliance or the subsidiary guarantor, as the case may be, under the indenture. Reliance or such subsidiary guarantor will be relieved of all obligations and covenants under the notes or the guarantees, as the case may be, and the indenture to the extent Reliance or such subsidiary guarantor was the predecessor person, provided, that in the case of a lease of all or substantially all of properties or assets of Reliance, Reliance will not be released from the obligation to pay the principal of and premium, if any, and interest on the notes.

Notwithstanding any provision to the contrary, this covenant will cease to apply to any subsidiary guarantor immediately upon any merger or consolidation of that subsidiary guarantor into Reliance or any other subsidiary guarantor in accordance with this covenant or upon any other termination of the guarantees of that subsidiary guarantor in accordance with the indenture.

SEC Reports

Reliance will file with the trustee, within 15 days after Reliance is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports that Reliance is required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act or pursuant to Section 314 of the Trust Indenture Act.

Events of Default

Each of the following is an "event of default" under the indenture with respect to the notes:

(1) a default in any payment of interest on any note when due, which continues for 30 days,

(2) a default in the payment of principal of or premium, if any, on any note when due at its stated maturity date, upon optional redemption or otherwise;

(3) a failure by Reliance to repurchase notes tendered for repurchase following the occurrence of a change of control repurchase event in conformity with the covenant set forth under " Purchase of Notes upon a Change of Control Repurchase Event";

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(4) a failure by Reliance or any subsidiary guarantor guaranteeing the notes to comply with their other agreements contained in the indenture, which continues for 90 days after written notice thereof to Reliance by the trustee or to Reliance and the trustee by the holders of not less than 25% in principal amount of the outstanding notes (including any additional notes);

(5) (a) a failure to make any payment at maturity, including any applicable grace period, on any indebtedness of Reliance or any of its subsidiary guarantors (other than indebtedness of Reliance or of a subsidiary owing to Reliance or any of its subsidiaries) outstanding in an amount in excess of $30,000,000 and continuance of this failure to pay or (b) a default on any indebtedness of Reliance or any of its subsidiary guarantors (other than indebtedness owing to Reliance or any of its subsidiaries), which default results in the acceleration of such indebtedness in an amount in excess of $30,000,000 without such indebtedness having been discharged or the acceleration having been cured, waived, rescinded or annulled, in the case of clause (a) or (b) above, for a period of 30 days after written notice thereof to Reliance by the trustee or to Reliance and the trustee by the holders of not less than 25% in principal amount of outstanding notes (including any additional notes); provided, however, that if any failure, default or acceleration referred to in clause (a) or (b) above ceases or is cured, waived, rescinded or annulled, then the event of default will be deemed cured;

(6) the guarantee of any subsidiary guarantor guaranteeing the notes ceases to be in full force and effect or such subsidiary guarantor denies or disaffirms in writing its obligations under the indenture or its guarantee, in each case, other than any such cessation, denial or disaffirmation in connection with a termination of its guarantee provided for in the indenture; and

(7) various events in bankruptcy, insolvency or reorganization involving Reliance or any subsidiary guarantor guaranteeing the notes.

The foregoing will constitute an event of default whatever the reason for any such event of default and whether it is voluntary or involuntary or is effected by operation of any law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

If an event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the outstanding notes (including any additional notes) by written notice to Reliance may declare the principal of, and premium, if any, and accrued and unpaid interest on, all the notes to be due and payable. Upon this declaration, principal and premium, if any, and interest will be immediately due and payable. If an event of default relating to certain events of bankruptcy, insolvency or reorganization of Reliance or any subsidiary guarantor occurs and is continuing, the principal of and premium, if any, and accrued interest on all notes (including any additional notes) will become immediately due and payable without any declaration or other act on the part of the trustee or any holders. Under some circumstances, the holders of a majority in aggregate principal amount of the outstanding notes (including any additional notes) may rescind any acceleration with respect to the notes and its consequences.

If an event of default occurs and is continuing, the trustee, in conformity with its duties under the indenture, will exercise all rights or powers under the indenture at the request or direction of any of the holders, provided that the holders provide the trustee with an indemnity or security reasonably satisfactory to the trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no holder of the notes may pursue any remedy with respect to the indenture or the notes unless:

(1) the holder previously notified the trustee that an event of default is continuing;

(2) holders of at least 25% in aggregate principal amount of the outstanding notes (including any additional notes) requested the trustee to pursue the remedy;

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(3) the requesting holders offered the trustee security or indemnity reasonably satisfactory to the trustee against any loss, liability or expense;

(4) the trustee has not complied with the holder's request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the holders of a majority in principal amount of the outstanding notes (including any additional notes) have not given the trustee a direction inconsistent with the request within the 60-day period.

Generally, the holders of a majority in principal amount of the outstanding notes (including any additional notes) will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or of exercising any trust or power conferred on the trustee. The trustee may, however, refuse to follow any direction that conflicts with law or the indenture or that the trustee determines is unduly prejudicial to the rights of any other holder or that would involve the trustee in personal liability.

If a default occurs and is continuing and is known to the trustee, the trustee must mail to each holder notice of the default within 90 days after it is known to the trustee. Except in the case of a default in the payment of principal or premium, if any, or interest on any note, the trustee may withhold notice if the trustee determines in good faith that withholding notice is not opposed to the interests of the holders.

Reliance will also be required to deliver to the trustee, within 120 days after the end of each fiscal year, an officers' certificate indicating whether the signers of the certificate know of any default under the indenture that occurred during the previous year. In addition, Reliance will be required to notify the trustee within 30 days of any event that would constitute various defaults, their status and what action Reliance is taking or proposes to take in respect of these defaults.

Modification and Waivers

Modification and amendments of the indenture and the notes may be made by Reliance, the subsidiary guarantors and the trustee with the consent of the holders of not less than a majority in aggregate principal amount of the outstanding notes; provided, however, that no such modification or amendment may, without the consent of the holder of each outstanding note affected thereby:

change the stated maturity of the principal of, or installment of interest on, any note;

reduce the principal amount of, or the rate of interest on, any notes;

reduce any premium, if any, payable on the redemption or required repurchase of any note or change the date on which any note may be redeemed or required to be repurchased;

change the coin or currency in which the principal of, premium, if any, or interest on any note is payable;

release the guarantees of any subsidiary guarantor (except as otherwise provided in the indenture) or make any changes to such guarantees in a manner adverse to the holders;

impair the right of any holder to institute suit for the enforcement of any payment on or after the stated maturity of any note;

reduce the percentage in principal amount of the outstanding notes, the consent of whose holders is required in order to take certain actions;

reduce the requirements for quorum or voting by holders of notes in the indenture or the notes;

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modify any of the provisions in the indenture regarding the waiver of past defaults and the waiver of certain covenants by the holders of notes except to increase any percentage vote required or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each note affected thereby; or

modify any of the above provisions.

Reliance, the subsidiary guarantors and the trustee may, without the consent of any holders, modify or amend the terms of the indenture and the notes with respect to the following:

to cure any ambiguity, omission, defect or inconsistency;

to evidence the succession of another person to Reliance or any subsidiary guarantor and the assumption by any such successor of the obligations of Reliance or such subsidiary guarantor, as described above under " Certain Covenants Merger, Consolidation or Sale of Assets";

to add any additional events of default;

to add to the covenants of Reliance for the benefit of holders of the notes or to surrender any right or power conferred upon Reliance;

to add one or more guarantees for the benefit of holders of the notes;

to evidence the release of any subsidiary guarantor from its guarantee of the notes pursuant to the terms of the indenture;

to add collateral security with respect to the notes;

to add or appoint a successor or separate trustee or other agent;

to provide for the issuance of any additional notes;

to comply with any requirement in connection with the qualification of the indenture under the Trust Indenture Act;

to comply with the rules of any applicable securities depository;

to provide for uncertificated notes in addition to or in place of certificated notes;

to conform the provisions of the indenture to the "Description of Notes" section of this prospectus supplement and the "Description of Debt Securities" section of the accompanying prospectus;

to make any changes to the indenture applicable only to debt securities of a series other than the notes offered hereby; and

to make any change if the change does not adversely affect the interests of any holder of notes.

The holders of at least a majority in aggregate principal amount of the notes may, on behalf of the holders of all notes, waive compliance by Reliance with certain restrictive provisions of the indenture. The holders of not less than a majority in aggregate principal amount of the outstanding notes may, on behalf of the holders of all notes, waive any past default and its consequences under the indenture, except a default (1) in the payment of principal or premium, if any, or interest on the notes or (2) in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of the holder of each note. Upon any such waiver, such default shall cease to exist and any event of default arising therefrom shall be deemed to have been cured for every purpose of the indenture; but no such waiver shall extend to any subsequent or other default or event of default or impair any rights consequent thereon.

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Satisfaction and Discharge

Reliance may discharge its obligations under the indenture while any notes remain outstanding if the notes either have become due and payable or will become due and payable within one year (or are scheduled for redemption within one year) by depositing with the trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including the principal and premium, if any, and interest to the date of such deposit (if the notes have become due and payable) or to the maturity thereof or the date of redemption of the notes, as the case may be, and paying all other amounts payable under the indenture.

Defeasance and Covenant Defeasance

The indenture will provide that Reliance may elect either (1) to defease and be discharged from any and all obligations with respect to the notes (except for, among other things, certain obligations to replace temporary or mutilated, destroyed, lost or stolen notes, to maintain an office or agency with respect to the notes and to hold moneys for payment in trust) ("legal defeasance") or (2) to be released from its obligations to comply with the restrictive covenants under the indenture, and any omission to comply with such obligations will not constitute a default or an event of default, and clauses (4) and (5) under " Events of Default" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by Reliance with the trustee, in trust, of an amount in U.S. dollars, or U.S. Government obligations, or both, that through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the notes on the scheduled due dates therefor.

If Reliance effects covenant defeasance and the notes are declared due and payable because of the occurrence of any event of default other than under clauses (4) and (5) of " Events of Default," even if the amount in U.S. dollars, or U.S. Government obligations, or both, on deposit with the trustee is sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the notes at the time of the stated maturity, it may not be sufficient to pay amounts due on the notes at the time of the acceleration resulting from such event of default. However, Reliance would remain liable to make payment of such amounts due at the time of acceleration.

To effect legal defeasance or covenant defeasance, Reliance will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the notes to recognize income, gain or loss for federal income tax purposes. If Reliance elects legal defeasance, that opinion of counsel must be based upon a ruling from the Internal Revenue Service or a change in law to that effect.

Reliance may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option.

Same-day Settlement and Payment

The notes will trade in the same-day funds settlement system of DTC until maturity or until Reliance issues the notes in certificated form. DTC will therefore require secondary market trading activity in the notes to settle in immediately available funds. Reliance can give no assurance as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

Book-entry; Delivery and Form; Global Notes

The notes will be represented by one or more global notes in definitive, fully registered form without interest coupons. Each global note will be deposited with the trustee as custodian for DTC and

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registered in the name of a nominee of DTC in New York, New York for the accounts of participants in DTC.

Investors may hold their interests in a global note directly through DTC if they are DTC participants or indirectly through organizations that are DTC participants. Except in the limited circumstances described below, holders of notes represented by interests in a global note will not be entitled to receive their notes in fully registered certificated form.

DTC has advised that it is: a limited purpose trust company organized under the laws of the State of New York; a "banking organization" within the meaning of the New York State Banking Law; a member of the Federal Reserve System; a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and a "clearing agency" registered under Section 17A of the Exchange Act. DTC was created to hold securities of institutions that have accounts with DTC ("participants") and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants. DTC's participants include securities brokers and dealers (which may include the underwriters), banks, trust companies, clearing corporations and certain other organizations. Indirect access to DTC's book-entry system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, whether directly or indirectly.

Ownership of Beneficial Interests

Upon the issuance of each global note, DTC will credit, on its book-entry registration and transfer system, the respective principal amount of the individual beneficial interests represented by the global note to the accounts of participants. Ownership of beneficial interests in each global note will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interests in each global note will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC (with respect to participants' interests) and such participants (with respect to the owners of beneficial interests in the global note other than participants).

So long as DTC or its nominee is the registered holder and owner of a global note, DTC or such nominee, as the case may be, will be considered the sole legal owner of the notes represented by the global note for all purposes under the indenture, the notes and applicable law. Except as set forth below, owners of beneficial interests in a global note will not be entitled to have notes represented by the global note registered in their name or to receive certificated notes and will not be considered to be the owners or holders of any notes under the global note. Reliance understands that under existing industry practice, in the event an owner of a beneficial interest in a global note desires to take any actions that DTC, as the holder of the global note, is entitled to take, DTC would authorize the participants to take such action, and that participants would authorize beneficial owners owning through such participants to take such action or would otherwise act upon the instructions of beneficial owners owning through them. No beneficial owner of an interest in a global note will be able to transfer the interest except in accordance with DTC's applicable procedures, in addition to those provided for under the indenture. Because DTC can only act on behalf of participants, who in turn act on behalf of others, the ability of a person having a beneficial interest in a global note to pledge that interest to persons that do not participate in the DTC system, or otherwise to take actions in respect of that interest, may be impaired by the lack of physical certificate of that interest.

All payments on the notes represented by a global note registered in the name of and held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner and holder of the global note.

Reliance expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, or interest in respect of a global note, will credit participants' accounts with payments in amounts

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proportionate to their respective beneficial interests in the principal amount of the global note as shown on the records of DTC or its nominee. Reliance also expects that payments by participants to owners of beneficial interests in the global note held through such participants will be governed by standing instructions and customary practices as is now the case with securities held for accounts for customers registered in the names of nominees for such customers. These payments, however, will be the responsibility of such participants and indirect participants, and neither Reliance, the underwriters, the trustee nor any paying agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in any global note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests or for any other aspect of the relationship between DTC and its participants or the relationship between such participants and the owners of beneficial interests in the global note.

Unless and until it is exchanged in whole or in part for certificated notes, each global note may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds.

Reliance expects that DTC will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a global note are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction.

Although Reliance expects that DTC will agree to the foregoing procedures in order to facilitate transfers of interests in each global note among participants of DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither Reliance, the underwriters nor the trustee will have any responsibility for the performance or nonperformance by DTC or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The indenture will provide that, if (1) DTC notifies Reliance that it is unwilling or unable to continue as depository or if DTC ceases to be eligible under the indenture and Reliance does not appoint a successor depository within 90 days, (2) Reliance determines that the notes shall no longer be represented by global notes and executes and delivers to the trustee a company order to such effect or (3) an event of default with respect to the notes shall have occurred and be continuing, DTC may exchange the global notes for notes in certificated form of like tenor and of an equal principal amount, in authorized denominations. These certificated notes will be registered in such name or names as DTC shall instruct the trustee. It is expected that such instructions may be based upon directions received by DTC from participants with respect to ownership of beneficial interests in global securities.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Reliance believes to be reliable, but Reliance does not take responsibility for its accuracy.

Euroclear and Clearstream

If the depositary for a global security is DTC, you may hold interests in the global notes through Clearstream Banking, société anonyme ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), in each case, as a participant in DTC. Euroclear and Clearstream will hold interests, in each case, on behalf of their participants through customers' securities accounts in the names of Euroclear and Clearstream on the books of their respective depositaries, which in turn will hold such interests in customers' securities in the depositaries' names on DTC's books.

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Payments, deliveries, transfers, exchanges, notices and other matters relating to the notes made through Euroclear or Clearstream must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. Reliance has no control over those systems or their participants, and it takes no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, on the one hand, and other participants in DTC, on the other hand, would also be subject to DTC's rules and procedures.

Investors will be able to make and receive through Euroclear and Clearstream payments, deliveries, transfers, exchanges, notices and other transactions involving any securities held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, U.S. investors who hold their interests in the notes through these systems and wish on a particular day, to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream may need to make special arrangements to finance any purchase or sales of their interests between the U.S. and European clearing systems, and those transactions may settle later than transactions within one clearing system.

Governing Law

The indenture and the notes will be governed by, and construed in accordance with, the laws of the State of New York.

Regarding the Trustee

Wells Fargo Bank, National Association is the trustee under the indenture and has also been appointed by Reliance to act as registrar, transfer agent and paying agent for the notes.

The indenture contains limitations on the rights of the trustee, if it becomes a creditor of Reliance or any subsidiary guarantor, to obtain payment of claims in some cases, or to realize on property received in respect of any of these claims as security or otherwise. The trustee is permitted to engage in other transactions. However, if the trustee acquires any conflicting interest, it must either eliminate its conflict within 90 days, apply to the SEC for permission to continue as trustee or resign.

Definitions

The indenture contains the following defined terms:

"attributable debt" means, with respect to any sale and leaseback transaction, at the time of determination, the lesser of (1) the sale price of the property so leased multiplied by a fraction the numerator of which is the remaining portion of the base term of the lease included in such transaction and the denominator of which is the base term of such lease, and (2) the total obligation (discounted to the present value at the implicit interest factor, determined in accordance with GAAP, included in the rental payments) of the lessee for rental payments (other than amounts required to be paid on account of property taxes as well as maintenance, repairs, insurance, water rates and other items that do not constitute payments for property rights) during the remaining portion of the base term of the lease included in such transaction.

"Consolidated Net Tangible Assets" means, as of the time of determination, the aggregate amount of the assets of Reliance and the assets of its consolidated subsidiaries after deducting (1) all goodwill,

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trade names, trademarks, service marks, patents, unamortized debt discount and expense and other intangible assets and (2) all current liabilities, as reflected on the most recent consolidated balance sheet prepared by Reliance in accordance with GAAP contained in an annual report on Form 10-K or a quarterly report on Form 10-Q timely filed or any amendment thereto (and not subsequently disclaimed as not being reliable by Reliance) pursuant to the Exchange Act by Reliance prior to the time as of which "Consolidated Net Tangible Assets" is being determined.

"Domestic Subsidiary" means a subsidiary other than a Foreign Subsidiary.

"Foreign Subsidiary" means (i) any subsidiary that is not organized under the laws of the United States of America or any state thereof or the District of Columbia and (ii) any subsidiary of any subsidiary described by clause (i).

"GAAP" means generally accepted accounting principles in the United States of America in effect on the date of the indenture.

"guarantee" means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any indebtedness of any other person and any obligation, direct or indirect, contingent or otherwise, of such person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness of such other person (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee," when used as a verb, has a correlative meaning.

"holder" means the person in whose name a note is registered on the security register books.

"incur" means issue, assume, guarantee or otherwise become liable for.

"indebtedness" means, with respect to any person, obligations (other than Non-recourse Obligations) of such person for borrowed money (including without limitation, indebtedness for borrowed money evidenced by notes, bonds, debentures or similar instruments).

"Non-recourse Obligation" means indebtedness or other obligations substantially related to (1) the acquisition of assets not previously owned by Reliance, any subsidiary guarantor or any other direct or indirect subsidiaries of Reliance or (2) the financing of a project involving the development or expansion of properties of Reliance, any subsidiary guarantor or any other direct or indirect subsidiaries of Reliance, as to which the obligee with respect to such indebtedness or obligation has no recourse to Reliance, any subsidiary guarantor or any other direct or indirect subsidiary of Reliance or any of a subsidiary guarantor's or such subsidiary's assets other than the assets that were acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (and the proceeds thereof).

"person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or political subdivision thereof.

"subsidiary" means, with respect to any person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of that date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of that date, owned, controlled or held by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following are the material U.S. federal income tax consequences of owning and disposing of notes purchased in this offering at the "issue price," which we assume will be the price to investors indicated on the cover of this prospectus supplement, and held as capital assets for U.S. federal income tax purposes.

This discussion does not describe all of the tax consequences that may be relevant to you in light of your particular circumstances, including alternative minimum tax and Medicare contribution tax consequences, as well as differing tax consequences that may apply if you are, for instance:

- a financial institution;
- a regulated investment company;
- a dealer or trader in securities that uses a mark-to-market method of accounting;
- holding notes as part of a "straddle" or integrated transaction;
- a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar;
- a tax-exempt entity; or
- a partnership for U.S. federal income tax purposes.

If you are a partnership for U.S. federal income tax purposes, the U.S. federal income tax treatment of your partners will generally depend on the status of the partners and your activities.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein. This summary does not address any aspect of state, local or non-U.S. taxation, or any taxes other than income taxes. You should consult your tax adviser with regard to the application of the U.S. federal tax laws to your particular situation, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Tax Consequences to U.S. Holders

This section applies to you if you are a U.S. Holder. You are a U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of a note and are:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Certain Additional Payments

There are circumstances in which we might be required to make payments on a note that would increase the yield of the note, for instance, as described under "Description of Notes Special Mandatory Redemption" and "Description of Notes Purchase of Notes upon a Change of Control Repurchase Event." We intend to take the position that the possibility of such payments does not result in the notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. Our position is not binding on the Internal Revenue Service ("IRS"). If the IRS takes a contrary position, you may be required to accrue interest income based upon a "comparable yield" (as defined in the Treasury Regulations) determined at the time of issuance of the notes, with adjustments

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to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the notes would be treated as interest income rather than as capital gain. You should consult your tax adviser regarding the tax consequences if the notes were treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes are not treated as contingent payment debt instruments.

Payments of Interest

Stated interest on a note will be taxable to you as ordinary interest income at the time it accrues or is received, in accordance with your method of accounting for U.S. federal income tax purposes. It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes.

Sale or Other Taxable Disposition of the Notes

Upon the sale or other taxable disposition of a note, you will recognize taxable gain or loss equal to the difference between the amount realized on the sale or other taxable disposition and your tax basis in the note. Your tax basis in a note will equal the cost of your note. For these purposes, the amount realized does not include any amount attributable to accrued interest, which is treated as described under " Payments of Interest" above.

Gain or loss realized on the sale or other taxable disposition of a note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale or other taxable disposition the note has been held for more than one year. Long-term capital gains recognized by non-corporate taxpayers are subject to reduced tax rates. The deductibility of capital losses is subject to limitations.

Tax Consequences to Non-U.S. Holders

This section applies to you if you are a Non-U.S. Holder. You are a Non-U.S. Holder if for U.S. federal income tax purposes you are a beneficial owner of a note and are:

a nonresident alien individual;

a foreign corporation; or

a foreign estate or trust.

You are not a Non-U.S. Holder if you are a nonresident alien individual present in the United States for 183 days or more in the taxable year of disposition of a note, or if you are a former citizen or former resident of the United States, in either of which cases you should consult your tax adviser regarding the U.S. federal income tax consequences of owning or disposing of a note.

Payments on the Notes

Payments of principal and interest on the notes by us or any paying agent to you will not be subject to U.S. federal income or withholding tax, provided that, in the case of interest,

you do not own, actually or constructively, ten percent or more of the total combined voting power of all classes of our stock entitled to vote;

you are not a controlled foreign corporation related, directly or indirectly, to us through stock ownership;

you certify on a properly executed IRS Form W-8BEN, under penalties of perjury, that you are not a United States person; and

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it is not effectively connected with your conduct of a trade or business in the United States as described below.

If you cannot satisfy any of the first three requirements described above and interest on the notes is not subject to net income tax as described below under " Effectively Connected Income," payments of interest on the notes will be subject to withholding tax at a rate of 30%, or the rate specified by an applicable treaty (provided you furnish a properly executed IRS Form W-8BEN establishing your entitlement to the treaty rate).

Sale or Other Taxable Disposition of the Notes

You generally will not be subject to U.S. federal income or withholding tax on gain realized on a sale or other taxable disposition of a note, unless the gain is effectively connected with your conduct of a trade or business in the United States as described below, although any amounts attributable to accrued interest will be treated as described above under "Payments on the Notes."

Effectively Connected Income

If interest or gain on a note is effectively connected with your conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment or fixed base maintained by you), you will generally be taxed in the same manner as a U.S. Holder (see "Tax Consequences to U.S. Holders" above). In this case, you will be exempt from the withholding tax on interest discussed above, although you will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding. You should consult your tax adviser with respect to other U.S. tax consequences of the ownership and disposition of the notes, including the possible imposition of a branch profits tax at a rate of 30% (or a lower treaty rate) if you are a corporation.

Backup Withholding and Information Reporting

If you are a U.S. Holder, information returns are required to be filed with the IRS in connection with payments on the notes and proceeds received from a sale or other disposition of the notes unless you are an exempt recipient. You may also be subject to backup withholding on these payments in respect of your notes unless you provide your taxpayer identification number and otherwise comply with applicable requirements of the backup withholding rules or you provide proof of an applicable exemption.

If you are a Non-U.S. Holder, information returns are required to be filed with the IRS in connection with payments of interest on the notes. Unless you comply with certification procedures to establish that you are not a United States person, information returns may also be filed with the IRS in connection with the proceeds from a sale or other disposition of a note. You may be subject to backup withholding on payments on the notes or on the proceeds from a sale or other disposition of the notes unless you comply with certification procedures to establish that you are not a United States person or otherwise establish an exemption. The certification procedures required to claim the exemption from withholding tax on interest described above will satisfy the certification requirements necessary to avoid backup withholding as well.

Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

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UNDERWRITING

Subject to the terms and conditions contained in the underwriting agreement dated the date of this prospectus supplement among us, the subsidiary guarantors and the underwriters, we have agreed to sell to the underwriters named below, for which J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, and the underwriters have severally agreed to purchase from us, the following respective principal amounts of the notes:

Underwriters	Principal Amount of Notes
J.P. Morgan Securities LLC	$
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Wells Fargo Securities, LLC	
Total	$ 500,000,000

The obligations of the underwriters under the underwriting agreement, including their agreement to purchase notes from us, are several and not joint. Those obligations are also subject to various conditions in the underwriting agreement being satisfied. The underwriting agreement provides that the underwriters will purchase all of the notes being sold pursuant to the underwriting agreement if any of them are purchased. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters initially propose to offer the notes to the public at the public offering price that appears on the cover page of this prospectus supplement. The underwriters may offer the notes to selected dealers at the public offering price minus a concession of up to % of the principal amount. In addition, the underwriters may allow, and those selected dealers may reallow, a concession of up to % of the principal amount to certain other dealers. After the initial offering, the underwriters may change the public offering price and any other selling terms. The underwriters may offer and sell notes through certain of their affiliates.

In the underwriting agreement, we have agreed that during the period from the date hereof through and until the closing of this offering, we will not offer, sell, contract to sell or otherwise dispose of any of our debt securities (other than the notes) having a tenor of more than one year without the prior consent of the representatives of the underwriters. In the underwriting agreement, we have agreed that we and the subsidiary guarantors will jointly and severally indemnify the underwriters against certain liabilities, including certain liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in respect of those liabilities.

The notes are a new issue of securities with no established trading market. We do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any automated quotation system. The underwriters have advised us that they intend to make a market in the notes, but they are not obligated to do so. The underwriters may discontinue any market making in the notes at any time in their sole discretion. Accordingly, we cannot assure you that a liquid trading market will develop for the notes, that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with the offering of the notes, the underwriters may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the underwriters. Stabilizing transactions involve bids to

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purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may have the effect of preventing or retarding a decline in the market price of the notes or cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If the underwriters engage in stabilizing or syndicate covering transactions, they may discontinue them at any time.

Certain of the underwriters and their affiliates have engaged, and may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with us and our affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In particular, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC are joint lead arrangers and joint book managers with respect to our credit facility. Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated, is the administrative agent, issuing lender and swing line lender and a lender, JPMorgan Chase Bank, N.A., an affiliate of J.P. Morgan Securities LLC, is a co-syndication agent and lender and Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities, LLC, is a co-syndication agent and lender under our credit facility. In addition, Wells Fargo Bank, National Association is the trustee for the notes and the existing notes.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes. Any such short positions could adversely affect future trading prices of the notes. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Conflicts of Interest

It is expected that we will use more than 5% of the net proceeds of this offering to repay indebtedness owed by us to affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC, underwriters in this offering, who are lenders under Metals USA's revolving credit facility and term loan and Reliance's credit facility. See "Use of Proceeds." Accordingly, this offering is being made in compliance with the applicable requirements of Rule 5121 of the Financial Industry Regulatory Authority, Inc.

Selling Restrictions

The notes are offered for sale in the United States and certain jurisdictions outside the United States in which such offer and sale is permitted.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that

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Relevant Member State it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives of the underwriters for any such offer; or

in any circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of notes shall require Reliance, the subsidiary guarantors or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State; the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

In the underwriting agreement, each underwriter has represented and agreed that:

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us or the subsidiary guarantors; and

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

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LEGAL MATTERS

Davis Polk & Wardwell LLP, Menlo Park, California, will opine on the validity of the securities on our behalf and on behalf of the subsidiary guarantors. Simpson Thacher & Bartlett LLP, New York, New York is acting as counsel to the underwriters.

EXPERTS

The consolidated financial statements and schedule of Reliance Steel & Aluminum Co. as of December 31, 2012 and 2011, and for each of the years in the three-year period ended December 31, 2012, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2012, have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements incorporated by reference herein from Reliance Steel & Aluminum Co.'s Current Report on Form 8-K filed with the SEC on April 9, 2013 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph relating to that on February 6, 2013, Metals USA Holdings Corp., Reliance Steel & Aluminum Co. ("Reliance") and RSAC Acquisition Corp. (a wholly-owned subsidiary of Reliance), entered into an Agreement and Plan of Merger under which Reliance has agreed to acquire Metals USA Holdings Corp.) which is incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can inspect and copy these reports, proxy statements and other information at the public reference facilities of the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings, including the complete registration statement and all of the exhibits thereto, are also available through the SEC's website at http://www.sec.gov. Our internet address is www.rsac.com. We are not incorporating the contents of our website into this prospectus supplement or accompanying prospectus.

The SEC allows us to "incorporate by reference" information into this prospectus supplement, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

Our Annual Report on Form 10-K for the year ended December 31, 2012;

Our Current Reports on Form 8-K filed on February 7, 2013, February 25, 2013, February 26, 2013, April 5, 2013 and April 9, 2013 (which includes the historical consolidated financial statements of Metals USA as of December 31, 2012 and 2011 and for the three years in the period ended December 31, 2012);

Portions of our definitive Proxy Statement on Schedule 14A for our Annual Meeting of Shareholders to be held May 15, 2013 that are incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2012;

The description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on January 2, 1994, including all amendments and reports filed for the purpose of updating such description; and

Future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those documents or the portions of those documents furnished including pursuant to Items 2.02 or 7.01 of any Current Report on Form 8-K) after the date of this prospectus and before the termination of this offering.

Upon your oral or written request, we will provide you with a copy of any of these filings at no cost. Requests should be directed to Kay Rustand, Vice President, General Counsel and Corporate Secretary, Reliance Steel & Aluminum Co. 350 South Grand Avenue, Suite 5100, Los Angeles, California 90071, Telephone: (213) 687-7700.

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PROSPECTUS

RELIANCE STEEL & ALUMINUM CO.

DEBT SECURITIES
GUARANTEES OF DEBT SECURITIES
COMMON STOCK
PREFERRED STOCK
WARRANTS
RIGHTS
UNITS

We or selling securityholders may from time to time offer to sell our debt securities, common stock or preferred stock, either separately or represented by warrants or rights, as well as units that include any of these securities or securities of other entities. Our debt securities may be guaranteed by one or more of our subsidiaries, on terms to be determined at the time of the offering. The debt securities, preferred stock, warrants, rights and units may be convertible or exercisable or exchangeable for common stock or preferred stock or other securities of ours or debt or equity securities of one or more other entities.

We or selling securityholders may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. We will provide specific terms of any securities to be offered and any related guarantees, together with the terms of the offering, in supplements to this prospectus to the extent required. You should read this prospectus, the applicable prospectus supplement and any documents we incorporate by reference carefully before you invest.

Our common stock is listed on the New York Stock Exchange and trades under the ticker symbol "RS."

Our principal executive offices are located at 350 South Grand Avenue, Suite 5100, Los Angeles, California 90071. Our telephone number is (213) 687-7700.

Investing in these securities involves risks. Investors should review the risks contained or described in the documents incorporated by reference in this prospectus or any accompanying prospectus supplement before investing in the securities offered hereby.

Neither the 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.

The date of this prospectus is April 2, 2013

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ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the "SEC") as a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act"). By using a shelf registration statement, we or any selling securityholder may sell, at any time and from time to time, in one or more offerings, any combination of the securities described in this prospectus and the applicable prospectus supplement in amounts, at prices and on other terms to be determined at the time of the offering. As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits.

You should read this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information" below. Information in any prospectus supplement or incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus or any earlier prospectus supplement.

You should rely only on the information incorporated by reference or provided in this prospectus and any prospectus supplement. We have not authorized anyone else to provide you with other information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, any prospectus supplement or any document incorporated herein or therein by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

Unless otherwise stated, or the context otherwise requires, references in this prospectus to "Reliance," "we," "us" and "our" are to Reliance Steel & Aluminum Co. and its consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION AND INCORPORATION BY REFERENCE

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You can inspect and copy these reports, proxy statements and other information at the public reference facilities of the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings, including the complete registration statement and all of the exhibits thereto, are also available through the SEC's website at http://www.sec.gov. Our internet address is www.rsac.com. We are not incorporating the contents of our website into this prospectus or any accompanying prospectus supplement (apart from those documents that are referenced below).

The SEC allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring to those documents. We hereby incorporate by reference the documents listed below, which means that we are disclosing important information to you by referring you to those documents. The information that we file later with the SEC will automatically update and in some cases supersede this information. Specifically, we incorporate by reference the following documents or information filed with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules):

Our Annual Report on Form 10-K for the year ended December 31, 2012;

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Our Current Reports on Form 8-K filed on February 7, 2013, February 25, 2013 and February 26, 2013;

Portions of our definitive Proxy Statement on Schedule 14A for our Annual Meeting of Shareholders to be held May 15, 2013 that are incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2012;

The description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on January 2, 1994, including all amendments and reports filed for the purpose of updating such description; and

Future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this prospectus and before the termination of this offering.

Upon your oral or written request, we will provide you with a copy of any of these filings at no cost. Requests should be directed to Kay Rustand, Vice President, General Counsel and Corporate Secretary, Reliance Steel & Aluminum Co., 350 South Grand Avenue, Suite 5100, Los Angeles, California 90071, Telephone: (213) 687-7700.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement contains or incorporates by reference certain statements that are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Our forward-looking statements include discussions of our business strategies and our expectations concerning future operations, margins, profitability, liquidity and capital resources. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" and "continue," the negative of these terms, and similar expressions. All statements contained in or incorporated by reference into this prospectus and any accompanying prospectus supplement, other than statements of historical fact, are forward-looking statements. These forward-looking statements are based on management's estimates, projections and assumptions as of the date of such statements and include the assumptions that underlie such statements.

Forward-looking statements involve known and unknown risks and uncertainties. Various factors, such as the factors listed below and in "Risk Factors" in any accompanying prospectus supplement and in our Annual Report on Form 10-K and/or Quarterly Reports on Form 10-Q incorporated by reference herein, may cause our actual results, performance, or achievements to be materially different from those expressed or implied by any forward-looking statements. Among the factors that could cause our results to differ are the following:

Our future operating results depend on a number of factors beyond our control, such as the prices for and the availability of metals, which could cause our results to fluctuate significantly over time. During periods of low customer demand it could be more difficult for us to pass through price increases to our customers, which could reduce our gross profit and net income. A significant or rapid increase or decrease in costs from current levels could have a severe negative impact on our profitability.

We service industries that are highly cyclical, and downturns in our customers' industries could reduce our revenue and profitability.

The success of our business is affected by general economic and political conditions both in the U.S. and globally. Our business was adversely impacted by the recent economic recession and, although pricing and demand have stabilized since that time, we do not know if, or when,

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demand levels will return to pre-recession levels. Recently we have also been impacted by "fiscal cliff" concerns, which have led many of our customers to decrease their purchasing activity. Austerity measures that have been or may be instituted by the U.S., including the recent automatic sequesters, or the inability of the U.S. to raise its "debt ceiling" could negatively impact our business. Further, any significant deterioration in the global economy from current levels could also negatively impact our business.

We operate in a very competitive industry and increased competition could reduce our profitability.

Global economic factors may cause increased imports of metal products to the U.S., which may cause the cost of the metals we purchase to decline and could also cause our selling prices and profitability to decline.

If metals producers increase production levels without offsetting increases in end demand, metal costs could decline, which may cause our selling prices and profitability to decline.

As a decentralized business, we depend on both senior management and our operating employees; if we are unable to attract and retain well-qualified individuals, our results of operations may decline.

The interest rates on our revolving credit facility are variable. Our outstanding borrowings on our revolving credit facility were $525.0 million at December 31, 2012. Interest rate changes could have a significant impact on our financial results, and the impact would be amplified if we increase our borrowings on our revolving credit facility or obtain new financing at variable rates.

We may not be able to consummate future acquisitions, and those acquisitions that we do complete may be difficult to integrate into our business, or may fail to successfully adopt our operating strategies.

Our acquisitions might fail to perform as we anticipate or there could be significant negative events in our industry or the general economy that fundamentally alter our business model and outlook. This could result in a significant impairment charge to goodwill and/or other intangible assets. Acquisitions may also result in our becoming responsible for unforeseen liabilities that may adversely affect our financial condition and liquidity. If our acquisitions do not perform as anticipated, our operating results also may be adversely affected.

Various environmental and other governmental regulations may require us to expend significant capital and incur substantial costs or may impact the customers we serve, which may have a negative impact on our financial results.

We may discover internal control deficiencies in our decentralized operations or in an acquisition that must be reported in our SEC filings, which may have a negative impact on the market price of our common stock or the ratings of our debt.

If existing shareholders with substantial holdings of our common stock sell their shares, the market price of our common stock could decline.

Principal shareholders who own a significant number of our shares may have interests that conflict with yours.

We may pursue growth opportunities that require us to increase our leverage ratios. This may impact our public debt ratings.

The volatility of our stock price has increased significantly since 2008. This volatility may continue in the future and may increase from current levels.

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The foregoing factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future performance or results. We are not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should consider these risks when reading any forward-looking statements and review carefully the section captioned "Risk Factors" in any accompanying prospectus supplement and in our Annual Report on Form 10-K and/or Quarterly Reports on Form 10-Q incorporated by reference herein for a more complete discussion of the risks of an investment in the Company's securities.

USE OF PROCEEDS

Unless otherwise stated in any prospectus supplement accompanying this prospectus, we will use the net proceeds from the sale of any debt securities, common stock, preferred stock, warrants, rights or units that may be offered hereby for general corporate purposes. Such general corporate purposes may include, but are not limited to, reducing or refinancing our indebtedness, financing possible acquisitions and redeeming outstanding securities. Net proceeds may be temporarily invested in short-term investments or applied to repay short-term debt before their stated use. Any prospectus supplement relating to an offering will contain a more detailed description of the use of proceeds of any specific offering of securities. We will not receive any proceeds from sales of securities by selling securityholders.

RATIOS OF EARNINGS TO FIXED CHARGES

(unaudited)

The table below sets forth our ratios of earnings to fixed charges for the periods indicated.

For the Fiscal Years Ended December 31,				
2012	**2011**	**2010**	**2009**	**2008**
8.08	6.86	4.30	3.00	8.13

Earnings consist of earnings from continuing operations, fixed charges and distributed income of equity investees, less non-controlling interests in pre-tax earnings of subsidiaries that have not incurred fixed charges. Fixed charges consist of all interest on indebtedness, amortization of debt discount and expense and the portion of rental expense that represents an interest factor.

DESCRIPTION OF SECURITIES

We will set forth in the applicable prospectus supplement a description of the debt securities, guarantees of debt securities, common stock, preferred stock, warrants, rights or units that may be offered under this prospectus.

SELLING SECURITYHOLDERS

Information about selling securityholders, where applicable, will be set forth in a prospectus supplement, in a post-effective amendment, or in filings we make with the SEC under the Exchange Act that are incorporated by reference into this prospectus.

PLAN OF DISTRIBUTION

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. We will provide the specific plan of distribution for any securities to be offered in supplements to this prospectus.

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LEGAL MATTERS

Unless otherwise indicated in the appropriate prospectus supplement, Davis Polk & Wardwell LLP, Menlo Park, California, will opine on the validity of the securities on our behalf and on behalf of any subsidiary guarantors.

EXPERTS

The consolidated financial statements and schedule of Reliance Steel & Aluminum Co. as of December 31, 2012 and 2011, and for each of the years in the three-year period ended December 31, 2012, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2012, have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.