

As filed with the Securities and Exchange Commission on March 24, 2011

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549****Form S-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933****McJUNKIN RED MAN CORPORATION***(Exact name of registrant as specified in its charter)***Delaware**  
*(State or other jurisdiction of  
incorporation or organization)***1311**  
*(Primary Standard Industrial  
Classification Code Number)***55-0229830**  
*(I.R.S. Employer  
Identification Number)***SEE TABLE OF ADDITIONAL REGISTRANT GUARANTORS****2 Houston Center  
909 Fannin, Suite 3100  
Houston, Texas 77010  
(877) 294-7574***(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)***Andrew R. Lane  
2 Houston Center  
909 Fannin, Suite 3100  
Houston, Texas 77010  
(877) 294-7574***(Name, address, including zip code, and telephone number, including area code, of agent for service)***Copies to:****Michael A. Levitt, Esq.  
Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, New York 10004  
(212) 859-8000****Approximate date of commencement of proposed exchange offer:** As soon as practicable after the effective date of this Registration Statement.If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
9.50% Senior Secured Notes due December 15, 2016	\$1,050,000,000	100%	\$ 1,050,000,000	\$ 121,905
Guarantees of 9.50% Senior Secured Notes due December 15, 2016	\$1,050,000,000	(2)	(2)	(2)
Total Registration Fee	—	—	—	\$ 121,905

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) under the Securities Act.

(2) No separate filing fee is required pursuant to Rule 457(n) under the Securities Act.

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

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**TABLE OF ADDITIONAL REGISTRANT GUARANTORS**

<b>Exact Name of Registrant Guarantor as Specified in its Charter(1)</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>I.R.S. Employer Identification Number</b>
GREENBRIER PETROLEUM CORPORATION	West Virginia	1311	55-0566559
MCJUNKIN NIGERIA LIMITED	Delaware	1311	55-0758030
MCJUNKIN-PUERTO RICO CORPORATION	Delaware	1311	27-0094172
MCJUNKIN RED MAN DEVELOPMENT CORPORATION	Delaware	1311	55-0825430
MCJUNKIN RED MAN HOLDING CORPORATION	Delaware	1311	20-5956993
MCJUNKIN-WEST AFRICA CORPORATION	Delaware	1311	20-4303835
MIDWAY-TRISTATE CORPORATION	New York	1311	13-3503059
MILTON OIL & GAS COMPANY	West Virginia	1311	55-0547779
MRC MANAGEMENT COMPANY	Delaware	1311	26-1570465
RUFFNER REALTY COMPANY	West Virginia	1311	55-0547777
THE SOUTH TEXAS SUPPLY COMPANY, INC.	Texas	1311	74-2804317

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(1) The address for each of the additional registrant guarantors is c/o McJunkin Red Man Corporation, 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010.

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The information in this prospectus is not complete and may be changed. We may not sell these securities or consummate the exchange offer until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell or exchange these securities and it is not soliciting an offer to acquire or exchange these securities in any jurisdiction where the offer, sale or exchange is not permitted.

**Subject to Completion, dated March 24, 2011**

**Prospectus**



**McJUNKIN RED MAN CORPORATION**  
**Exchange Offer for**  
**\$1,050,000,000**  
**9.50% Senior Secured Notes due December 15, 2016**

We are offering to exchange up to \$1,050,000,000 of our 9.50% senior secured notes due December 15, 2016, which will be registered under the Securities Act of 1933, as amended, for up to \$1,050,000,000 of our outstanding 9.50% senior secured notes due December 15, 2016, which we issued on December 21, 2009 and February 11, 2010. We are offering to exchange the exchange notes for the outstanding notes to satisfy our obligations contained in the exchange and registration rights agreements that we entered into when the outstanding notes were sold pursuant to Rule 144A and Regulation S under the Securities Act. The terms of the exchange notes are identical to the terms of the outstanding notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the outstanding notes do not apply to the exchange notes.

There is no existing public market for the outstanding notes or the exchange notes offered hereby. We do not intend to list the exchange notes on any securities exchange or seek approval for quotation through any automated trading system.

The exchange offer will expire at 5:00 p.m., New York City time on \_\_\_\_\_, 2011, unless we extend it.

Broker-dealers receiving exchange notes in exchange for outstanding notes acquired for their own account through market-making or other trading activities must acknowledge that they will deliver this prospectus in any resale of the exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of the exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

**You should consider carefully the "Risk Factors" beginning on page 16 of this prospectus.**

**Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_, 2011.

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not constitute an offer to sell, or solicitation of an offer to buy, to any person in any jurisdiction in which such an offer to sell or solicitation would be unlawful. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus.

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McJunkin Red Man Corporation is a Delaware corporation. We are a wholly owned subsidiary of McJunkin Red Man Holding Corporation, a Delaware corporation. Our principal executive offices are located in 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010. Our telephone number is (877) 294-7574.

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This prospectus contains registered and unregistered trademarks and service marks of McJunkin Red Man Corporation and its affiliates, as well as trademarks and service marks of third parties. All brand names, trademarks and service marks appearing in this offering circular are the property of their respective holders.

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## PROSPECTUS SUMMARY

*The following summary contains basic information about this offering contained elsewhere in this prospectus. It does not contain all the information that may be important to you. For a more complete understanding of the exchange offer before making an investment decision, we encourage you to read this entire prospectus carefully, including the “Risk Factors” section and the financial data and related notes. Unless otherwise indicated or the context otherwise requires, all references to “the Company”, “McJunkin Red Man”, “MRC”, “we”, “us”, and “our” refer to McJunkin Red Man Holding Corporation and its consolidated subsidiaries, and all references to the “Issuer” are to McJunkin Red Man Corporation, exclusive of its subsidiaries.*

### Our Company

We are the largest global distributor of pipe, valves and fittings (“PVF”) and related products and services to the energy industry based on sales and hold the leading position in our industry across each of the upstream (exploration, production, and extraction of underground oil and natural gas), midstream (gathering and transmission of oil and natural gas, natural gas utilities, and the storage and distribution of oil and natural gas) and downstream (crude oil refining, petrochemical processing and general industrials) end markets. We currently serve our customers through over 400 global service locations, including over 180 branches, 6 distribution centers and over 190 pipe yards located in the most active oil and natural gas regions in North America and over 30 branch locations throughout Europe, Asia and Australasia.

McJunkin Red Man Holding Corporation was incorporated in Delaware on November 20, 2006 and McJunkin Red Man Corporation was incorporated in West Virginia on March 21, 1922 and was reincorporated in Delaware on June 14, 2010. Our principal executive office is located at 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010. We also have corporate offices located at 835 Hillcrest Drive, Charleston, West Virginia 25311 and 8023 East 63<sup>rd</sup> Place, Tulsa, Oklahoma 74133. Our telephone number is (877) 294-7574. Our website address is [www.mrcpvf.com](http://www.mrcpvf.com). Information contained on our website is expressly not incorporated by reference into this prospectus.

Our business is segregated into two operating segments, one consisting of our North American operations and one consisting of our international operations. These segments represent our business of providing PVF and related products and services to the energy and industrial sectors, across each of the upstream, midstream and downstream markets.

### History

McJunkin Corporation (“McJunkin”) was founded in 1921 in Charleston, West Virginia and initially served the local oil and natural gas industry, focusing primarily on the downstream end market. In 1989, McJunkin broadened its upstream end market presence by merging its oil and natural gas division with Appalachian Pipe & Supply Co. to form McJunkin Appalachian Oilfield Supply Company (“McJunkin Appalachian”, which was a subsidiary of McJunkin Corporation, but has since been merged with and into McJunkin Red Man Corporation), which focused primarily on upstream oil and natural gas customers.

In April 2007, we acquired Midway-Tristate Corporation (“Midway”), a regional PVF oilfield distributor, primarily serving the upstream Appalachia and Rockies regions. This extended our leadership position in Appalachia/Marcellus shale region, while adding additional branches in the Rockies.

Red Man Pipe & Supply Co. (“Red Man”) was founded in 1976 in Tulsa, Oklahoma and began as a distributor to the upstream end market and subsequently expanded into the midstream and downstream end markets. In 2005, Red Man acquired an approximate 51% voting interest in Canadian oilfield distributor Midfield Supply ULC (“Midfield”), giving Red Man a significant presence in the Western Canadian Sedimentary Basin.

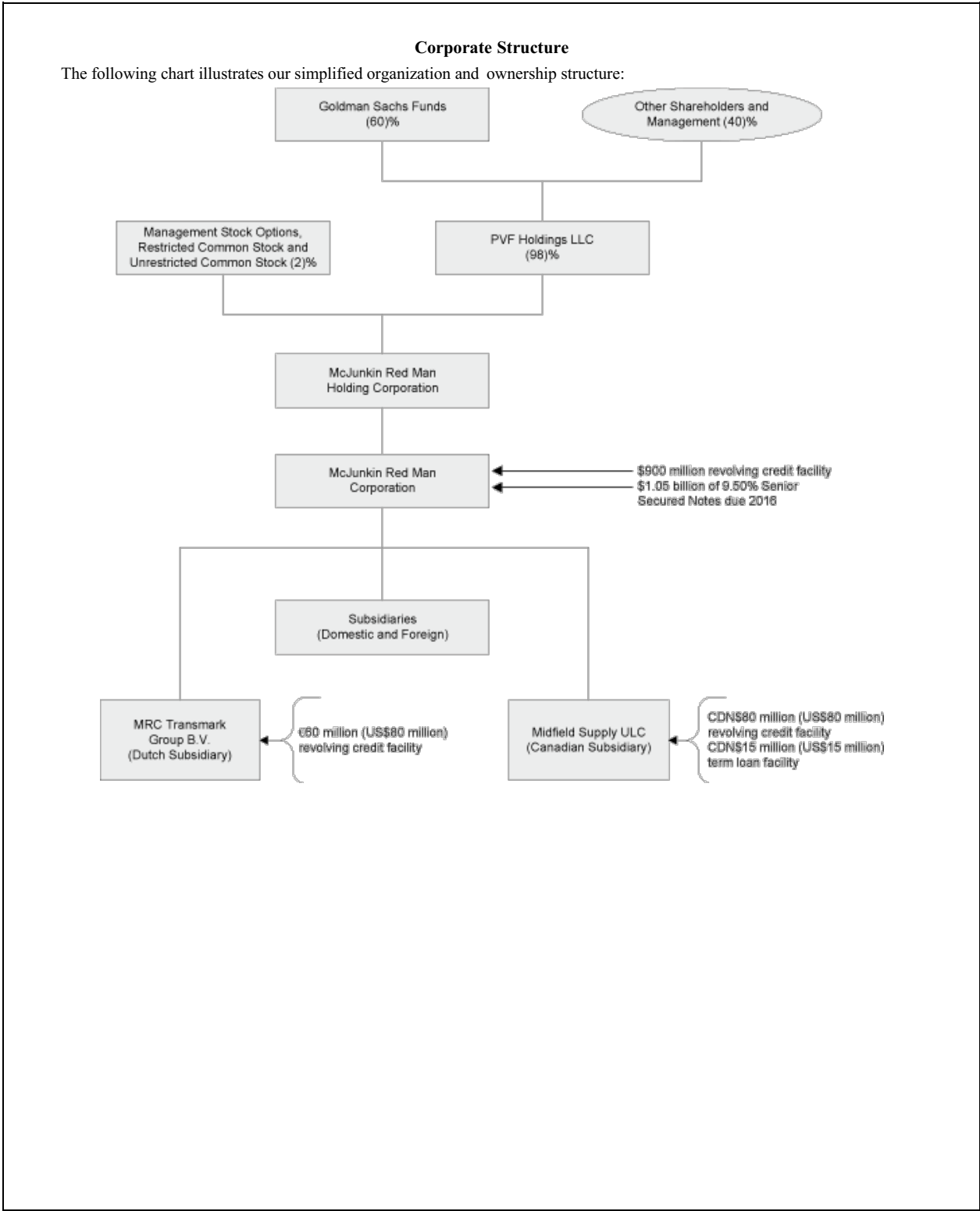
In October 2007, McJunkin and Red Man completed a business combination transaction to form the combined company, McJunkin Red Man Corporation. This transformational merger combined leadership positions in the upstream, midstream and downstream end markets, while creating a “one stop” PVF leader across all end markets.

with full geographic coverage across North America. Red Man has since been merged with and into McJunkin Red Man Corporation.

On July 31, 2008, we acquired the remaining voting and equity interest in Midfield. Also, in October 2008, we acquired LaBarge Pipe & Steel Company (“LaBarge”). LaBarge is engaged in the sale and distribution of carbon steel pipe (predominately large diameter pipe) for use primarily in the North American midstream energy infrastructure market. The acquisition of LaBarge expanded our midstream end market leadership, while adding a new product line in large outside diameter pipe.

On October 30, 2009, we acquired Transmark Fcx Group B.V. (“Transmark”) and as part of the acquisition, we renamed Transmark as MRC Transmark Group B.V. (“MRC Transmark”). MRC Transmark is a leading distributor of valves and flow control products in Europe, Southeast Asia and Australasia. Transmark was formed from a series of acquisitions, the most significant being the acquisition of FCX European and Australasian distribution business in July 2005. The acquisition of Transmark provided geographic expansion internationally, additional downstream diversification and enhanced valve market leadership.

During 2010, we acquired The South Texas Supply Company, Inc. (“South Texas Supply”) and also certain operations and assets from Dresser Oil Tools, Inc. (“Dresser”). With these two acquisitions, we expanded our footprint in the Eagle Ford and Bakken shale regions, expanding our local presence in two of the emerging active shale basins in North America.





### **The Goldman Sachs Funds**

Certain affiliates of The Goldman Sachs Group, Inc., including GS Capital Partners V Fund, L.P., GS Capital Partners VI Fund, L.P. and related entities, or the Goldman Sachs Funds, are the majority owners of PVF Holdings LLC, our indirect parent company.

The Goldman Sachs Funds are managed by the Principal Investment Area of Goldman Sachs (“GS PIA”). GS PIA is one of the world’s largest private equity and mezzanine investors, having invested approximately \$67 billion in over 750 companies globally since 1986, and manages a diverse global portfolio of companies from the firm’s New York, London, Hong Kong, Tokyo, San Francisco and Mumbai offices. GS PIA’s investment philosophy is centered on (i) investing in world-class companies; (ii) acting as a patient and supportive long-term investor; and (iii) partnering with quality managers whose incentives are aligned with those of GS PIA. GS PIA has extensive equity investing experience in the energy and industrial distribution sectors, including upstream exploration and production companies (Bill Barrett Corporation and Cobalt International Energy, Inc.), midstream companies (Kinder Morgan, Inc.), downstream companies (CVR Energy, Inc.), power generation companies (Energy Future Holdings Corp., Horizon Wind Energy, LLC, Orion Power Holdings, Inc.), oilfield services companies (CCS Corporation, Ensco International Inc., Expro International Group Holdings Ltd., SEACOR Holdings Inc., Sub Sea International, Inc.) and industrial distributors (Ahlseil Sverige AB).

### Summary of the Exchange Offer

On December 21, 2009 and February 11, 2010, respectively, we sold \$1,000,000,000 and \$50,000,000 aggregate principal amount of our 9.50% senior secured notes due 2016, or the outstanding notes, in a transaction exempt from registration under the Securities Act of 1933, as amended, or the Securities Act. We are conducting this exchange offer to satisfy our obligations contained in the exchange and registration rights agreements that we entered into in connection with the sales of the outstanding notes. You should read the discussion under the headings “The Exchange Offer” and “Description of Exchange Notes” for further information regarding the exchange notes to be issued in the exchange offer.

Securities Offered	<p>Up to \$1,050,000,000 aggregate principal amount of 9.50% senior secured notes due 2016 registered under the Securities Act, or the exchange notes and, together with the outstanding notes, the notes.</p> <p>The terms of the exchange notes offered in the exchange offer are substantially identical to those of the outstanding notes, except that the transfer restrictions, registration rights and additional interest provisions relating to the outstanding notes do not apply to the exchange notes.</p>
The Exchange Offer	<p>We are offering exchange notes in exchange for a like principal amount of our outstanding notes. You may tender your outstanding notes for exchange notes by following the procedures described under the heading “The Exchange Offer.”</p>
Tenders; Expiration Date; Withdrawal	<p>The exchange offer will expire at 5:00 p.m., New York City time, on , 2011, unless we extend it. You may withdraw any outstanding notes that you tender for exchange at any time prior to the expiration of this exchange offer. See “The Exchange Offer — Terms of the Exchange Offer” for a more complete description of the tender and withdrawal period.</p>
Condition to the Exchange Offer	<p>The exchange offer is not subject to any conditions, other than that the exchange offer does not violate any applicable law or applicable interpretations of the staff of the SEC.</p> <p>The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered in the exchange.</p>
Procedures for Tendering Outstanding Notes	<p>To participate in this exchange offer, you must properly complete and duly execute a letter of transmittal, which accompanies this prospectus, and transmit it, along with all other documents required by such letter of transmittal, to the exchange agent on or before the expiration date at the address provided on the cover page of the letter of transmittal.</p> <p>In the alternative, you can tender your outstanding notes by book-entry delivery following the procedures described in this prospectus, whereby you will agree to be bound by the letter of transmittal and we may enforce the letter of transmittal against you.</p> <p>If a holder of outstanding notes desires to tender such notes and the holder’s outstanding notes are not immediately available, or time will not permit the holder’s outstanding notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected pursuant to the guaranteed delivery procedures described in this prospectus.</p>

United States Federal Tax Considerations	<p>See “The Exchange Offer — How to Tender Outstanding Notes for Exchange.”</p> <p>The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States federal income tax purposes. See “Certain Material United States Federal Tax Considerations”.</p>
Use of Proceeds	<p>We will not receive any cash proceeds from the exchange offer.</p>
Exchange Agent	<p>U.S. Bank National Association, the trustee under the indenture governing the notes, is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under the heading “The Exchange Offer — Exchange Agent.”</p>
Consequences of Failure to Exchange Your Outstanding Notes	<p>Outstanding notes not exchanged in the exchange offer will continue to be subject to the restrictions on transfer that are described in the legend on the outstanding notes. In general, you may offer or sell your outstanding notes only if they are registered under, or offered or sold under an exemption from, the Securities Act and applicable state securities laws. We do not currently intend to register the outstanding notes under the Securities Act. If your outstanding notes are not tendered and accepted in the exchange offer, it may become more difficult for you to sell or transfer your outstanding notes.</p>
Resales of the Exchange Notes	<p>Based on interpretations of the staff of the SEC, we believe that you may offer for sale, resell or otherwise transfer the exchange notes that we issue in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act if:</p> <ul style="list-style-type: none"> <li>• you are not a broker-dealer tendering notes acquired directly from us;</li> <li>• you acquire the exchange notes issued in the exchange offer in the ordinary course of your business;</li> <li>• you are not participating, do not intend to participate, and have no arrangement or undertaking with anyone to participate, in the distribution of the exchange notes issued to you in the exchange offer; and</li> <li>• you are not an “affiliate” of our company, as that term is defined in Rule 405 of the Securities Act.</li> </ul> <p>If any of these conditions are not satisfied and you transfer any exchange notes issued to you in the exchange offer without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We will not be responsible for, or indemnify you against, any liability you incur.</p> <p>Any broker-dealer that acquires exchange notes in the exchange offer for its own account in exchange for outstanding notes which it acquired through market-making or other trading activities must acknowledge that it will deliver this prospectus when it resells or transfers any exchange notes issued in the exchange offer. See “Plan of Distribution” for a description of the prospectus delivery obligations of broker-dealers.</p>

### Summary of The Exchange Notes

*The summary below describes the principal terms of the exchange notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See “Description of Exchange Notes” for a more detailed description of the terms and conditions of the exchange notes.*

Issuer	McJunkin Red Man Corporation.
Securities Offered	Up to \$1,050,000,000 aggregate principal amount of 9.50% senior secured notes due 2016.
Maturity Date	The exchange notes will mature on December 15, 2016.
Interest Payment Dates	Interest on the exchange notes will be payable in cash on June 15 and December 15 of each year.
Guarantees	<p>The exchange notes are unconditionally guaranteed, jointly and severally, by all of our wholly owned domestic subsidiaries (together with any other restricted subsidiaries that may guarantee the notes from time to time, the “Subsidiary Guarantors”) and by McJunkin Red Man Holding Corporation. McJunkin Red Man Holding Corporation does not have any material assets other than its ownership of 100% of the Issuer’s capital stock.</p> <p>Under the indenture relating to the exchange notes, any wholly-owned domestic subsidiary (other than immaterial subsidiaries) formed or acquired on or after the date of the indenture and any restricted subsidiary that provides a guarantee with respect to our revolving credit facility or any other indebtedness of the Issuer or any Subsidiary Guarantor will also be required to guarantee the notes. See “Description of Exchange Notes — Certain Covenants — Guarantees.”</p>
Collateral	<p>The exchange notes and the guarantees by the Subsidiary Guarantors are secured on a senior basis (subject to permitted prior liens), together with any other Priority Lien Obligations (as such term is defined in “Description of Exchange Notes — Certain Definitions”), equally and ratably by security interests granted to the collateral trustee in all Notes Priority Collateral (as such term is defined in “Description of Exchange Notes — Certain Definitions”) from time to time owned by the Issuer or the Subsidiary Guarantors. The guarantee of McJunkin Red Man Holding Corporation is not secured.</p> <p>The Notes Priority Collateral generally comprises substantially all of the Issuer’s and the Subsidiary Guarantors’ tangible and intangible assets, other than specified excluded assets. The collateral trustee holds the senior liens on the Notes Priority Collateral in trust for the benefit of the holders of the exchange notes and the holders of any other Priority Lien Obligations. See “Description of Exchange Notes — Security — Collateral”.</p> <p>The exchange notes and the guarantees by the Subsidiary Guarantors are also secured on a junior basis (subject to the lien which secures our revolving credit facility and other permitted prior liens) together with the Existing Notes by security interests granted to the collateral trustee in all ABL Priority Collateral (as such term is defined in “Description of Exchange Notes — Certain Definitions”) from time to time owned by the Issuer or the Subsidiary Guarantors.</p>

Ranking

The ABL Priority Collateral generally comprises substantially all of the Issuer's and the Subsidiary Guarantors' accounts receivable, inventory, general intangibles and other assets relating to the foregoing, deposit and securities accounts (other than the "Net Available Cash Account," as such term is defined in the intercreditor agreement), and proceeds and products of the foregoing, other than specified excluded assets. See "Description of Exchange Notes — Security — Collateral". The collateral trustee holds the junior liens on the ABL Priority Collateral in trust for the benefit of the holders of the exchange notes and the holders of any other Priority Lien Obligations.

Assets owned by our non-guarantor subsidiaries and by McJunkin Red Man Holding Corporation are not part of the collateral securing the exchange notes or our revolving credit facility. See "Description of Exchange Notes — Security" and "Risk Factors — Risks Related to the Collateral and the Guarantees".

The exchange notes and the related guarantees are the Issuer's and the Subsidiary Guarantors' senior secured obligations and McJunkin Red Man Holding Corporation's senior unsecured obligation. The indebtedness evidenced by the exchange notes and subsidiary guarantees ranks:

- senior to any debt of the Issuer and the Subsidiary Guarantors to the extent of the collateral which secures the exchange notes and guarantees on a senior basis;
- equal with all of the Issuer's and the Subsidiary Guarantors' existing and future senior indebtedness (before giving effect to security interests);
- senior to all of the Issuer's and the Subsidiary Guarantors' existing and future subordinated indebtedness;
- junior in priority to our revolving credit facility (to the extent of the collateral that secures our revolving credit facility) and to any other debt incurred after the issue date that has a priority security interest relative to the exchange notes in the collateral that secures the revolving credit facility;
- equal in priority to any other indebtedness incurred before or after the issue date which is secured on an equal basis with the exchange notes and guarantees, including the outstanding notes; and
- junior in priority to the existing and future claims of creditors and holders of preferred stock of our subsidiaries that do not guarantee the exchange notes.

As of December 31, 2010:

- we and the Subsidiary Guarantors had \$286 million outstanding under our revolving credit facility and outstanding letters of credit of approximately \$5 million (with \$360 million of available borrowings under our revolving credit facility), all of which would rank senior to the exchange notes to the extent of the collateral securing the revolving credit facility on a senior basis;

	<ul style="list-style-type: none"> <li>• our non-guarantor subsidiaries had indebtedness of \$46 million and borrowing availability of an additional \$115 million, all of which would rank senior to the exchange notes;</li> <li>• we and the guarantors had \$1.05 billion of outstanding notes outstanding plus certain outstanding interest rate swap agreements, all of which would rank pari passu with the exchange notes;</li> <li>• we and the guarantors had no subordinated indebtedness; and</li> <li>• our parent guarantor had no indebtedness other than its guarantee of the outstanding notes.</li> </ul> <p>See “Description of Exchange Notes — Brief Description of the Notes and the Note Guarantees”.</p>
Intercreditor Agreement	<p>The collateral trustee has entered into an intercreditor agreement with the Issuer, the Subsidiary Guarantors and The CIT Group/Business Credit Inc. and Bank of America, N.A., as co-collateral agents under our revolving credit facility, which governs the relationship of noteholders and the lenders under our revolving credit facility with respect to collateral and certain other matters. See “Description of Exchange Notes — The Intercreditor Agreement”.</p>
Collateral Trust Agreement	<p>The Issuer and the Subsidiary Guarantors have entered into a collateral trust agreement with the collateral trustee and the trustee under the indenture governing the notes. The collateral trust agreement sets forth the terms on which the collateral trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all liens upon the collateral which it holds in trust. See “Description of Exchange Notes — The Collateral Trust Agreement”.</p>
Sharing of Liens and Collateral	<p>The liens securing the exchange notes secure the outstanding notes on an equal and ratable basis with the exchange notes. The Issuer and the Subsidiary Guarantors may issue additional senior secured indebtedness under the indenture governing the notes. The liens securing the notes may also secure, together on an equal and ratable basis with the notes, other Priority Lien Debt (as such term is defined in “Description of Exchange Notes — Certain Definitions”) permitted to be incurred by the Issuer under the indenture governing the notes, including additional notes of the same class under the indenture governing the notes. The Issuer and the Subsidiary Guarantors may also grant additional liens on the collateral securing the notes on a junior basis to secure Subordinated Lien Debt (as such term is defined in “Description of Exchange Notes — Certain Definitions”) permitted to be incurred under the indenture governing the notes.</p>
Optional Redemption	<p>We may redeem the exchange notes, in whole or in part, at any time on or after December 15, 2012 at the redemption prices set forth in this prospectus. In addition, at any time prior to December 15, 2012, we may redeem some or all of the exchange notes at a price equal to 100% of the principal amount of the exchange notes plus a make-whole premium and accrued and unpaid interest to the redemption date, in each case, as described in this prospectus under “Description of Exchange Notes — Optional Redemption”.</p>

Offers to Purchase	<p>We may also, at any time prior to December 15, 2012, redeem up to 35% of the aggregate principal amount of the notes issued under the indenture governing the notes with the net proceeds of certain equity offerings at the redemption price set forth in this prospectus. See “Description of Exchange Notes — Optional Redemption”.</p> <p>If we sell certain assets without applying the proceeds in a specified manner, or experience certain change of control events, each holder of exchange notes may require us to purchase all or a portion of its notes at the purchase prices set forth in this prospectus, plus accrued and unpaid interest and special interest, if any, to the purchase date. See “Description of Exchange Notes — Repurchase at the Option of Holders”. Our revolving credit facility or other agreements may restrict us from repurchasing any of the exchange notes, including any purchase we may be required to make as a result of a change of control or certain asset sales. See “Risk Factors — Risks Related to the Exchange Notes — We May Not Have the Ability to Raise the Funds Necessary to Finance the Change of Control Offer or the Asset Sale Offer Required by the Indenture Governing the Notes”.</p>
Covenants	<p>The indenture governing the exchange notes contains covenants that impose significant restrictions on our business. The restrictions that these covenants place on us and our restricted subsidiaries include limitations on our ability and the ability of our restricted subsidiaries to, among other things:</p> <ul style="list-style-type: none"> <li>• incur additional indebtedness;</li> <li>• issue certain preferred stock or disqualified capital stock;</li> <li>• create liens;</li> <li>• pay dividends or make other restricted payments;</li> <li>• make certain payments on debt that is subordinated or secured on a basis junior to the exchange notes;</li> <li>• make investments;</li> <li>• sell assets;</li> <li>• create restrictions on the payment of dividends or other amounts to us from restricted subsidiaries;</li> <li>• consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;</li> <li>• enter into transactions with our affiliates; and</li> <li>• designate our subsidiaries as unrestricted subsidiaries.</li> </ul>
Original Issue Discount	<p>These covenants are subject to a number of important exceptions and qualifications, which are described under “Description of Exchange Notes”.</p> <p>The outstanding notes were issued with original issue discount for United States federal income tax purposes, and the exchange notes will be treated as issued with the same amount of original issue discount as the outstanding notes exchanged therefor. For United States federal income tax purposes, U.S. Holders will be required</p>

No Assurance of Active Trading Market

to include the original issue discount in gross income (as ordinary income) as it accrues on a constant yield basis in advance of the receipt of the cash payment to which such income is attributable (regardless of whether such U.S. Holders use the cash or accrual method of tax accounting). See “Certain Material United States Federal Tax Considerations — Stated Interest and Original Issue Discount”.

The exchange notes will not be listed on any securities exchange or on any automated dealer quotation system. We cannot assure you that an active or liquid trading market for the exchange notes will exist or be maintained. If an active or liquid trading market for the exchange notes is not maintained, the market price and liquidity of the exchange notes may be adversely affected. See “Risk Factors — Risks Related to the Exchange Notes — There is no Prior Public Market for the Exchange Notes. If an Actual Trading Market does Not Exist or is Not Maintained for the Exchange Notes, You May Not Be Able To Resell Them Quickly, for the Price That You Paid or at All.”

**Risk Factors**

Despite our competitive strengths discussed elsewhere in this prospectus, investing in our exchange notes involves substantial risk. In addition, our ability to execute our business strategy is subject to certain risks. The risks described under the heading “Risk Factors” immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our business strategy as well as impact our ability to service the exchange notes. You should carefully consider all the information in this prospectus, including matters set forth under the heading “Risk Factors”.



## **SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA**

On January 31, 2007, McJunkin Red Man Holding Corporation, an affiliate of The Goldman Sachs Group, Inc., acquired a majority of the equity of the entity now known as McJunkin Red Man Corporation (then known as McJunkin Corporation) (the “GS Acquisition”). In this prospectus, the term “Predecessor” refers to McJunkin Corporation and its subsidiaries prior to January 31, 2007 and the term “Successor” refers to the entity now known as McJunkin Red Man Holding Corporation and its subsidiaries on and after January 31, 2007. As a result of the change in McJunkin Corporation’s basis of accounting in connection with the GS Acquisition, Predecessor’s financial statement data for the one month ended January 30, 2007 and earlier periods is not comparable to Successor’s financial data for the eleven months ended December 31, 2007 and subsequent periods.

McJunkin Corporation completed a business combination transaction with Red Man Pipe & Supply Co. (the “Red Man Transaction”) on October 31, 2007. At that time, McJunkin Corporation was renamed McJunkin Red Man Corporation. Operating results for the eleven-month period ended December 31, 2007 include the results of McJunkin Red Man Holding Corporation for the full period and the results of Red Man Pipe & Supply Co. (“Red Man”) for the two months after the business combination on October 31, 2007. Accordingly, our historical results for the years ended December 31, 2010, 2009 and 2008 and the 11 months ended December 31, 2007 are not comparable to McJunkin’s historical results for the one month ended January 30, 2007 and the year ended December 31, 2006.

The summary consolidated financial information presented below under the captions Statement of Operations Data and Other Financial Data for the years ended December 31, 2010, 2009 and 2008, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2010 and December 31, 2009, have been derived from the consolidated financial statements of McJunkin Red Man Holding Corporation included elsewhere in this prospectus that have been audited by Ernst & Young LLP, independent registered public accounting firm. The summary consolidated financial information presented below under the captions Statement of Operations Data and Other Financial Data for the one month ended January 30, 2007 and the eleven months ended December 31, 2007, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2008, December 31, 2007 and January 30, 2007, have been derived from the consolidated financial statements of McJunkin Red Man Holding Corporation not included in this prospectus that have been audited by Ernst & Young LLP, independent registered public accounting firm. The summary consolidated financial information presented below under the captions Statement of Operations Data and Other Financial Data for the year ended December 31, 2006, and the summary consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2006, has been derived from the consolidated financial statements of our predecessor, McJunkin Corporation, not included in this prospectus, that have been audited by Schneider Downs & Co., Inc., independent registered public accounting firm.

The historical data presented below has been derived from financial statements that have been prepared using United States generally accepted accounting principles, or GAAP. This data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes included elsewhere in this prospectus.

	Predecessor		Successor			
	Year Ended December 31, 2006	One Month Ended January 30, 2007	Eleven Months Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010
(In millions, except per share and share data)						
<b>Statement of Operations Data:</b>						
Sales	\$ 1,713.7	\$ 142.5	\$ 2,124.9	\$ 5,255.2	\$ 3,661.9	\$ 3,845.5
Cost of sales(1)	1,394.3	114.6	1,734.6	4,217.4	3,006.3	3,256.6
Inventory write-down	—	—	—	—	46.5	0.4
Gross Margin	319.4	27.9	390.3	1,037.8	609.1	588.5
Selling, general and administrative expenses	189.5	15.9	218.5	482.1	408.6	447.7
Depreciation and amortization	3.9	0.3	5.4	11.3	14.5	16.6
Amortization of intangibles	0.3	—	21.9	44.4	46.6	53.9
Goodwill impairment charge	—	—	—	—	309.9	—
	193.7	16.2	245.8	537.8	779.6	518.2
Total operating expenses						
Operating income (loss)	125.7	11.7	144.5	500.0	(170.5)	70.3
Other (expense) income						
Interest expense	(2.8)	(0.1)	(61.7)	(84.5)	(116.5)	(139.6)
Net gain on early extinguishment of debt	—	—	—	—	1.3	—
Change in fair value of derivative instruments	—	—	—	(6.2)	8.9	(4.9)
Other, net	(5.0)	(0.4)	(0.8)	(2.6)	(1.8)	(1.0)
Total other (expense) income	(7.8)	(0.5)	(62.5)	(93.3)	(108.1)	(145.5)
Income (loss) before income taxes	117.9	11.2	82.0	406.7	(278.6)	(75.2)
Income taxes	48.3	4.6	32.1	153.2	13.1	(23.4)
Net income (loss)	\$ 69.6	\$ 6.6	\$ 49.9	\$ 253.5	\$ (291.7)	\$ (51.8)
<b>Other Financial Data:</b>						
Net cash provided by (used in) operations	18.4	6.6	110.2	(137.4)	505.5	112.5
Net cash provided by (used in) investing activities	(3.3)	(0.2)	(1,788.9)	(314.2)	(66.9)	(16.2)
Net cash provided by (used in) financing activities	(17.2)	(8.3)	1,687.2	452.0	(393.9)	(97.9)
Adjusted EBITDA(2)	129.5	26.0	334.6	618.2	334.1	149.6

	Predecessor		Successor		
	Year Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009(1)	Year Ended December 31, 2010
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 3.7	\$ 10.1	\$ 12.1	\$ 56.2	\$ 56.2
Working capital(3)	212.3	674.1	1,208.0	930.2	842.6
Total assets	481.0	3,083.8	3,919.7	3,159.4	3,067.4
Total debt(4) portion	13.0	868.4	1,748.6	1,452.6	1,360.2
Stockholders' equity	258.2	1,262.7	987.2	792.0	737.9

- (1) Cost of sales is exclusive of depreciation and amortization, which is shown separately.
- (2) We define Adjusted EBITDA as net income plus interest, income taxes, depreciation and amortization, amortization of intangibles and other non-recurring and non-cash charges (such as gains/losses on the early extinguishment of debt, changes in the fair value of derivative instruments, goodwill impairment and equity based compensation). Our revolving credit facility uses a measure substantially similar to Adjusted EBITDA. We present Adjusted EBITDA because it is an important factor in determining the interest rate and commitment fee we pay under our revolving credit facility. In addition, we believe it is a useful factor indicator of our operating performance. We believe this for the following reasons:
- our management uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections, as well as for determining a significant portion of the compensation of our executive officers;
  - Adjusted EBITDA is widely used by investors to measure a company's operating performance without regard to items, such as interest expense, income tax expense and depreciation and amortization, that can vary substantially from company to company depending upon their financing and accounting methods, the book value of their assets, their capital structures and the method by which their assets were acquired; and
  - securities analysts use Adjusted EBITDA as a supplemental measure to evaluate the overall operating performance of companies.

Particularly, we believe that Adjusted EBITDA is a useful indicator of our operating performance because Adjusted EBITDA measures our company's operating performance without regard to certain non-recurring, non-cash and/or transaction-related expenses. Adjusted EBITDA, however, does not represent and should not be considered as an alternative to net income, cash flow from operations, or any other measure of financial performance calculated and presented in accordance with GAAP. Our Adjusted EBITDA may not be comparable to similar measures reported by other companies because other companies may not calculate Adjusted EBITDA in the same manner as we do. Although we use Adjusted EBITDA as a measure to assess the operating performance of our business, Adjusted EBITDA has significant limitations as an analytical tool because it excludes certain material costs. For example, it does not include interest expense, which has been a necessary element of our costs. Because we use capital assets, depreciation expense is a necessary element of our costs and our ability to generate revenue. In addition, the omission of the amortization expense associated with our intangible assets further limits the usefulness of this measure. Adjusted EBITDA also does not include the payment of certain taxes, which is also a necessary element of our operations. Furthermore, Adjusted EBITDA does not account for LIFO expense, and therefore, to the extent that recently purchased inventory accounts for a relatively large portion of our sales, Adjusted EBITDA may overstate our operating performance. Because Adjusted EBITDA does not account for certain expenses, its utility as a measure of our operating performance has material limitation. Because of these limitations, management does not view Adjusted EBITDA in isolation or as a primary performance measure and also uses other measures, such as net income and sales, to measure operating performance.

The following table reconciles Adjusted EBITDA with our net income (loss), as derived from our financial statements (in millions):

	Predecessor		Successor			
	Year Ended December 31, 2006	One Month Ended January 30, 2007	Eleven Months Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010
Net income (loss)	\$ 69.6	\$ 6.6	\$ 49.9	\$ 253.5	\$ (291.7)	\$ (51.8)
Income taxes	48.3	4.6	32.1	153.2	13.1	(23.4)
Interest expense	2.8	0.1	61.7	84.5	116.5	139.6
Depreciation and amortization	3.9	0.3	5.4	11.3	14.5	16.6
Amortization of intangibles	0.3	—	21.9	44.4	46.6	53.9
Goodwill impairment charge	—	—	—	—	309.9	—
Gain on early extinguishment of debt	—	—	—	—	(1.3)	—
Change in fair value of derivative instruments	—	—	—	6.2	(8.9)	4.9
Inventory write-down	—	—	—	—	46.5	0.4
Red Man Pipe & Supply Co. pre-acquisition contribution	—	13.1	142.2	—	—	—
Midway-Tristate pre-acquisition contribution	—	1.0	2.8	—	—	—
Transmark Fcx pre-acquisition contribution	—	—	—	—	38.5	—
Other non-recurring and non-cash expenses(a)	4.6	0.3	18.6	65.1	50.4	9.4
Adjusted EBITDA	<u>\$ 129.5</u>	<u>\$ 26.0</u>	<u>\$ 334.6</u>	<u>\$ 618.2</u>	<u>\$ 334.1</u>	<u>\$ 149.6</u>

(a) Other includes transaction-related expenses, equity based compensation and other items added back to net income pursuant to our debt agreements.

(3) Working capital is defined as current assets less current liabilities.

(4) Includes current portion.

## RISK FACTORS

*Before investing in the securities offered hereby, you should carefully consider the following risk factors as well as the other information contained in this prospectus. The risks described below are not the only risks we face. Additional risks not presently known to us or which we currently consider immaterial also may adversely affect us and your investment. If any of these risks or uncertainties actually occurs, our business, financial condition and operating results could be materially adversely affected.*

### Risks Related to the Exchange Notes

#### ***Our Substantial Level of Indebtedness Could Adversely Affect Our Business, Financial Condition or Results of Operations and Prevent Us from Fulfilling Our Obligations Under the Exchange Notes.***

We have substantial indebtedness. As of December 31, 2010, we had \$1.36 billion of total indebtedness and our revolving credit facilities would permit additional borrowings of up to \$475 million.

Our substantial indebtedness could have important consequences to you, including the following:

- it may be more difficult for us to satisfy our obligations with respect to the exchange notes;
- our ability to obtain additional financing for working capital, debt service requirements, general corporate purposes or other purposes may be impaired;
- we must use a substantial portion of our cash flow to pay interest and principal on the exchange notes and our other indebtedness, which will reduce the funds available to us for other purposes;
- we may be subject to restrictive financial and operating covenants in the agreements governing our and our subsidiaries' long term indebtedness;
- we may be exposed to potential events of default (if not cured or waived) under financial and operating covenants contained in our or our subsidiaries' debt instruments that could have a material adverse effect on our business, results of operations and financial condition;
- we may be vulnerable to economic downturns and adverse industry conditions, including a downturn in pricing of the products we distribute;
- our ability to capitalize on business opportunities and to react to pressures and changing market conditions in our industry and in our customers' industries as compared to our competitors may be compromised due to our high level of indebtedness;
- our ability to compete with other companies who are not as highly leveraged may be limited; and
- our ability to refinance our indebtedness, including the exchange notes, may be limited.

#### ***We May Be Unable to Service Our Indebtedness, Including the Exchange Notes.***

Our ability to make scheduled debt payments, to refinance our obligations with respect to our indebtedness and to fund capital and non-capital expenditures necessary to maintain the condition of our operating assets, properties and systems software, as well as to provide capacity for the growth of our business, depends on our financial and operating performance, which, in turn, is subject to prevailing economic conditions and financial, business, competitive, legal and other factors. Our business may not generate sufficient cash flow from operations, and future borrowings may not be available to us under our credit facilities in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may seek to sell assets to fund our liquidity needs but may not be able to do so.

In addition, prior to the repayment of the exchange notes, we will be required to refinance our revolving credit facility. We can give no assurance that we will be able to refinance any of our debt, including our revolving credit facility, on commercially reasonable terms or at all. If we were unable to make payments or refinance our debt or obtain new financing under these circumstances, we would have to consider other options, such as sales of assets, sales of equity and/or negotiations with our lenders to restructure the applicable debt. Our revolving credit facility

and the indenture governing the exchange notes may restrict, or market or business conditions may limit, our ability to avail ourselves of some or all of these options.

The borrowings under certain of our credit facilities bear interest at variable rates and other debt we incur could likewise be variable-rate debt. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

***Despite Our Current Indebtedness Level, We and Our Subsidiaries May Still Be Able to Incur Substantially More Debt, Which Could Exacerbate the Risks Associated with Our Substantial Indebtedness.***

As of December 31, 2010, we had \$311 million of secured indebtedness outstanding under our and our subsidiaries' revolving credit facilities and up to \$475 million would have been available for borrowing under our and our subsidiaries' revolving credit facilities. The terms of the indenture governing the exchange notes and our revolving credit facility permit us to incur substantial additional indebtedness in the future, including secured indebtedness. If we incur any additional indebtedness that ranks equal to the exchange notes, the holders of that debt will be entitled to share ratably with the holders of the exchange notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of us. In particular, the terms of the indenture allow us to incur a substantial amount of incremental debt which ranks equal to the exchange notes and is secured by the same collateral as the exchange notes, including various amounts of debt permitted under the definition of "Permitted Liens" in the Description of Exchange Notes. See "Description of Exchange Notes — Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock." If new debt is added to our or our subsidiaries' current debt levels, the related risks that we now face could intensify.

***Our Debt Instruments, Including the Indenture Governing the Exchange Notes and Our Revolving Credit Facility, Impose Significant Operating and Financial Restrictions on us. If We Default Under Any of These Debt Instruments, We May Not Be Able to Make Payments on the Exchange Notes.***

The indenture and our revolving credit facility impose significant operating and financial restrictions on us. These restrictions limit our ability to, among other things:

- incur additional indebtedness or guarantee obligations;
- issue certain preferred stock or disqualified capital stock;
- pay dividends or make certain other restricted payments;
- make certain payments on debt that is subordinated or secured on a basis junior to the exchange notes;
- make investments or acquisitions;
- create liens or other encumbrances;
- transfer or sell certain assets or merge or consolidate with another entity;
- create restrictions on the payment of dividends or other amounts to us from restricted subsidiaries;
- engage in transactions with affiliates; and
- engage in certain business activities.

Any of these restrictions could limit our ability to plan for or react to market conditions and could otherwise restrict corporate activities. See "Description of Certain Indebtedness" and "Description of Exchange Notes".

Our ability to comply with these covenants may be affected by events beyond our control, and an adverse development affecting our business could require us to seek waivers or amendments of covenants, alternative or additional sources of financing or reductions in expenditures. We can give no assurance that such waivers, amendments or alternative or additional financings could be obtained or, if obtained, would be on terms acceptable to us.

A breach of any of the covenants or restrictions contained in any of our existing or future financing agreements could result in a default or an event of default under those agreements. Such a default or event of default could allow the lenders under our financing agreements, if the agreements so provide, to discontinue lending, to accelerate the related debt as well as any other debt to which a cross-acceleration or cross-default provision applies, and to declare all borrowings outstanding thereunder to be due and payable. In addition, the lenders could terminate any commitments they had made to supply us with further funds. If the lenders require immediate repayments, we may not be able to repay them and also repay the exchange notes in full.

***Your Right to Receive Payments on the Exchange Notes is Effectively Subordinated to the Rights of Lenders Under Our Revolving Credit Facility to the Extent of the Value of the Collateral Securing the Revolving Credit Facility on a Senior Lien Basis.***

The exchange notes and the guarantees by our subsidiaries are secured by (1) a senior lien on substantially all of our and such guarantors' tangible and intangible assets, other than the collateral securing our revolving credit facility and (2) a junior lien on our and such guarantors' accounts receivable, inventory and related assets which secure our revolving credit facility on a senior lien basis, in each case subject to certain excluded assets and permitted liens. The lenders under our revolving credit facility and certain other permitted secured debt will have claims that are prior to the claims of holders of the exchange notes to the extent of the value of the assets securing that other indebtedness on a senior basis. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, the lenders under our revolving credit facility will have a prior claim to those of our assets that constitute their collateral. After claims of the lenders under the revolving credit facility have been satisfied in full, to the extent of the value of the collateral securing the revolving credit facility on a senior lien basis, there may be no assets remaining under the revolving credit facility collateral that may be applied to satisfy the claims of holders of the exchange notes. As a result, holders of exchange notes may receive less, ratably, than the lenders under our revolving credit facility.

As of December 31, 2010, the notes and the related guarantees were effectively subordinated to \$286 million of secured debt under our revolving credit facility to the extent of the collateral securing the revolving credit facility on a senior basis, and up to \$360 million was available for borrowing as additional secured debt under our revolving credit facility. In addition, the indenture governing the notes allows us to increase the size of the revolving credit facility, or refinance or replace the revolving credit facility, and the notes and guarantees would be effectively subordinated to amounts borrowed under such increased, refinanced or replacement revolving credit facility. We expect that this subordination will continue until the notes are retired, repaid or otherwise redeemed.

***Your Right to Receive Payment on the Exchange Notes Will Be Structurally Subordinated to the Liabilities of Our Non-Guarantor Subsidiaries.***

Not all of our subsidiaries will be required to guarantee the exchange notes. For example, our foreign subsidiaries, certain immaterial subsidiaries and our subsidiaries (other than wholly-owned domestic subsidiaries) that do not guarantee the revolving credit facility or any other indebtedness of the Issuer or the Subsidiary Guarantors will not guarantee the exchange notes. Creditors of our non-guarantor subsidiaries (including trade creditors) will generally be entitled to payment from the assets of those subsidiaries before those assets can be distributed to us. As a result, the exchange notes will be structurally subordinated to the prior payment of all of the debts (including trade payables) of our non-guarantor subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

As of December 31, 2010, the notes and the related guarantees were effectively subordinated to \$286 million of secured debt under our revolving credit facility to the extent of the collateral securing the revolving credit facility on a senior basis, and up to \$360 million was available for borrowing as additional secured debt under our revolving credit facility. In addition, the indenture governing the notes allows us to increase the size of the revolving credit facility, or refinance or replace the revolving credit facility, and the notes and guarantees would be effectively subordinated to amounts borrowed under such increased, refinanced or replacement revolving credit facility. We expect that this subordination will continue until the notes are retired, repaid or otherwise redeemed.



***We May Not Have the Ability to Raise the Funds Necessary to Finance the Change of Control Offer or the Asset Sale Offer Required by the Indenture Governing the Exchange Notes.***

Upon the occurrence of a “change of control”, as defined in the indenture governing the exchange notes, we must offer to buy back the exchange notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest, if any, to the date of the repurchase. Similarly, we must offer to buy back the exchange notes (or repay other indebtedness in certain circumstances) at a price equal to 100% of the principal amount of the exchange notes (or other debt) purchased, together with accrued and unpaid interest, if any, to the date of repurchase, with the proceeds of certain asset sales (as defined in the indenture). Our failure to purchase, or give notice of purchase of, the exchange notes would be a default under the indenture governing the exchange notes, which would also trigger a cross default under our revolving credit facility. See “Description of Exchange Notes — Repurchase at the Option of Holders — Change of Control”.

If a change of control or asset sale occurs that would require us to repurchase the exchange notes, it is possible that we may not have sufficient liquidity or assets to make the required repurchase of exchange notes or to satisfy all obligations under our revolving credit facility and the indenture governing the exchange notes. A change of control would also trigger a default under our revolving credit facility. In order to satisfy our obligations, we could seek to refinance the indebtedness under our revolving credit facility and the indenture governing the exchange notes or obtain a waiver from the lenders or you as a holder of the exchange notes. We can give no assurance that we would be able to obtain a waiver or refinance our indebtedness on terms acceptable to us, if at all.

***Certain Restrictive Covenants in the Indenture Governing the Exchange Notes Will Be Suspended if Such Notes Achieve Investment Grade Ratings.***

Most of the restrictive covenants in the indenture governing the exchange notes will not apply for so long as the exchange notes achieve investment grade ratings from Moody’s Investors Service, Inc. and Standard & Poor’s Rating Services, and no default or event of default has occurred. If these restrictive covenants cease to apply, we may take actions, such as incurring additional debt, undergoing a change of control transaction or making certain dividends or distributions that would otherwise be prohibited under the indenture. Ratings are given by these rating agencies based upon analyses that include many subjective factors. We can give no assurance that the exchange notes will achieve investment grade ratings, nor that investment grade ratings, if granted, will reflect all of the factors that would be important to holders of the exchange notes.

***Certain Affiliates of The Goldman Sachs Group, Inc. Own a Significant Majority of the Equity of Our Indirect Parent. Conflicts of Interest May Arise Because Affiliates of the Principal Stockholder of Our Indirect Parent Have Continuing Agreements and Business Relationships with Us.***

Certain affiliates of The Goldman Sachs Group, Inc. (the “Goldman Sachs Funds”), an affiliate of Goldman, Sachs & Co., are the majority owners of PVF Holdings LLC, our indirect parent company. The Goldman Sachs Funds will have the power, subject to certain exceptions, to direct our affairs and policies. A majority of the voting power of the Board of Directors of PVF Holdings LLC is held by directors who have been designated by the Goldman Sachs Funds. Through such representation on the Board of Directors of PVF Holdings LLC, the Goldman Sachs Funds will be able to substantially influence the appointment of management, the entering into of mergers and sales of substantially all assets and other extraordinary transactions. Furthermore, an affiliate of the Goldman Sachs Funds is a joint lead arranger for our revolving credit facility.

The interests of the Goldman Sachs Funds and their respective affiliates could conflict with your interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of the Goldman Sachs Funds as an equity holder might conflict with your interests as an exchange note holder. The Goldman Sachs Funds may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to you as a holder of exchange notes. The Goldman Sachs Funds are in the business of making investments in companies and may directly, or through affiliates, from time to time, acquire and hold interests in businesses that compete directly or indirectly with us and they may either directly, or through affiliates, also maintain business relationships with companies that may directly compete with us. In general, the Goldman Sachs



Funds or their affiliates could pursue business interests or exercise their power as majority owners of PVF Holdings LLC in ways that are detrimental to you as a holder of exchange notes but beneficial to themselves or to other companies in which they invest or with whom they have a material relationship. Conflicts of interest could also arise with respect to business opportunities that could be advantageous to the Goldman Sachs Funds and they may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. Under the terms of our certificate of incorporation, the Goldman Sachs Funds have no obligation to offer us corporate opportunities. See “Principal Stockholders”, “Certain Relationships and Related Party Transactions”, and “Description of Exchange Notes”.

As a result of these relationships, the interests of the Goldman Sachs Funds may not coincide with your interests as holders of exchange notes. So long as the Goldman Sachs Funds continue to own a significant majority of our equity, the Goldman Sachs Funds will continue to be able to strongly influence or effectively control our decisions, including potential mergers or acquisitions, asset sales and other significant corporate transactions.

***You May Have Difficulty Selling the Outstanding Notes Which You do Not Exchange.***

If you do not exchange your outstanding notes for the exchange notes offered in this exchange offer, you will continue to be subject to the restrictions on the transfer and exchange of your outstanding notes. Those transfer restrictions are described in the indenture relating to the exchange notes and in the legend contained on the outstanding notes, and arose because we originally issued the outstanding notes under exemptions from, and in transactions not subject to, the registration requirements of the Securities Act.

In general, you may offer or sell your outstanding notes only if they are registered under the Securities Act and applicable state securities laws, or if they are offered and sold under an exemption from, or in a transaction not subject to, those requirements. After completion of this exchange offer, we do not intend to register the outstanding notes under the Securities Act.

If a large number of outstanding notes are exchanged for notes issued in the exchange offer, it may be more difficult for you to sell your unexchanged outstanding notes. In addition, upon completion of the exchange offer, holders of any remaining outstanding notes will not be entitled to any further registration rights under the exchange and registration rights agreements, except under limited circumstances.

***There is no Prior Public Market for the Exchange Notes. If an Actual Trading Market does Not Exist or is Not Maintained for the Exchange Notes, You May Not Be Able To Resell Them Quickly, for the Price That You Paid or at All.***

We cannot assure you that an established trading market for the exchange notes will exist or be maintained. Although the exchange notes may be resold or otherwise transferred by the holders without compliance with the registration requirements under the Securities Act, they will constitute a new issue of securities with no established trading market.

We do not intend to apply for the notes or the exchange notes to be listed on any securities exchange or to arrange for quotation of the notes on any automated dealer quotation systems. The initial purchasers of the outstanding notes have advised us that they intend to make a market in the exchange notes, but they are not obligated to do so. Each initial purchaser may discontinue any market making in the exchange notes at any time, in its sole discretion. As a result, we cannot assure you as to the liquidity of any trading market for the notes or the exchange notes. Because Goldman, Sachs & Co. may be construed to be our affiliate, Goldman, Sachs & Co. may be required to deliver a current “market making” prospectus and otherwise comply with the registration requirements of the Securities Act in any secondary market sale of the exchange notes. Accordingly, the ability of Goldman, Sachs & Co. to make a market in the exchange notes may, in part, depend on our ability to maintain a current market making prospectus.

We also cannot assure you that you will be able to sell your exchange notes at a particular time or at all, or that the prices that you receive when you sell them will be favorable. If no active trading market exists or is maintained,

you may not be able to resell your exchange notes at their fair market value, or at all. The liquidity of, and trading market for, the exchange notes may also be adversely affected by, among other things:

- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the exchange notes. It is possible that the market for the exchange notes will be subject to disruptions. Any disruptions may have a negative effect on holders of the exchange notes, regardless of our prospects and financial performance.

***Assuming the Issuance of Outstanding Notes on February 11, 2010 Constituted a “Qualified Reopening” of our 9.50% Senior Secured Notes due December 15, 2016 for United States Federal Income Tax Purposes, the Exchange Notes Issued in Exchange for Those Outstanding Notes Will Be Treated As Issued with the Same Amount of Original Issue Discount as the Exchange Notes Issued in Exchange for the Outstanding Notes Issued on December 21, 2009 for United States Federal Income Tax Purposes.***

We issued \$1,000,000,000 and \$50,000,000 aggregate principal amount of our 9.50% senior secured notes due December 15, 2016 on December 21, 2009 and February 11, 2010, respectively.

The stated principal amount of the notes issued on December 21, 2009 (the “outstanding December notes”) exceeded the issue price of the outstanding December notes by an amount in excess of the statutory de minimis amount. Accordingly, the outstanding December notes were issued with original issue discount for United States federal income tax purposes.

We have taken the position that the issuance of outstanding notes on February 11, 2010 (the “outstanding February notes”) constituted a “qualified reopening” of our 9.50% senior secured notes due December 15, 2016 for United States federal income tax purposes. Accordingly, we have treated all of the outstanding February notes as having the same issue price as the outstanding December notes and therefore as having been issued with the same amount of original issue discount as the outstanding December notes for United States federal income tax purposes.

However, the application of the qualified reopening rules is not entirely clear, and it is possible that the outstanding February notes could be treated as a separate issue from the outstanding December notes, with an issue price determined by the first price at which a substantial amount of the outstanding February notes was sold (other than to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). In that event, the outstanding February notes would have been issued with original issue discount in an amount different from the amount of original issue discount on the outstanding December notes, the outstanding February notes would not have been fungible with the outstanding December notes for United States federal income tax purposes and the exchange notes received in exchange for the outstanding February notes would not be fungible with the exchange notes received in exchange for the outstanding December notes for United States federal income tax purposes. See “Certain Material United States Federal Tax Considerations — Qualified Reopening”.

For United States federal income tax purposes, U.S. Holders will be required to include the original issue discount in gross income (as ordinary income) as it accrues on a constant yield basis in advance of the receipt of the cash payment to which such income is attributable (regardless of whether such U.S. Holders use the cash or accrual method of tax accounting). See “Certain Material United States Federal Tax Considerations — Stated Interest and Original Issue Discount”. Additionally, in the event we enter into bankruptcy, you may not have a claim for all or a portion of any unamortized amount of the original issue discount on the exchange notes.

## **Risks Related to the Collateral and the Guarantees**

### ***The Value of the Collateral Securing the Exchange Notes May Not Be Sufficient to Satisfy Our Obligations Under the Exchange Notes.***

No appraisal of the fair market value of the collateral securing the exchange notes has been made in connection with this offering and the value of the collateral will depend on market and economic conditions, the availability of buyers and other factors. We can give no assurance to you of the value of the collateral or that the net proceeds received upon a sale of the collateral would be sufficient to repay all, or would not be substantially less than, amounts due on the exchange notes following a foreclosure upon the collateral (and any payments in respect of prior liens) or a liquidation of our assets or the assets of the guarantors that may grant these security interests.

In the event of a liquidation or foreclosure, the value of the collateral securing the exchange notes is subject to fluctuations based on factors that include general economic conditions, the actual fair market value of the collateral at such time, the timing and the manner of the sale and the availability of buyers and similar factors. The value of the assets pledged as collateral for the exchange notes also could be impaired in the future as a result of our failure to implement our business strategy, competition or other future trends. In addition, courts could limit recoverability with respect to the collateral if they apply laws of a jurisdiction other than the State of New York to a proceeding and deem a portion of the interest claim usurious in violation of applicable public policy. By its nature, some or all of the collateral may be illiquid and may have no readily ascertainable market value. Likewise, we can give no assurance to you that the collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. A portion of the collateral includes assets that may only be usable, and thus retain value, as part of our existing operating business. Accordingly, any such sale of the collateral separate from the sale of certain of our operating businesses may not be feasible or of significant value. To the extent that liens, rights and easements granted to third parties encumber assets located on property owned by us or the subsidiary guarantors or constitute senior, *pari passu* or subordinate liens on the collateral, those third parties have or may exercise rights and remedies with respect to the property subject to such encumbrances (including rights to require marshalling of assets) that could adversely affect the value of the collateral located at a particular site and the ability of the collateral trustee to realize or foreclose on the collateral at that site.

In addition, the asset sale covenant and the definition of asset sale in the indenture governing the exchange notes have a number of significant exceptions pursuant to which we will be able to sell Notes Priority Collateral (as such term is defined in the indenture governing the exchange notes) without being required to reinvest the proceeds of such sale into assets that will comprise Notes Priority Collateral or to make an offer to the holders of the exchange notes to repurchase the exchange notes.

### ***The Intercreditor Agreement Limits the Ability of Holders of Exchange Notes to Exercise Rights and Remedies with Respect to the ABL Priority Collateral.***

The rights of the holders of the exchange notes with respect to the ABL Priority Collateral (as such term is defined in the indenture governing the exchange notes) securing the exchange notes on a junior basis are substantially limited by the terms of the lien ranking and other provisions in the intercreditor agreement. Under the terms of the intercreditor agreement, at any time that any obligations that have the benefit of senior liens on the ABL Priority Collateral are outstanding, almost any action that may be taken in respect of the ABL Priority Collateral, including the rights to exercise remedies with respect to, release liens on, challenge the liens on or object to actions taken by the administrative agent under our revolving credit facility with respect to, the ABL Priority Collateral, will be at the direction of the holders of the obligations secured by the senior liens on the ABL Priority Collateral, and the collateral trustee, on behalf of noteholders with junior liens on the ABL Priority Collateral, will not have the ability to control or direct such actions, even if the rights of noteholders are adversely affected. The lenders under the revolving credit facility may cause the collateral agent for such facility to dispose of, release or foreclose on or take other actions with respect to, the ABL Priority Collateral with which holders of the exchange notes may disagree or that may be contrary to the interests of holders of the exchange notes.

In addition, the intercreditor agreement contains certain provisions benefiting holders of indebtedness under our revolving credit facility that prevent the collateral trustee from objecting to a number of important matters

regarding the ABL Priority Collateral following the filing of a bankruptcy. After such filing, the value of the ABL Priority Collateral could materially deteriorate and noteholders would be unable to raise an objection.

See “Description of Exchange Notes — The Intercreditor Agreement”.

***The Rights of the Holders of Exchange Notes to the ABL Priority Collateral Are Subject to Any Exceptions, Defects, Encumbrances, Liens and Other Imperfections That Are Accepted by the Lenders Under Our Revolving Credit Facility and Rights of the Holders of the Exchange Notes to the Notes Priority Collateral Are Similarly Subject to Any Exceptions, Defects, Encumbrances, Liens and Other Imperfections Permitted by the Indenture.***

The ABL Priority Collateral is subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the lenders under our revolving credit facility and other creditors that have the benefit of first priority liens on the collateral from time to time, whether on or after the date the exchange notes and guarantees are issued. The indenture for the exchange notes and the related security documents also permit the collateral for the exchange notes to be subject to specified exceptions, defects, encumbrances, liens and other imperfections, generally referred to as “Permitted Liens”.

The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the exchange notes as well as the ability of the collateral agent to realize or foreclose on such collateral. The initial purchasers of the outstanding notes did not analyze the effect of such exceptions, defects, encumbrances, liens and imperfections, and the existence thereof could adversely affect the value of the collateral securing the exchange notes as well as the ability of the collateral agent to realize or foreclose on such collateral.

***The Collateral Securing the Exchange Notes May Be Diluted Under Certain Circumstances.***

The loan agreement governing our revolving credit facility and the indenture governing the exchange notes will permit us to issue additional senior secured indebtedness, including additional notes, subject to our compliance with the restrictive covenants in the indenture governing the notes and the loan agreement governing our revolving credit facility at the time we issue such additional senior secured indebtedness.

Any additional notes issued under the indenture governing the exchange notes would be guaranteed by the same guarantors and would have the same security interests, with the same priority, as currently secure the notes. As a result, the collateral securing the exchange notes (and the outstanding notes) would be shared by any additional notes the Issuer may issue under the indenture, and an issuance of such additional notes would dilute the value of the collateral compared to the aggregate principal amount of notes issued.

In addition, the indenture and our other security documents permit us and certain of our subsidiaries to incur additional priority lien debt and subordinated lien debt up to respective maximum priority lien and subordinated lien debt threshold amounts by issuing additional debt securities under one or more new indentures or by borrowing additional amounts under new credit facilities. Any additional priority lien debt or subordinated lien debt secured by the collateral would dilute the value of the rights of the holders of exchange notes to the collateral.

***The Rights of Holders of Exchange Notes in the Collateral May Be Adversely Affected by the Failure to Perfect Security Interests in the Collateral (or Record Mortgages) and Other Issues Generally Associated with the Realization of Security Interests in the Collateral.***

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party. The senior liens in all Notes Priority Collateral from time to time owned by the Issuer or the guarantors and/or the junior liens in all ABL Priority Collateral from time to time owned by the Issuer or the guarantors may not be perfected with respect to the exchange notes and the exchange note guarantees if the grantor of such liens (or, if applicable, the collateral trustee) has not taken the actions necessary to perfect any of those liens upon or prior to the issuance of the exchange notes. For example, the collateral trustee for the exchange notes will not have the benefit of control agreements to perfect its security interest in deposit accounts or securities accounts of the Issuer or the Subsidiary Guarantors, except that

we have agreed to use our commercially reasonable efforts to maintain a specified deposit account at PNC Bank (or any replacement of such account) subject to an account control agreement. The inability or failure of any party to take all actions necessary to create properly perfected security interests in the collateral may result in the loss of the priority of the security interest for the benefit of the noteholders to which they would have been entitled as a result of such non-perfection.

In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The Issuer and the guarantors will have limited obligations to perfect the security interest of the holders of exchange notes in specified collateral. Moreover, if owned real property is acquired by us or our guarantor subsidiaries in the future, a lien to secure the exchange notes with such real property would only be created and perfected by a mortgage, deed of trust or similar instrument entered into after such acquisition. We can give no assurance to you that the collateral trustee for the exchange notes or the administrative agent under our revolving credit facility will monitor, or that the Issuer or the guarantors will inform such collateral trustee or administrative agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly perfect the security interest in such after-acquired collateral. The collateral trustee for the exchange notes has no obligation to monitor the acquisition of additional property or rights that constitute collateral or the perfection of any security interest and will have no responsibility for any resulting loss of the security interest in the collateral or the priority of the security interest in favor of the exchange notes and the exchange note guarantees against third parties.

The security interest of the collateral trustee will be subject to practical challenges generally associated with the realization of security interests in the collateral. For example, the collateral trustee may need to obtain the consent of a third party to obtain or enforce a security interest in an asset. We can give no assurance to you that the collateral trustee will be able to obtain any such consent or that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. As a result, the collateral trustee may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

***The Collateral for the Exchange Notes Will Not Include Certain “Excluded Assets”.***

The collateral for the exchange notes will not include “Excluded Assets”. These Excluded Assets include, among other things, all of the shares or other securities issued by us or our subsidiaries. Accordingly, the collateral trustee for the exchange notes would not be able to foreclose on the shares or other securities issued by us or our subsidiaries as a remedy after an event of default. One parcel of real estate that we currently own, but is a non-core asset, with a net book value of approximately \$1 million as of December 31, 2010, will not be collateral for the exchange notes. The guarantee of the exchange notes provided by McJunkin Red Man Holding Corporation will be unsecured. See “Description of Exchange Notes — Certain Definitions — Excluded Assets”.

***Because Each Guarantor’s Liability Under Its Guarantee May Be Reduced to Zero, Voided or Released Under Certain Circumstances, You May Not Receive any Payments from Some or All of the Guarantors.***

The exchange notes have the benefit of the guarantees of the guarantors. However, the guarantees by the guarantors are limited to the maximum amount that the guarantors are permitted to guarantee under applicable law. As a result, a guarantor’s liability under its guarantee could be reduced to zero, depending upon the amount of other obligations of such guarantor. Furthermore, under the circumstances discussed more fully below, a court under federal or state fraudulent conveyance and transfer statutes could void the obligations under a guarantee or further subordinate it to all other obligations of the guarantor. In addition, the exchange notes will lose the benefit of a particular guarantee if it is released under certain circumstances described under “Description of Exchange Notes”.

***Federal and State Laws Allow Courts, Under Specific Circumstances, to Void Guarantees and Grants of Security and Require Holders of the Exchange Notes to Return Payments Received from Guarantors.***

The issuer’s creditors and the creditors of the guarantors could challenge the exchange note guarantees as fraudulent transfers or on other grounds. Under U.S. federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the delivery of any exchange note guarantee and the grant of security by the applicable guarantor could be found to be a fraudulent transfer and declared void, or subordinated to all indebtedness and other

liabilities of such guarantor, if a court determined that the applicable guarantor, at the time it incurred the indebtedness evidenced by its exchange note guarantee (1) delivered such exchange note guarantee with the intent to hinder, delay or defraud its existing or future creditors or (2) received less than reasonably equivalent value or did not receive fair consideration for the delivery of such exchange note guarantee and any one of the following three conditions apply:

- the applicable guarantor was insolvent or was rendered insolvent as a result of such transaction;
- the applicable guarantor was engaged in a business or transaction, or was about to engage in a business or transaction, for which its remaining assets constituted unreasonably small capital to carry on its business; or
- the applicable guarantor intended to incur, or believed that it would incur, debt beyond its ability to pay such debt as it matured.

A court likely would find that a guarantor did not receive equivalent value or fair consideration for its exchange note guarantee unless it benefited directly or indirectly from the issuance of the exchange notes. If a court declares the issuance of the exchange notes, any exchange note guarantee or the related security agreements to be void, or if any exchange note guarantee must be limited or voided in accordance with its terms, any claim holders may make against us or the guarantors for amounts payable on the exchange notes or, in the case of the security agreements, a claim with respect to the related collateral, would, with respect to amounts claimed against the applicable guarantor, be unenforceable to the extent of any such limitation or avoidance. Sufficient funds to repay the exchange notes may not be available from other sources, including the remaining guarantors, if any. Moreover, the court could order holders to return any payments previously made by the applicable guarantor to a fund for the benefit of our creditors if such payment is made to an insider within a one year period prior to the a bankruptcy filing or within 90 days for any outside party and such payment would give the creditors more than such creditors would have received in a distribution under Title 11 of the U.S. Bankruptcy Code. In addition, the loss of a guarantee (other than in accordance with the terms of the indenture) will constitute a default under the indenture, which default could cause all notes to become immediately due and payable. If the liens were voided, holders of the exchange notes would not have the benefits of being a secured creditor against the applicable guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, we believe that, after giving effect to the offering of the outstanding notes and the application of the proceeds therefrom, we were not insolvent, did not have unreasonably small capital for the business in which we are engaged and did not incur debts beyond our ability to pay such debts as they mature. However, we can give no assurance as to what standard a court would apply in making these determinations or, regardless of the standard, that a court would not limit or void any of the note guarantees.

In addition, although each guarantee will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

In the event that any of the guarantees are voided, the exchange notes will become structurally subordinated to any debt, leases or any other liabilities at that guarantor.



Finally, as a court of equity, the bankruptcy court may subordinate the claims in respect of the exchange notes to other claims against us under the principle of equitable subordination, if the court determines that: (i) the holder of the exchange notes is engaged in some type of inequitable conduct; (ii) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of the exchange notes; and (iii) equitable subordination is not inconsistent with the provisions of the U.S. Bankruptcy Code.

***The Collateral Is Subject to Casualty Risks.***

The indenture governing the exchange notes, the loan agreement governing our revolving credit facility and the security documents require the Issuer and the guarantors to maintain adequate insurance or otherwise insure against risks to the extent customary with companies in the same or similar business operating in the same or similar locations. There are, however, certain losses, including losses resulting from terrorist acts, which may be either uninsurable or not economically insurable, in whole or in part. As a result, we can give no assurance that the insurance proceeds will compensate us fully for our losses. If there is a total or partial loss of any of the collateral securing the exchange notes, we can give no assurance that any insurance proceeds received by us will be sufficient to satisfy all the secured obligations, including the exchange notes.

In the event of a total or partial loss to any of the mortgaged facilities, certain items of equipment and inventory may not be easily replaced. Accordingly, even though there may be insurance coverage, the extended period needed to manufacture replacement units or inventory could cause significant delays.

***Any Future Note Guarantees or Additional Liens on Collateral Could Also Be Avoided by a Trustee in Bankruptcy.***

The indenture governing the exchange notes provides that certain of our future subsidiaries will guarantee the exchange notes and secure their exchange note guarantees with liens on their assets. The indenture governing the exchange note also requires the Issuer and the Subsidiary Guarantors to grant liens on certain assets that they acquire. Any future exchange note guarantee or additional lien in favor of the collateral trustee for the benefit of the holders of the exchange notes might be avoidable by the grantor (as debtor-in-possession) or by its trustee in bankruptcy or other third parties if certain events or circumstances exist or occur. For instance, if the entity granting the future exchange note guarantee or additional lien were insolvent at the time of the grant and if such grant was made within 90 days before that entity commenced a bankruptcy proceeding (or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the exchange note guarantee or lien is an “insider” under the U.S. Bankruptcy Code), and the granting of the future exchange note guarantee or additional lien enabled the holders to receive more than they would if the grantor were liquidated under chapter 7 of the U.S. Bankruptcy Code, then such note guarantee or lien could be avoided as a preferential transfer.

***The Value of the Collateral Securing the Exchange Notes May Not Be Sufficient to Secure Post-Petition Interest. Should the Issuer’s Obligations Under the Exchange Notes Equal or Exceed the Fair Market Value of the Collateral Securing the Exchange Notes, Holders of Exchange Notes may be Deemed to Have an Unsecured Claim.***

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against the Issuer or the guarantors, holders of the exchange notes will be entitled to post-petition interest under the U.S. Bankruptcy Code only if the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Exchange note holders may be deemed to have an unsecured claim if the Issuer’s obligations under the exchange notes equal or exceed the fair market value of the collateral securing the exchange notes. Exchange note holders that have a security interest in the collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the U.S. Bankruptcy Code. The bankruptcy trustee, the debtor-in-possession or competing creditors could possibly assert that the fair market value of the collateral with respect to the exchange notes on the date of the bankruptcy filing was less than the then-current principal amount of the exchange notes. Upon a finding by a bankruptcy court that the exchange notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the exchange notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of exchange

note holders to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the exchange notes to receive other “adequate protection” under U.S. federal bankruptcy laws. In addition, if any payments of post-petition interest were made at the time of such a finding of under-collateralization, such payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to exchange notes. No appraisal of the fair market value of the collateral securing the exchange notes has been prepared in connection with this offering and, therefore, the value of the collateral trustee’s interest in the collateral may not equal or exceed the principal amount of the exchange notes. We can give no assurance that there will be sufficient collateral to satisfy our and the Subsidiary Guarantors’ obligations under the exchange notes.

***U.S. Federal Bankruptcy Laws May Significantly Impair the Ability of Exchange Note Holders to Realize Value from the Collateral.***

The right of the collateral trustee to repossess and dispose of the collateral securing the exchange notes upon the occurrence of an event of default under the indenture governing the exchange notes is likely to be significantly impaired by U.S. federal bankruptcy law if bankruptcy proceedings were to be commenced by or against the Issuer or any guarantor prior to or possibly even after the collateral trustee has repossessed and disposed of the collateral. Under the U.S. Bankruptcy Code, a secured creditor is prohibited from repossessing its security from a debtor in a bankruptcy proceeding, or from disposing of security repossessed from such debtor, without the approval of the bankruptcy court. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and to use the collateral, and the proceeds, products, rents or profits of the collateral, even after the debtor is in default under the applicable debt instruments, provided that the secured creditor is given “adequate protection”. The meaning of the term “adequate protection” may vary according to circumstances, but it is intended in general to protect the value of the secured creditor’s interest in the collateral and may include cash payments or the granting of additional security, if and at such times as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy proceeding. Generally, adequate protection payments, in the form of interest or otherwise, are not required to be paid by a debtor to a secured creditor unless the bankruptcy court determines that the value of the secured creditor’s interest in the collateral is declining during the pendency of the bankruptcy case. In addition, the bankruptcy court may determine not to provide cash payments as adequate protection to the holders of the exchange notes if, among other possible reasons, the bankruptcy court determines that the fair market value of the collateral with respect to the exchange notes on the date of the bankruptcy filing was less than the then-current principal amount of the exchange notes. In view of the broad discretionary powers of a bankruptcy court, the imposition of the stay, and the lack of a precise definition of the term “adequate protection”, we cannot predict (1) how long payments on the exchange notes could be delayed following commencement of a bankruptcy proceeding, (2) whether or when the collateral trustee would repossess or dispose of the collateral or (3) whether or to what extent exchange note holders would be compensated for any delay in payment of loss of value of the collateral through the requirements of “adequate protection”. Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the exchange notes, holders would have “undersecured claims”. U.S. federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys’ fees for “undersecured claims” during the debtor’s bankruptcy proceeding.

***In the Event of a Bankruptcy Proceeding, Holders of the Exchange Notes may not be Entitled to Recover the Principal Amount of the Exchange Notes to the Extent of any Unamortized Original Issue Discount.***

In the event of a bankruptcy proceeding, the bankruptcy court could decide that holders of the exchange notes are only entitled to recover the amortized portion of the original issue discount on the exchange notes. Accordingly, to the extent the original issue discount on the exchange notes has not been amortized, holders of the exchange notes may not be entitled to recover the full principal amount of the exchange notes.



## Risks Related to Our Business

### ***Decreased Capital and Other Expenditures in the Energy Industry, Which Can Result from Decreased Oil and Natural Gas Prices, Among Other Things, Can Materially and Adversely Affect Our Business, Results of Operations and Financial Condition.***

A large portion of our revenue depends upon the level of capital and other expenditures in the oil and natural gas industry, including capital and other expenditures in connection with exploration, drilling, production, gathering, transportation, refining and processing operations. Demand for the products we distribute and services we provide is particularly sensitive to the level of exploration, development and production activity of, and the corresponding capital and other expenditures by, oil and natural gas companies. A material decline in oil or natural gas prices could depress levels of exploration, development and production activity, and therefore could lead to a decrease in our customers' capital and other expenditures. If our customers' expenditures decline, our business will suffer.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of other factors that are beyond our control. Oil and natural gas prices during much of 2008 were at levels higher than historical long term averages, and worldwide oil and natural gas drilling and exploration activity during much of 2008 was also at very high levels. Oil and natural gas prices decreased during the second half of 2008 and during 2009. This sustained decline in oil and natural gas prices has resulted, and may continue to result, in decreased capital expenditures in the oil and natural gas industry, and has had an adverse effect on our business, results of operations and financial condition. A further sustained decrease in capital expenditures in the oil and natural gas industry could have a material adverse effect on our business, results of operations and financial condition.

Many factors affect the supply of and demand for energy and therefore influence oil and natural gas prices, including:

- the level of domestic and worldwide oil and natural gas production and inventories;
- the level of drilling activity and the availability of attractive oil and natural gas field prospects, which may be affected by governmental actions, such as regulatory actions or legislation, or other restrictions on drilling, including those related to environmental concerns;
- the discovery rate of new oil and natural gas reserves and the expected cost of developing new reserves;
- the actual cost of finding and producing oil and natural gas;
- depletion rates;
- domestic and worldwide refinery overcapacity or undercapacity and utilization rates;
- the availability of transportation infrastructure and refining capacity;
- increases in the cost of the products that we provide to the oil and natural gas industry, which may result from increases in the cost of raw materials such as steel;
- shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the economic and/or political attractiveness of alternative fuels, such as coal, hydrocarbon, wind, solar energy and biomass-based fuels;
- increases in oil and natural gas prices and/or historically high oil and natural gas prices, which could lower demand for oil and natural gas products;
- worldwide economic activity including growth in countries that are not members of the Organisation for Economic Co-operation and Development ("non-OECD countries"), including China and India;
- interest rates and the cost of capital;
- national government policies, including government policies which could nationalize or expropriate oil and natural gas exploration, production, refining or transportation assets;

- the ability of the Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain production levels and prices for oil;
- the impact of armed hostilities, or the threat or perception of armed hostilities;
- pricing and other actions taken by competitors that impact the market;
- environmental regulation;
- technological advances;
- global weather conditions and natural disasters;
- an increase in the value of the U.S. dollar relative to foreign currencies; and
- tax policies.

Oil and natural gas prices have been and are expected to remain volatile. This volatility has historically caused oil and natural gas companies to change their strategies and expenditure levels from year to year. We have experienced in the past, and we will likely experience in the future, significant fluctuations in operating results based on these changes. In particular, such volatility in the oil and natural gas markets could materially adversely affect our business, results of operations and financial condition.

***Our Business, Results of Operations and Financial Condition May Be Materially and Adversely Affected by General Economic Conditions.***

Many aspects of our business, including demand for the products we distribute and the pricing and availability of supplies, are affected by U.S. and global general economic conditions. General economic conditions and predictions regarding future economic conditions also affect our forecasts, and a decrease in demand for the products we distribute or other adverse effects resulting from an economic downturn may cause us to fail to achieve our anticipated financial results. General economic factors beyond our control that affect our business and end markets include interest rates, recession, inflation, deflation, consumer credit availability, consumer debt levels, performance of housing markets, energy costs, tax rates and policy, unemployment rates, commencement or escalation of war or hostilities, the threat or possibility of war, terrorism or other global or national unrest, political or financial instability, and other matters that influence spending by our customers. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency or increase in magnitude. The global economic downturn has adversely affected our business, results of operations and financial condition, and continued adverse economic conditions could have a material adverse effect on our business, results of operations and financial condition.

***We May Be Unable to Compete Successfully with Other Companies in Our Industry.***

We sell products and services in very competitive markets. In some cases, we compete with large oilfield services providers with substantial resources and smaller regional players that may increasingly be willing to provide similar products and services at lower prices. Our revenues and earnings could be adversely affected by competitive actions such as price reductions, improved delivery and other actions by competitors. Our business, results of operations and financial condition could be materially and adversely affected to the extent that our competitors are successful in reducing our customers’ purchases of products and services from us. Competition could also cause us to lower our prices which could reduce our margins and profitability.

***Demand for the Products We Distribute Could Decrease if the Manufacturers of Those Products Were to Sell a Substantial Amount of Goods Directly to End Users in the Markets We Serve.***

Historically, users of PVF and related products have purchased certain amounts of such products through distributors and not directly from manufacturers. If customers were to purchase the products that we sell directly from manufacturers, or if manufacturers sought to increase their efforts to sell directly to end users, our business, results of operations and financial condition could be materially and adversely affected. These or other

developments that remove us from, or limit our role in, the distribution chain, may harm our competitive position in the marketplace and reduce our sales and earnings.

***We May Experience Unexpected Supply Shortages.***

We distribute products from a wide variety of manufacturers and suppliers. Nevertheless, in the future we may have difficulty obtaining the products we need from suppliers and manufacturers as a result of unexpected demand or production difficulties. Also, products may not be available to us in quantities sufficient to meet our customer demand. Our inability to obtain sufficient products from suppliers and manufacturers, in sufficient quantities, could have a material adverse effect on our business, results of operations and financial condition.

***We May Experience Cost Increases From Suppliers, Which We May Be Unable to Pass on to Our Customers.***

In the future, we may face supply cost increases due to, among other things, unexpected increases in demand for supplies, decreases in production of supplies or increases in the cost of raw materials or transportation. Our inability to pass supply price increases on to our customers could have a material adverse effect on our business, results of operations and financial condition. For example, we may be unable to pass increased supply costs on to our customers because significant amounts of our sales are derived from stocking program arrangements, contracts and MRO arrangements which provide our customers time limited price protection, which may obligate us to sell products at a set price for a specific period. In addition, if supply costs increase, our customers may elect to purchase smaller amounts of products or may purchase products from other distributors. While we may be able to work with our customers to reduce the effects of unforeseen price increases because of our relationships with them, we may not be able to reduce the effects of such cost increases. In addition, to the extent that competition leads to reduced purchases of products or services from us or a reduction of our prices, and such reductions occur concurrently with increases in the prices for selected commodities which we use in our operations, including steel, nickel and molybdenum, the adverse effects described above would likely be exacerbated and could result in a prolonged downturn in profitability.

***We Do Not Have Contracts with Most of Our Suppliers. The Loss of a Significant Supplier Would Require Us to Rely More Heavily on Our Other Existing Suppliers or to Develop Relationships with New Suppliers, and Such a Loss May Have a Material Adverse Effect on Our Business, Results of Operations and Financial Condition.***

Given the nature of our business, and consistent with industry practice, we do not have contracts with most of our suppliers. Purchases are generally made through purchase orders. Therefore, most of our suppliers have the ability to terminate their relationships with us at any time. Approximately 39% of our total purchases during the year ended December 31, 2010 were from our ten largest suppliers. Although we believe there are numerous manufacturers with the capacity to supply the products we distribute, the loss of one or more of our major suppliers could have a material adverse effect on our business, results of operations and financial condition. Such a loss would require us to rely more heavily on our other existing suppliers or develop relationships with new suppliers, which may cause us to pay higher prices for products due to, among other things, a loss of volume discount benefits currently obtained from our major suppliers.

***Price Reductions by Suppliers of Products Sold by Us Could Cause the Value of Our Inventory to Decline. Also, Such Price Reductions Could Cause Our Customers to Demand Lower Sales Prices for These Products, Possibly Decreasing Our Margins and Profitability on Sales to the Extent that Our Inventory of Such Products Was Purchased at the Higher Prices Prior to Supplier Price Reductions and We Are Required to Sell Such Products to Our Customers at the Lower Market Prices.***

The value of our inventory could decline as a result of price reductions by manufacturers of products sold by us. We have been selling the same types of products to our customers for many years (and therefore do not expect that our inventory will become obsolete). However, there is no assurance that a substantial decline in product prices would not result in a write-down of our inventory value. Such a write-down could have a material adverse effect on our financial condition.

Also, decreases in the market prices of products sold by us could cause customers to demand lower sale prices from us. These price reductions could reduce our margins and profitability on sales with respect to such lower-priced products. Reductions in our margins and profitability on sales could have a material adverse effect on our business, results of operations, and financial condition.

***A Substantial Decrease in the Price of Steel Could Significantly Lower Our Gross Profit or Cash Flow.***

We distribute many products manufactured from steel and, as a result, our business is significantly affected by the price and supply of steel. When steel prices are lower, the prices that we charge customers for products may decline, which affects our gross profit and cash flow. The steel industry as a whole is cyclical and at times pricing and availability of steel can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, labor costs, sales levels, competition, consolidation of steel producers, fluctuations in the costs of raw materials necessary to produce steel, import duties and tariffs and currency exchange rates. When steel prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profit or cash flow.

***If Steel Prices Rise, We May Be Unable to Pass Along the Cost Increases to Our Customers.***

We maintain inventories of steel products to accommodate the lead time requirements of our customers. Accordingly, we purchase steel products in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon historic buying practices, contracts with customers and market conditions. Our commitments to purchase steel products are generally at prevailing market prices in effect at the time we place our orders. If steel prices increase between the time we order steel products and the time of delivery of such products to us, our suppliers may impose surcharges that require us to pay for increases in steel prices during such period. Demand for the products we distribute, the actions of our competitors, and other factors will influence whether we will be able to pass such steel cost increases and surcharges on to our customers, and we may be unsuccessful in doing so.

***We Do Not Have Long-Term Contracts or Agreements with Many of Our Customers and the Contracts and Agreements That We Do Have Generally Do Not Commit Our Customers to Any Minimum Purchase Volume. The Loss of a Significant Customer May Have a Material Adverse Effect on Our Business, Results of Operations and Financial Condition.***

Given the nature of our business, and consistent with industry practice, we do not have long-term contracts with many of our customers and our contracts, including our MRO contracts, generally do not commit our customers to any minimum purchase volume. Therefore, a significant number of our customers may terminate their relationships with us or reduce their purchasing volume at any time, and even our MRO customers are not required to purchase products from us. Furthermore, the long-term customer contracts that we do have are generally terminable without cause on short notice. Our ten largest customers represented approximately half of our sales for the year ended December 31, 2010. The products that we may sell to any particular customer depend in large part on the size of that customer's capital expenditure budget in a particular year and on the results of competitive bids for major projects. Consequently, a customer that accounts for a significant portion of our sales in one fiscal year may represent an immaterial portion of our sales in subsequent fiscal years. The loss of a significant customer, or a substantial decrease in a significant customer's orders, may have a material adverse effect on our business, results of operations and financial condition.

***Changes in Our Customer and Product Mix Could Cause Our Gross Margin Percentage to Fluctuate.***

From time to time, we may experience changes in our customer mix and in our product mix. Changes in our customer mix may result from geographic expansion, daily selling activities within current geographic markets and targeted selling activities to new customer segments. Changes in our product mix may result from marketing activities to existing customers and needs communicated to us from existing and prospective customers. If customers begin to require more lower-margin products from us and fewer higher-margin products, our business, results of operations and financial condition may suffer.

***We face Risks Associated with Our Acquisition of Transmark Fcx Group B.V. in October 2009, and This Acquisition May Not Yield All of Its Intended Benefits.***

We are currently continuing the process of integrating the business operated by Transmark Fcx Group B.V., now known as MRC Transmark Group B.V. (“MRC Transmark”) with our business. If we cannot successfully integrate this business, we may not achieve the expected synergies and benefits we hope to obtain from the acquisition. The difficulty of combining the companies presents challenges to our management, including:

- operating a significantly larger combined company with operations in more geographic areas and with more business lines;
- integrating personnel with diverse backgrounds and organizational cultures;
- coordinating sales and marketing functions;
- retaining key employees, customers or suppliers;
- integrating the information systems;
- preserving the collaboration, distribution, marketing, promotion and other important relationships; and
- consolidating other corporate and administrative functions.

If the risks associated with this acquisition materialize and we are unable to sufficiently address them, there is a possibility that the results of operations of our combined company could be less successful than the separate results of operations of our company and Transmark, taken together, if this acquisition had never occurred.

***We May Be Unable to Successfully Execute or Effectively Integrate Acquisitions.***

One of our key operating strategies is to selectively pursue acquisitions, including large scale acquisitions, in order to continue to grow and increase profitability. However, acquisitions, particularly of a significant scale, involve numerous risks and uncertainties, including intense competition for suitable acquisition targets; the potential unavailability of financial resources necessary to consummate acquisitions in the future; increased leverage due to additional debt financing that may be required to complete an acquisition; dilution of our stockholders’ net current book value per share if we issue additional equity securities to finance an acquisition; difficulties in identifying suitable acquisition targets or in completing any transactions identified on sufficiently favorable terms; assumption of undisclosed or unknown liabilities; and the need to obtain regulatory or other governmental approvals that may be necessary to complete acquisitions. In addition, any future acquisitions may entail significant transaction costs and risks associated with entry into new markets. For example, we incurred \$17.4 million in fees and expenses during 2009 related to our acquisition of Transmark.

In addition, even when acquisitions are completed, integration of acquired entities can involve significant difficulties, such as:

- failure to achieve cost savings or other financial or operating objectives with respect to an acquisition;
- strain on the operational and managerial controls and procedures of our business, and the need to modify systems or to add management resources;
- difficulties in the integration and retention of customers or personnel and the integration and effective deployment of operations or technologies;
- amortization of acquired assets, which would reduce future reported earnings;
- possible adverse short-term effects on our cash flows or operating results;
- diversion of management’s attention from the ongoing operations of our business;
- failure to obtain and retain key personnel of an acquired business; and
- assumption of known or unknown material liabilities or regulatory non-compliance issues.

Failure to manage these acquisition growth risks could have a material adverse effect on our business, results of operations and financial condition.

***Changes in Our Credit Profile may Affect Our Relationship with Our Suppliers, Which Could Have a Material Adverse Effect on Our Liquidity.***

Changes in our credit profile may affect the way our suppliers view our ability to make payments and may induce them to shorten the payment terms of their invoices, particularly given our high level of outstanding indebtedness. Given the large dollar amounts and volume of our purchases from suppliers, a change in payment terms may have a material adverse effect on our liquidity and our ability to make payments to our suppliers, and consequently may have a material adverse effect on our business, results of operations and financial condition.

***Our Business, Results of Operations and Financial Condition Could Be Materially and Adversely Affected if Restrictions on Imports of Line Pipe, Oil Country Tubular Goods or Certain of the Other Products that We Sell Are Lifted.***

U.S. law currently imposes tariffs and duties on imports from certain foreign countries of line pipe and oil country tubular goods, and, to a lesser extent, on imports of certain other products that we sell. If these restrictions are lifted, if the tariffs are reduced or if the level of such imported products otherwise increases, and these imported products are accepted by our customer base, our business, results of operations and financial condition could be materially and adversely affected to the extent that we would then have higher-cost products in our inventory or if prices and margins are driven down by increased supplies of such products. If prices of these products were to decrease significantly, we might not be able to profitably sell these products and the value of our inventory would decline. In addition, significant price decreases could result in a significantly longer holding period for some of our inventory, which could also have a material adverse effect on our business, results of operations and financial condition.

***We Are Subject to Strict Environmental, Health and Safety Laws and Regulations that May Lead to Significant Liabilities and Negatively Impact the Demand for Our Products.***

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws and regulations, including those governing the discharge of pollutants into the air or water, the management, storage and disposal of, or exposure to, hazardous substances and wastes, the responsibility to investigate and clean up contamination, and occupational health and safety. Fines and penalties may be imposed for non-compliance with applicable environmental, health and safety requirements and the failure to have or to comply with the terms and conditions of required permits. Historically, the costs to comply with environmental and health and safety requirements have not been material. However, the failure by us to comply with applicable environmental, health and safety requirements could result in fines, penalties, enforcement actions, third party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup, or regulatory or judicial orders requiring corrective measures, including the installation of pollution control equipment or remedial actions.

Under certain laws and regulations, such as the U.S. federal Superfund law or its foreign equivalent, the obligation to investigate and remediate contamination at a facility may be imposed on current and former owners or operators or on persons who may have sent waste to that facility for disposal. Liability under these laws and regulations may be imposed without regard to fault or to the legality of the activities giving rise to the contamination. Although we are not aware of any active litigation against us under the U.S. federal Superfund law or its state or foreign equivalents, contamination has been identified at several of our current and former facilities, and we have incurred and will continue to incur costs to investigate and remediate these conditions.

Moreover, we may incur liabilities in connection with environmental conditions currently unknown to us relating to our existing, prior or future sites or operations or those of predecessor companies whose liabilities we may have assumed or acquired. We believe that indemnities contained in certain of our acquisition agreements may cover certain environmental conditions existing at the time of the acquisition, subject to certain terms, limitations and conditions. However, if these indemnification provisions terminate or if the indemnifying parties do not fulfill



their indemnification obligations, we may be subject to liability with respect to the environmental matters that may be covered by such indemnification obligations.

In addition, environmental, health and safety laws and regulations applicable to our business and the business of our customers, including laws regulating the energy industry, and the interpretation or enforcement of these laws and regulations, are constantly evolving and it is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation or enforcement, may have upon our business, financial condition or results of operations. Should environmental laws and regulations, or their interpretation or enforcement, become more stringent, our costs could increase, which may have a material adverse effect on our business, financial condition and results of operations.

In particular, legislation and regulations limiting emissions of greenhouse gases (“GHGs”), including carbon dioxide associated with the burning of fossil fuels, are at various stages of consideration and implementation, at the international, national, regional and state levels. In 2005, the Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change, which established a binding set of emission targets for GHGs, became binding on the countries that ratified it. Certain states have adopted or are considering legislation or regulation imposing overall caps on GHG emissions from certain facility categories or mandating the increased use of electricity from renewable energy sources. Similar legislation has been proposed at the federal level. In addition, the U.S. Environmental Protection Agency (the “EPA”) has begun to implement regulations that would require permits for and reductions in greenhouse gas emissions for certain categories of facilities, the first of which became effective in January 2010. The EPA also intends to set GHG emissions standards for power plants in May 2012 and for refineries in November 2012. These laws and regulations could negatively impact the market for the products we distribute and, consequently, our business.

In addition, the federal government and certain state governments are considering enhancing the regulation of hydraulic fracturing, a practice involving the injection of certain substances into rock formations to stimulate production of hydrocarbons, particularly natural gas, from shale basin regions. Any increased federal or state regulation of hydraulic fracturing could reduce the demand for our products in these regions.

***We May Not Have Adequate Insurance for Potential Liabilities, Including Liabilities Arising from Litigation.***

In the ordinary course of business, we have and in the future may become the subject of various claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, the products we distribute, employees and other matters, including potential claims by individuals alleging exposure to hazardous materials as a result of the products we distribute or our operations. Some of these claims may relate to the activities of businesses that we have acquired, even though these activities may have occurred prior to our acquisition of such businesses. The products we distribute are sold primarily for use in the energy industry, which is subject to inherent risks that could result in death, personal injury, property damage, pollution or loss of production. In addition, defects in the products we distribute could result in death, personal injury, property damage, pollution or damage to equipment and facilities. Actual or claimed defects in the products we distribute may give rise to claims against us for losses and expose us to claims for damages.

We maintain insurance to cover certain of our potential losses, and we are subject to various self-retentions, deductibles and caps under our insurance. It is possible, however, that judgments could be rendered against us in cases in which we would be uninsured and beyond the amounts that we currently have reserved or anticipate incurring for such matters. Even a partially uninsured claim, if successful and of significant size, could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we may not be able to continue to obtain insurance on commercially reasonable terms in the future, and we may incur losses from interruption of our business that exceed our insurance coverage. Finally, even in cases where we maintain insurance coverage, our insurers may raise various objections and exceptions to coverage which could make uncertain the timing and amount of any possible insurance recovery.

***Due to Our Position as a Distributor, We Are Subject to Personal Injury, Product Liability and Environmental Claims Involving Allegedly Defective Products.***

Certain of the products we distribute are used in potentially hazardous applications that can result in personal injury, product liability and environmental claims. A catastrophic occurrence at a location where the products we distribute are used may result in us being named as a defendant in lawsuits asserting potentially large claims, even though we did not manufacture the products, and applicable law may render us liable for damages without regard to negligence or fault. Particularly, certain environmental laws provide for joint and several and strict liability for remediation of spills and releases of hazardous substances. Certain of these risks are reduced by the fact that we are a distributor of products produced by third-party manufacturers, and thus in certain circumstances we may have third-party warranty or other claims against the manufacturer of products alleged to have been defective. However, there is no assurance that such claims could fully protect us or that the manufacturer would be able financially to provide such protection. There is no assurance that our insurance coverage will be adequate to cover the underlying claims and our insurance does not provide coverage for all liabilities (including liability for certain events involving pollution).

***We Are a Defendant in Asbestos-Related Lawsuits, and Exposure to These and Any Future Lawsuits Could Have a Material Adverse Effect on Our Business, Results of Operations and Financial Condition.***

We are a defendant in lawsuits involving approximately 940 claims as of December 31, 2010 alleging, among other things, personal injury, including mesothelioma and other cancers, arising from exposure to asbestos-containing materials included in products distributed by us in the past. Each claim involves allegations of exposure to asbestos-containing materials by a single individual, his or her spouse and/or family members. The complaints in these lawsuits typically name many other defendants. In the majority of these lawsuits, little or no information is known regarding the nature of the plaintiffs' alleged injuries or their connection with the products we distributed. Based on our experience with asbestos litigation to date, as well as the existence of certain insurance coverage, we do not believe that the outcome of these claims will have a material impact on us. However, the potential liability associated with asbestos claims is subject to many uncertainties, including negative trends with respect to settlement payments, dismissal rates and the types of medical conditions alleged in pending or future claims, negative developments in the claims pending against us, the current or future insolvency of co-defendants, adverse changes in relevant laws or the interpretation thereof, and the extent to which insurance will be available to pay for defense costs, judgments or settlements. Further, while we anticipate that additional claims will be filed against us in the future, we are unable to predict with any certainty the number, timing and magnitude of such future claims. Therefore, we can give no assurance that pending or future asbestos litigation will not ultimately have a material adverse effect on our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations, Commitments and Contingencies — Legal Proceedings" and "Business — Overview of Our Business — Legal Proceedings" for more information.

***If We Lose Any of Our Key Personnel, We May Be Unable to Effectively Manage Our Business or Continue Our Growth.***

Our future performance depends to a significant degree upon the continued contributions of our management team and our ability to attract, hire, train and retain qualified managerial, sales and marketing personnel. Particularly, we rely on our sales and marketing teams to create innovative ways to generate demand for the products we distribute. The loss or unavailability to us of any member of our management team or a key sales or marketing employee could have a material adverse effect on our business, results of operations and financial condition to the extent we are unable to timely find adequate replacements. We face competition for these professionals from our competitors, our customers and other companies operating in our industry. We may be unsuccessful in attracting, hiring, training and retaining qualified personnel, and our business, results of operations and financial condition could be materially and adversely affected under such circumstances.



***Interruptions in the Proper Functioning of Our Information Systems Could Disrupt Operations and Cause Increases in Costs and/or Decreases in Revenues.***

The proper functioning of our information systems is critical to the successful operation of our business. We depend on our information technology systems to process orders, track credit risk, manage inventory and monitor accounts receivable collections. Our information systems also allow us to efficiently purchase products from our vendors and ship products to our customers on a timely basis, maintain cost-effective operations and provide superior service to our customers. However, our information systems are vulnerable to natural disasters, power losses, telecommunication failures and other problems. If critical information systems fail or are otherwise unavailable, our ability to procure products to sell, process and ship customer orders, identify business opportunities, maintain proper levels of inventories, collect accounts receivable and pay accounts payable and expenses could be adversely affected. Our ability to integrate our systems with our customers' systems would also be significantly affected. We maintain information systems controls designed to protect against, among other things, unauthorized program changes and unauthorized access to data on our information systems. If our information systems controls do not function properly, we face increased risks of unexpected errors and unreliable financial data.

***The Loss of Third-Party Transportation Providers upon Whom We Depend, or Conditions Negatively Affecting the Transportation Industry, Could Increase Our Costs or Cause a Disruption in Our Operations.***

We depend upon third-party transportation providers for delivery of products to our customers. Strikes, slowdowns, transportation disruptions or other conditions in the transportation industry, including, but not limited to, shortages of truck drivers, disruptions in rail service, increases in fuel prices and adverse weather conditions, could increase our costs and disrupt our operations and our ability to service our customers on a timely basis. We cannot predict whether or to what extent recent increases or anticipated increases in fuel prices may impact our costs or cause a disruption in our operations going forward.

***We May Need Additional Capital in the Future and It May Not Be Available on Acceptable Terms.***

We may require more capital in the future to:

- fund our operations;
- finance investments in equipment and infrastructure needed to maintain and expand our distribution capabilities;
- enhance and expand the range of products we offer; and
- respond to potential strategic opportunities, such as investments, acquisitions and international expansion.

We can give no assurance that additional financing will be available on terms favorable to us, or at all. The terms of available financing may place limits on our financial and operating flexibility. If adequate funds are not available on acceptable terms, we may be forced to reduce our operations or delay, limit or abandon expansion opportunities. Moreover, even if we are able to continue our operations, the failure to obtain additional financing could reduce our competitiveness.

***Hurricanes or Other Adverse Weather Events or Natural Disasters Could Negatively Affect Our Local Economies or Disrupt Our Operations, Which Could Have an Adverse Effect on Our Business or Results of Operations.***

Certain areas in which we operate are susceptible to hurricanes and other adverse weather conditions or natural disasters, such as earthquakes. Such events can disrupt our operations, result in damage to our properties and negatively affect the local economies in which we operate. Additionally, we may experience communication disruptions with our customers, vendors and employees. These events can cause physical damage to our branches and require us to close branches in order to secure our employees. Additionally, our sales order backlog and shipments can experience a temporary decline immediately following such events.

We cannot predict whether or to what extent damage caused by such events will affect our operations or the economies in regions where we operate. These adverse events could result in disruption of our purchasing and/or distribution capabilities, interruption of our business that exceeds our insurance coverage, our inability to collect from customers and increased operating costs. Our business or results of operations may be adversely affected by these and other negative effects of such events.

***We Have a Substantial Amount of Goodwill and Other Intangibles Recorded on Our Balance Sheet, Partly Because of Our Recent Acquisitions and Business Combination Transactions. The Amortization of Acquired Assets Will Reduce Our Future Reported Earnings and, Furthermore, If Our Goodwill or Other Intangible Assets Become Impaired, We May Be Required to Recognize Charges that Would Reduce Our Income.***

As of December 31, 2010, we had \$1.4 billion of goodwill and other intangibles recorded on our balance sheet. A substantial portion of these intangible assets result from our use of purchase accounting in connection with the acquisitions we have made over the past several years. In accordance with the purchase accounting method, the excess of the cost of an acquisition over the fair value of identifiable tangible and intangible assets is assigned to goodwill. The amortization expense associated with our identifiable intangible assets will have a negative effect on our future reported earnings. Many other companies, including many of our competitors, will not have the significant acquired intangible assets that we have because they have not participated in recent acquisitions and business combination transactions similar to ours. Thus, their reported earnings will not be as negatively affected by the amortization of identifiable intangible assets as our reported earnings will be.

Additionally, under U.S. generally accepted accounting principles, goodwill and certain other intangible assets are not amortized, but must be reviewed for possible impairment annually, or more often in certain circumstances where events indicate that the asset values are not recoverable. Such reviews could result in an earnings charge for the impairment of goodwill, which would reduce our net income even though there would be no impact on our underlying cash flow. For example, we recorded a non-cash impairment charge in the amount of \$310 million during the year ended December 31, 2009. This charge was based on the results of our annual goodwill impairment test which indicated that the book value of our equity exceeded fair value by this amount.

***We face Risks Associated with Conducting Business in Markets Outside of North America.***

We currently conduct substantial business in countries outside of North America, principally as a result of our recent acquisition of Transmark. In addition, we are evaluating the possibility of establishing distribution networks in certain other foreign countries, particularly in Europe, Asia, the Middle East and South America. Our business, results of operations and financial condition could be materially and adversely affected by economic, legal, political and regulatory developments in the countries in which we do business in the future or in which we expand our business, particularly those countries which have historically experienced a high degree of political and/or economic instability. Examples of risks inherent in such non-North American activities include changes in the political and economic conditions in the countries in which we operate, including civil uprisings and terrorist acts, unexpected changes in regulatory requirements, changes in tariffs, the adoption of foreign or domestic laws limiting exports to certain foreign countries, fluctuations in currency exchange rates and the value of the U.S. dollar, restrictions on repatriation of earnings, expropriation of property without fair compensation, governmental actions that result in the deprivation of contract or proprietary rights, the acceptance of business practices which are not consistent with or antithetical to prevailing business practices we are accustomed to in North America including export compliance and anti-bribery practices, and governmental sanctions. If we begin doing business in a foreign country in which we do not presently operate, we may also face difficulties in operations and diversion of management time in connection with establishing our business there.

***We May be Unable to Comply with United States and International Laws and Regulations Required to do Business in Foreign Countries.***

Doing business on a worldwide basis requires us to comply with the laws and regulations of the U.S. government and various international jurisdictions. These regulations place restrictions on our operations, trade practices, partners and investment decisions. In particular, our international operations are subject to U.S. and

foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act (“FCPA”), and economic sanction programs, including those administered by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”). As a result of doing business in foreign countries, we are exposed to a heightened risk of violating anti-corruption laws and sanctions regulations.

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage. It also requires us to keep books and records that accurately and fairly reflect the Company’s transactions. As part of our business, we may deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, the United Kingdom Bribery Act (the “Bribery Act”) has been enacted, although the date of implementation has not yet been determined. The provisions of the Bribery Act extend beyond bribery of foreign public officials and are more onerous than the FCPA in a number of other respects, including jurisdiction, non-exemption of facilitation payments and penalties. Some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. Our continued expansion outside the U.S., including in developing countries, and our development of new partnerships and joint venture relationships worldwide, could increase the risk of FCPA, OFAC or Bribery Act violations in the future.

Economic sanctions programs restrict our business dealings with certain sanctioned countries. In addition, because we act as a distributor, we face the risk that our customers might further distribute our products to an ultimate end-user in a sanctioned country, which might subject us to an investigation concerning compliance with the OFAC or other sanctions regulations.

Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. We have established policies and procedures designed to assist our compliance with applicable U.S. and international laws and regulations, including the forthcoming Bribery Act, and have trained our employees to comply with such laws and regulations. However, there can be no assurance that all of our employees, consultants, agents or partners will not take actions in violation of our policies and these laws, and that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage. In particular, we may be held liable for the actions taken by our local, strategic or joint venture partners outside of the United States, even though our partners are not subject to the FCPA. Such a violation, even if prohibited by our policies, could have a material adverse effect on our reputation, business, financial condition and results of operations. In addition, various state and municipal governments, universities and other investors maintain prohibitions or restrictions on investments in companies that do business with sanctioned countries, which could adversely affect the market for the notes or our other securities.

***The Requirements of Being a Publicly Reporting Company in Connection with the Exchange Offer, Including Compliance with the Reporting Requirements of the Exchange Act and Certain of the Requirements of the Sarbanes-Oxley Act, may Strain Our Resources, Increase Our Costs and Distract Management, and We May Be Unable to Comply with These Requirements in a Timely or Cost-Effective Manner.***

As a publicly reporting company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, and certain requirements imposed by the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, after consummation of this offering. These requirements may place a strain on our management, systems and resources. The Exchange Act will require that we file annual, quarterly and current reports with respect to our business and financial condition within specified time periods. The Sarbanes-Oxley Act will require that we maintain effective disclosure controls and procedures and internal control over financial reporting and will require management to report on the effectiveness of those controls. Due to our limited operating history, our disclosure controls and procedures and internal controls may not meet all of the standards applicable to companies subject to the Sarbanes-Oxley Act. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. We cannot be assured that the oversight methods will be effective. Management’s attention may be diverted from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations.

We also expect that it could be difficult and will be significantly more expensive to obtain directors' and officers' liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

***We Will Be Exposed to Risks Relating to Evaluations of Controls Required by Section 404 of the Sarbanes-Oxley Act After Consummation of the Exchange Offer Related to the Notes.***

Following consummation of this offering, we will be required to evaluate our internal controls systems in order to allow management to report on, and our independent auditors to audit, our internal control over financial reporting. We will be required to perform the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and will be required to comply with Section 404 beginning with our second annual report which we file after consummation of this offering (subject to any change in applicable SEC rules). Furthermore, upon completion of this process, we may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board ("PCAOB") rules and regulations that remain unremediated. As a publicly reporting company, we will be required to report, among other things, control deficiencies that constitute a "material weakness" or changes in internal controls that, or that are reasonably likely to, materially affect internal control over financial reporting. A "material weakness" is a significant deficiency or combination of significant deficiencies in internal control over financial reporting that results in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Following this offering, if we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory authorities such as the SEC or the PCAOB. If we do not implement improvements to our disclosure controls and procedures or to our internal controls in a timely manner, our independent registered public accounting firm may not be able to certify as to the effectiveness of our internal control over financial reporting pursuant to an audit of our internal control over financial reporting. This may subject us to adverse regulatory consequences or a loss of confidence in the reliability of our financial statements. We could also suffer a loss of confidence in the reliability of our financial statements if our independent registered public accounting firm reports a material weakness in our internal controls, if we do not develop and maintain effective controls and procedures or if we are otherwise unable to deliver timely and reliable financial information. Any loss of confidence in the reliability of our financial statements or other negative reaction to our failure to develop timely or adequate disclosure controls and procedures or internal controls could affect our access to the capital markets. In addition, if we fail to remedy any material weakness, our financial statements may be inaccurate and we may face restricted access to the capital markets.

***The Securities and Exchange Commission Moving Forward to a Single Set of International Accounting Standards Could Materially Impact Our Results of Operations.***

The SEC continues to move forward with a convergence to a single set of international accounting standards (such as International Financial Reporting Standards ("IFRS")) and associated changes in regulatory accounting may negatively impact the way we record revenues, expenses, assets and liabilities. Currently, under IFRS, the LIFO method of valuing inventory is not permitted. If we had ceased valuing our inventory under the LIFO method at December 31, 2010, we would have been required to make tax payments approximating \$122 million over the subsequent four years.

***The Financial Statements Presented in this Prospectus May Not Provide an Accurate Indication of What Our Future Results of Operations Are Likely to Be.***

Given our recent history of consummating numerous acquisitions, our financial statements may not represent an accurate picture of what our future performance will be. We acquired the remaining 15% majority voting interest in McJunkin Appalachian in January 2007, we acquired Midway-Tristate Corporation in April 2007, we entered into a business combination with Red Man in October 2007 (effectively doubling our size) (the “Red Man Transaction”), we acquired the remaining approximately 49% noncontrolling interest in Midfield in July 2008, we acquired LaBarge in October 2008 and we acquired Transmark in October 2009. Our limited combined operating history may make it difficult to forecast our future operating results and financial condition. In particular, because of the significance of the Red Man Transaction, the financial statements for periods prior to that transaction are not comparable with those after the transaction.

## RATIO OF EARNINGS TO FIXED CHARGES

The following table presents our ratio of earnings to fixed charges for the period indicated. For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes and change in accounting principle, net of taxes, plus fixed charges, exclusive of capitalized interest. Fixed charges consist of interest expense, capitalized interest and a portion of operating rental expense that management believes is representative of the interest component of rental expense.

	Predecessor		Successor			
	Year Ended December 31, 2006	One Month Ended January 30, 2007	Eleven Months Ended December 31, 2007	Year Ended December 31,		
				2008	2009*	2010*
Ratio of earnings to fixed charges	38.2x	107.7x	2.3x	5.8x	—	—

\* Earnings were insufficient to cover fixed charges by \$279 million and \$75 million for the years ended December 31, 2009 and 2010, respectively.

## USE OF PROCEEDS

This exchange offer is intended to satisfy certain of our obligations under the exchange and registration rights agreements entered into in connection with the issuance of the outstanding notes. We will not receive any cash proceeds from the issuance of the exchange notes and have agreed to pay the expenses of the exchange offer. In consideration for issuing the exchange notes, we will receive in exchange outstanding notes in like principal amount. The outstanding notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our outstanding indebtedness or any change in our capitalization.

## CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2010. This table should be read in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus and “Use of Proceeds.”

	As of December 31, 2010 <u>Actual</u> (Dollars in millions)
Cash and cash equivalents	\$ 56
Total Debt (including current portion):	
Revolving credit facility(1)	\$ 286
Midfield revolving credit facility(2)	2
Midfield term loan facility	14
Transmark revolving credit facility(3)	23
Transmark factoring facility	7
Outstanding notes	1,028
Total debt	<u>1,360</u>
Total equity	<u>738</u>
Total capitalization	<u>\$ 2,098</u>

(1) As of December 31, 2010, we had availability of \$360 million under our revolving credit facility.

(2) As of December 31, 2010, we had availability of \$69 million under the Midfield revolving credit facility.

(3) As of December 31, 2010, there was \$46 million of availability under the revolving portion of Transmark’s primary credit facility.



## SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

On January 31, 2007, McJunkin Red Man Holding Corporation, an affiliate of The Goldman Sachs Group, Inc., acquired a majority of the equity of the entity now known as McJunkin Red Man Corporation (then known as McJunkin Corporation) (the “GS Acquisition”). In this prospectus, the term “Predecessor” refers to McJunkin Corporation and its subsidiaries prior to January 31, 2007 and the term “Successor” refers to the entity now known as McJunkin Red Man Corporation and its subsidiaries on and after January 31, 2007. As a result of the change in McJunkin Corporation’s basis of accounting in connection with the GS Acquisition, Predecessor’s financial statement data for the one month ended January 30, 2007 and earlier periods is not comparable to Successor’s financial data for the eleven months ended December 31, 2007 and subsequent periods.

McJunkin Red Man Corporation acquired Transmark on October 30, 2009. Operating results for the year ended December 31, 2009 include the results of McJunkin Red Man Corporation for the full period and the results of Transmark for the two months after the business combination on October 30, 2009.

McJunkin Corporation completed a business combination transaction with Red Man Pipe & Supply Co. (“Red Man”, which has since been merged with and into McJunkin Red Man Corporation) on October 31, 2007. At that time McJunkin Corporation was renamed McJunkin Red Man Corporation. Operating results for the eleven-month period ended December 31, 2007 include the results of McJunkin Red Man Corporation for the full period and the results of Red Man for the two months after the business combination on October 31, 2007. Accordingly, McJunkin Red Man Corporation’s results for the 11 months ended December 31, 2007 are not comparable to McJunkin’s results for the years ended December 31, 2006 and 2005.

The selected consolidated financial information presented below under the captions Statement of Income Data and Other Financial Data for the years ended December 31, 2010, 2009 and 2008, and the selected consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2010 and December 31, 2009, have been derived from the consolidated financial statements of McJunkin Red Man Holding Corporation included elsewhere in this prospectus that have been audited by Ernst & Young LLP, independent registered public accounting firm. The selected consolidated financial information presented below under the captions Statement of Income Data and Other Financial Data for one month ended January 30, 2007 and the eleven months ended December 31, 2007, and the selected consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2008, December 31, 2007 and January 30, 2007 have been derived from the consolidated financial statements of McJunkin Red Man Holding Corporation not included in this prospectus that have been audited by Ernst & Young LLP, independent registered public accounting firm. The selected consolidated financial information presented below under the captions Statement of Income Data and Other Financial Data for the year ended December 31, 2006, and the selected consolidated financial information presented below under the caption Balance Sheet Data as of December 31, 2006, has been derived from the consolidated financial statements of our predecessor McJunkin Corporation, not included in this prospectus, that have been audited by Schneider Downs & Co., Inc., independent registered public accounting firm.

	Predecessor		Successor			
	Year Ended December 31, 2006	One Month Ended January 30, 2007	Eleven Months Ended December 31, 2007	Year Ended December 31,		
				2008	2009	2010
				(In millions, except per share information)		
Statement of Income Data:						
Sales	\$ 1,713.7	\$ 142.5	\$ 2,124.9	\$5,255.2	\$ 3,661.9	\$3,845.5
Cost of sales(1)	1,394.3	114.6	1,734.6	4,217.4	3,006.3	3,256.6
Inventory write-down	—	—	—	—	46.5	0.4
Selling, general and administrative expenses	189.5	15.9	218.5	482.1	408.6	447.7
Depreciation and amortization	3.9	0.3	5.4	11.3	14.5	16.6
Amortization of intangibles	0.3	—	21.9	44.4	46.6	53.9
Goodwill impairment charge	—	—	—	—	309.9	—
Total operating expenses	193.7	16.2	245.8	537.8	779.6	518.2
Operating income (loss)	125.7	11.7	144.5	500.0	(170.5)	70.3
Other (expense) income						
Interest expense	(2.8)	(0.1)	(61.7)	(84.5)	(116.5)	(139.6)
Net gain on early extinguishment of debt	—	—	—	—	1.3	—
Change in fair value of derivative instruments	—	—	—	(6.2)	8.9	(4.9)
Other, net	(5.0)	(0.4)	(0.8)	(2.6)	(1.8)	(1.0)
Total other (expense) income	(7.8)	(0.5)	(62.5)	(93.3)	(108.1)	(145.5)
Income (loss) before income taxes	117.9	11.2	82.0	406.7	(278.6)	(75.2)
Income taxes	48.3	4.6	32.1	153.2	13.1	(23.4)
Net income (loss)	\$ 69.6	\$ 6.6	\$ 49.9	\$ 253.5	\$ (291.7)	\$ (51.8)
Earnings (loss) per share:						
Basic	—	—	\$ 0.72	\$ 1.63	\$ (1.84)	\$ (0.31)
Diluted	—	—	\$ 0.72	\$ 1.63	\$ (1.84)	\$ (0.31)
Dividends per common share	—	—	\$ —	\$ 3.05	\$ 0.02	\$ —
Earnings per share:						
Basic and diluted, Class A	\$ 3,972.08	\$ 376.70	—	—	—	—
Basic and diluted, Class B	\$ 4,012.28	\$ 376.70	—	—	—	—
Dividends per common share:						
Class A	\$ 40.00	\$ —	—	—	—	—
Class B	\$ 80.00	\$ —	—	—	—	—
Balance Sheet Data:						
Cash and cash equivalents	\$ 3.7	\$ 2.0	\$ 10.1	\$ 12.1	\$ 56.2	\$ 56.2
Working capital(2)	212.3	211.1	674.1	1,208.0	930.2	842.6
Total assets	481.0	474.2	3,083.8	3,919.7	3,159.4	3,067.4
Total debt(3)	13.0	4.8	868.4	1,748.6	1,452.6	1,360.2
Stockholders' equity	258.2	245.2	1,262.7	987.2	792.0	737.9
Other Financial Data:						
Adjusted EBITDA(4)	\$ 129.5	\$ 26.0	\$ 334.6	\$ 618.2	\$ 334.1	\$ 149.6
Net cash provided by (used in) operations	18.4	6.6	110.2	(137.4)	505.5	112.5
Net cash (used in) investing activities	(3.3)	(0.2)	(1,788.9)	(314.2)	(66.9)	(16.2)
Net cash (used in) provided by financing activities	(17.2)	(8.3)	1,687.2	452.0	(393.9)	(97.9)

- (1) Cost of sales is exclusive of depreciation and amortization, which is shown separately.
- (2) Working capital is defined as current assets less current liabilities.
- (3) Includes current portion.
- (4) The following table reconciles Adjusted EBITDA with our net income (loss), as derived from our financial statements (in millions):

	Predecessor		Successor			
	Year Ended December 31, 2006	One Month Ended January 30, 2007	Eleven Months Ended December 31, 2007	Year Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2010
Net income (loss)	\$ 69.6	\$ 6.6	\$ 49.9	\$ 253.5	\$ (291.7)	\$ (51.8)
Income taxes	48.3	4.6	32.1	153.2	13.1	(23.4)
Interest expense	2.8	0.1	61.7	84.5	116.5	139.6
Depreciation and amortization	3.9	0.3	5.4	11.3	14.5	16.6
Amortization of intangibles	0.3	—	21.9	44.4	46.6	53.9
Goodwill impairment charge	—	—	—	—	309.9	—
Gain on early extinguishment of debt	—	—	—	—	(1.3)	—
Change in fair value of derivative instruments	—	—	—	6.2	(8.9)	4.9
Inventory write-down	—	—	—	—	46.5	0.4
Red Man Pipe & Supply Co. pre-acquisition contribution	—	13.1	142.2	—	—	—
Midway-Tristate pre-acquisition contribution	—	1.0	2.8	—	—	—
Transmark Fcx pre-acquisition contribution	—	—	—	—	38.5	—
Other non-recurring and non-cash expenses(a)	4.6	0.3	18.6	65.1	50.4	9.4
Adjusted EBITDA	<u>\$ 129.5</u>	<u>\$ 26.0</u>	<u>\$ 334.6</u>	<u>\$ 618.2</u>	<u>\$ 334.1</u>	<u>\$ 149.6</u>

- (a) Other includes transaction-related expenses, equity based compensation and other items added back to net income pursuant to our debt agreements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our financial statements and related notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including, but not limited to, those set forth under "Risk Factors" and elsewhere in this prospectus. All references throughout this section (and elsewhere in this report) to amounts available for borrowing under various credit facilities refer to amounts actually available for borrowing after giving effect to any borrowing base limitations imposed by the facility.*

### Overview

We are the largest global distributor of pipe, valves and fittings ("PVF") and related products and services to the energy industry based on sales and hold the leading position in our industry across each of the upstream (exploration, production and extraction of underground oil and natural gas), midstream (gathering and transmission of oil and natural gas, natural gas utilities and the storage and distribution of oil and natural gas) and downstream (crude oil refining, petrochemical processing and general industrials) end markets. We currently operate approximately 220 branches, including over 180 branches located in the most active oil and natural gas regions in North America and over 30 branches throughout Europe, Asia and Australasia. In North America, we operate six major distribution centers, five in the United States and one in western Canada. Internationally, we operate distribution centers in several locations throughout Europe, Asia and Australasia. We also serve our customers through more than ten valve actuation and other service locations and more than 190 pipe yards. We offer a wide array of PVF and oilfield supplies encompassing a complete line of products, from our global network of suppliers, to our more than 10,000 active customers. We are diversified, both by geography and end market. We seek to provide best-in-class service to our customers by satisfying the most complex, multi-site needs of many of the largest companies in the energy and industrial sectors as their primary PVF supplier. We believe the critical role we play in our customers' supply chain, together with our extensive product offering, broad global presence, customer-linked scalable information systems and efficient distribution capabilities, serve to solidify our long-standing customer relationships and drive our growth. As a result, we have an average relationship of over 20 years with our top ten customers and our sales in 2010 were nearly twice that of our nearest competitor.

We have benefited historically from several growth trends within the energy industry, including high levels of expansion and maintenance expenditures by our customers. Although these trends have been offset in the last two years due to adverse economic conditions, we believe that longer-term growth in PVF spending within the energy industry will continue. The long-term growth in spending has been driven by several factors, including underinvestment in North American energy infrastructure, production and capacity constraints and market expectations of future improvements in the oil, natural gas, refined products and petrochemical markets. In addition, the products we distribute are often used in extreme operating environments, leading to the need for a regular replacement cycle. As a result, approximately two-thirds of our sales in 2010 were attributable to multi-year maintenance, repair and operations ("MRO") contracts. We consider MRO contracts to be normal, repetitive business that deals primarily with the regular maintenance, repair or operational work to existing energy infrastructure. Project activities including facility expansions or new construction projects are more commonly associated with a customer's capital expenditures budget and can be sensitive to global oil and natural gas prices and general economic conditions. We mitigate our exposure to price volatility by limiting the length of any price-protected contracts. As pricing rebounds, we believe that we will have the ability to pass price increases on to the marketplace.

### Key Drivers of Our Business

Our revenues are predominantly derived from the sale of PVF and other oilfield service supplies to the energy industry in North America, Europe, Asia and Australasia. Our business is therefore dependent upon both the current conditions and future prospects in the energy industry and, in particular, maintenance and expansionary operating, capital and other expenditures by our customers in the upstream, midstream and downstream end markets of the industry. Long-term growth in spending has been, and we believe will continue to be, driven by several factors,

including underinvestment in global energy infrastructure, production and capacity constraints, and anticipated strength in the oil, natural gas, refined products and petrochemical markets. Though oil and natural gas prices are currently below the record levels set in 2008, oil and, to a lesser extent, natural gas prices, have remained elevated relative to their historical levels and we believe will continue to drive capital and other expenditures by our customers. The outlook for future oil, natural gas, refined products and petrochemical spending for PVF is influenced by numerous factors, including the following:

- *Oil and Natural Gas Commodity Prices.* Sales of PVF and related products to the oil and natural gas industry constitute a significant portion of our sales. As a result, we depend upon the oil and natural gas industry and its ability and willingness to make capital and other expenditures to explore for, produce and process oil and natural gas and refined products. Oil and natural gas prices, both current and projected, impact other drivers of our business, including rig counts, drilling and completion spending, additions and maintenance to pipeline mileage and refinery utilization.
- *Steel Prices, Availability and Supply and Demand.* Fluctuations in steel prices can lead to volatility in the pricing of the products we distribute, especially carbon steel tubular products, which can influence the buying patterns of our customers. A majority of the products we distribute contain various types of steel, and the worldwide supply and demand for these products, or other steel products that we do not supply, impacts the pricing and availability of our products and, ultimately, our sales and operating profitability.
- *Economic Conditions.* The demand for the products we distribute is dependent on the general economy, the energy and industrials sectors and other factors. Changes in the general economy or in the energy and industrials sectors (domestically or internationally) can cause demand for the products we distribute to materially change. For instance, the recent economic downturn decreased demand for the products we distribute, resulting in lower sales volumes, and a prolonged economic downturn could have a material impact on our business.
- *Customer, Manufacturer and Distributor Inventory Levels of PVF and Related Products.* Customer, manufacturer and distributor inventory levels of PVF and related products can change significantly from period to period. Increases in our customers' inventory levels can have an adverse effect on the demand for the products we distribute when customers draw from inventory rather than purchase new products. Reduced demand, in turn, would likely result in reduced sales volume and overall profitability. Increased inventory levels by manufacturers or other distributors can cause an oversupply of PVF and related products in our markets and reduce the prices that we are able to charge for the products we distribute. Reduced prices, in turn, would likely reduce our profitability. Conversely, decreased customer and manufacturer inventory levels may ultimately lead to increased demand for our products and would likely result in increased sales volumes and overall profitability.

## Outlook

During 2010, the industry has seen oil prices stabilize, while natural gas prices have weakened. U.S. drilling activity has increased, primarily in the shale basin regions, and oil drilling now represents over 40% of the total rig count, its highest level since 1988. In the United States, we have seen the activity increase across the major shale regions, such as the Marcellus, Eagle Ford and Bakken, and have shipped approximately 23% more tons of energy carbon steel tubular products during 2010 as compared to 2009. Major capital projects in the downstream market continue to be delayed and our major customers are working from relatively conservative budgets, so we anticipate that there will be a time lag before we see a significant increase in our downstream activity.

Our upstream end market performance increased slightly in 2010 as compared to 2009, with an increase in drilling activities in the major shale regions, in particular the Eagle Ford and Bakken shale regions. In the U.S., the average total rig count was up 42% in 2010 as compared to 2009. However, lower natural gas prices have begun to impact certain shale regions, such as Haynesville and Barnett, and rig counts in those areas have begun to decline. In the Gulf of Mexico, the United States government initiated a moratorium on deepwater drilling, which applied to any deepwater floating facilities with drilling activities, which was scheduled to last through November 2010. The moratorium on deepwater drilling was lifted in October 2010, but there remains uncertainty on the timing of approval for permits under the new rules and we do not anticipate a recovery in deepwater drilling until the third to

fourth quarter of 2011. In Canada, the average total rig count was up 59% in 2010 as compared to 2009, although lower natural gas prices are starting to impact the rig count in Canada as well. We have seen an increase in maintenance, repair and operations (“MRO”), particularly in the Canadian heavy oil, and tar sands regions, which has mitigated the downturn in project oriented work elsewhere in Canada.

With natural gas prices weakening and oil drilling increasing, we have strengthened our position within the large oil and natural gas liquids regions in North America. During 2010, we acquired The South Texas Supply Company, Inc. (“South Texas Supply”) and operations and assets from Dresser Oil Tools, Inc. (“Dresser”) as part of our strategic focus to increase our presence and commitment to our customers in the active shale regions across North America. South Texas Supply is located in a high activity area of the emerging Eagle Ford shale development and the Dresser assets are located in the Bakken shale development. Both of these formations have heavy concentrations of oil and natural gas liquids and are seeing significant increases in drilling activity. In addition to these acquisitions, we recently have opened new facilities in Horseheads, New York, supporting the activity in the northern Marcellus Shale and in Shreveport, Louisiana and Center, Texas, supporting the activity in the Haynesville Shale.

Our midstream end market performance was relatively stable in 2010 compared to 2009. Our revenues from our natural gas utilities customers were impacted by the colder than average winter weather in early 2010, along with a decrease in pipe pricing for carbon steel and polyethylene pipe. Looking into 2011, we expect the natural gas utility companies to increase their focus on their pipeline integrity. Our sequential gathering and transmission pipeline revenues were up during 2010, as a result of the increase in drilling activity, primarily in the shale basins, and the need for additional pipeline infrastructure.

Our downstream and other industrials end market performance is beginning to experience a slow recovery. Refineries are recognizing slightly improved margins on gasoline and distillates, which normally drive consistent maintenance programs from the MRO portion of this market. The downstream market participants still appear to be very cautious in adding additional major capital spending in refining, based on the current oversupply of capacity in the United States markets. Our maintenance and small capital projects activity to the chemical and general industrials end markets has increased in 2010 and continues to improve along with the general economy. We have seen a slowing of downstream capital and operating expenditures in Europe during the last half of 2010, which has impacted both MRO and small project work. Australasian activity remains steady and significant capital outlays have been announced for the liquefied natural gas (“LNG”) green field development in this area.

We witnessed global steel price increases throughout much of 2010, and steel prices for the products that we sell continue a generally upward trend, as a result of relatively greater demand, as evidenced by generally stronger drilling and completion activities, industrial activity, and higher raw material commodity prices. Finally, the flooding in Australia has disrupted the supply of coking coal, iron ore and nickel, and this and other factors have led to further increases in steel’s raw material prices.

## Results of Operations

Our operating results by segment are as follows (in millions). The results for the year ended December 31, 2009 include the results of MRC Transmark (which comprises a majority of our International segment) for the two months after the business combination on October 30, 2009.

	Year Ended		
	December 31, 2010	December 31, 2009	December 31, 2008
<i>Sales:</i>			
North America	\$ 3,589.9	\$ 3,610.1	\$ 5,255.2
International	255.6	51.8	—
Consolidated	<u>\$ 3,845.5</u>	<u>\$ 3,661.9</u>	<u>\$ 5,255.2</u>
<i>Operating Income (Loss):</i>			
North America	\$ 59.9	\$ (174.3)	\$ 500.0
International	10.4	3.8	—
Consolidated	<u>\$ 70.3</u>	<u>\$ (170.5)</u>	<u>\$ 500.0</u>

The following table shows key industry indicators for the years ended December 31, 2010, 2009 and 2008:

	Year Ended		
	December 31, 2010	December 31, 2009	December 31, 2008
<i>Average Total Rig Count(1):</i>			
United States	1,546	1,089	1,879
Canada	351	221	381
Total North America	1,897	1,310	2,260
International	1,094	997	1,079
Total Worldwide	<u>2,991</u>	<u>2,307</u>	<u>3,339</u>
<i>Average Natural Gas Rig Count(1)</i>			
United States	943	801	1,491
Canada	148	120	220
Total North America	<u>1,091</u>	<u>921</u>	<u>1,711</u>
<i>Average Commodity Prices(2)</i>			
Natural gas (\$/Mcf)	\$ 4.16	\$ 3.66	\$ 7.98
WTI crude oil (per barrel)	\$ 79.39	\$ 61.95	\$ 99.67
Brent crude oil (per barrel)	\$ 79.50	\$ 61.74	\$ 96.94
<i>Well Permits(3)</i>			
United States	1,260	989	1,682

(1) Source — Baker Hughes ([www.bakerhughes.com](http://www.bakerhughes.com))

(2) Source — Department of Energy, Energy Information Administration ([www.eia.gov](http://www.eia.gov))

(3) Source — RigData

The breakdown of our sales by end market for the years ended December 31, 2010, 2009 and 2008 was as follows:

	Year Ended December 31,		
	2010	2009	2008
Upstream	45%	44%	45%
Midstream	23%	24%	22%
Downstream and other industrials	32%	32%	33%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

As a percentage of sales, our upstream activity increased slightly, approximating 45% of our sales during 2010, compared to 44% of our sales during 2009. North America natural gas rig counts, which account for approximately 58% of the total North America rig count activity, increased approximately 18% on a year-over-year basis. We saw an improvement of approximately 7% in our North America upstream sales from 2009 to 2010, due to an increase in our MRO activity, as well as higher OCTG volumes, although OCTG prices remained relatively stable in the second half of 2010. Internationally, our upstream activity decreased due to significant reductions in E&P spending in the North Sea.

As a percentage of sales, our midstream activity, including pipelines, well tie-ins and natural gas utilities, remained relatively consistent, to 23% of sales during 2010 from 24% of sales during 2009. Our gathering and transmission pipeline sales increased approximately 6% in 2010, primarily in the Haynesville and Marcellus shale plays. Our natural gas utilities MRO activity declined 11%, offsetting the increase in our gathering and transmission pipeline sales. Additionally, the proportion of our end market revenues shifted slightly to the upstream and downstream markets with the acquisition of Transmark in October 2009.

As a percentage of sales, our downstream and other industrials sales were relatively stable year-over-year at 32% of sales. Despite some recent improvement, U.S. refineries continue to be challenged by tight margins and overseas production capacity additions. Although U.S. refinery utilization improved in 2010 from a low point of 77% at the end of January to a high point of 91% at the end of July, utilization has declined to 88% at the end of December. In North America, customers continue to delay certain project work, as they seek to preserve capital and delay capital and other expenditures until 2011 or later. Our sales to the chemicals and the general industrials markets continued to improve in line with the general economy during 2010, increasing 24% year over-year. Our International segment, operated through MRC Transmark, has a greater focus on oil and a lesser focus on natural gas as compared to our North American segment. Our downstream activity in Europe declined, as we have seen slowdowns in capital expenditure projects in the refining sector of Europe, due to shrinking refining margins and capital investment constraints. In Asia and Australasia, activity has decreased due to reductions in our customers' capital spending programs.



### Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

For the years ended December 31, 2010 and 2009, the following table summarizes our results of operations (in millions):

	Year Ended December 31,			
	2010	2009	\$ Change	% Change
<i>Sales:</i>				
North America	\$3,589.9	\$ 3,610.1	\$ (20.2)	<1%
International	255.6	51.8	203.8	393%
Consolidated	<u>\$ 3,845.5</u>	<u>\$3,661.9</u>	<u>\$ 183.6</u>	<u>5%</u>
<i>Gross margin:</i>				
North America	\$ 501.5	\$ 592.7	\$ (91.2)	(15)%
International	87.0	16.4	70.6	430%
Consolidated	<u>\$ 588.5</u>	<u>\$ 609.1</u>	<u>\$ (20.6)</u>	<u>(3)%</u>
<i>Selling, general and administrative expenses:</i>				
North America	\$ 382.8	\$ 397.9	\$ (15.1)	(4)%
International	65.0	10.7	54.3	507%
Consolidated	<u>\$ 447.7</u>	<u>\$ 408.6</u>	<u>\$ 39.2</u>	<u>10%</u>
<i>Goodwill impairment charge:</i>				
North America	\$ —	\$ 309.9	\$ (309.9)	(100)%
International	—	—	—	—
Consolidated	<u>\$ —</u>	<u>\$ 309.9</u>	<u>\$ (309.9)</u>	<u>(100)%</u>
<i>Operating income (loss):</i>				
North America	\$ 59.9	\$ (174.3)	\$ 234.2	134%
International	10.4	3.8	6.6	174%
Consolidated	<u>\$ 70.3</u>	<u>(170.5)</u>	<u>\$ 240.8</u>	<u>141%</u>
Interest expense	(139.6)	(116.5)	23.1	20%
Other, net	(5.9)	8.4	(14.3)	(170)%
Income tax benefit (expense)	23.4	(13.1)	36.5	279%
Net (loss)	<u>\$ (51.8)</u>	<u>\$ (291.7)</u>	<u>\$ 239.9</u>	<u>82%</u>
Adjusted EBITDA	<u>\$ 149.6</u>	<u>\$ 334.1</u>	<u>\$ (184.5)</u>	<u>(55)%</u>

*Sales.* Our sales were \$3.85 billion for the year ended December 31, 2010, as compared to the \$3.66 billion for the year ended December 31, 2009, an increase of 5%.

Although our North American sales were down slightly year-over-year, we started to see signs of an improving economy beginning in the fourth quarter of 2009. The previous year's results included the carryover effect from high average capital and other expenditures during 2008, which was evident in our strong results through the first four months of 2009. As the economic environment in which we operate improved, including the year-over-year growth in rig counts and commodity prices, our sales have followed. The fourth quarter of 2010 represented our fifth consecutive quarter of revenue growth. During the year ended December 31, 2010, the U.S. Gross Domestic Product ("GDP") expanded by 2.9%, compared with a 2.6% contraction during the year ended December 31, 2009.

Internationally, our sales have weakened in 2010, due to reduced capital and other expenditures and project delays by our customers, especially in our downstream end market.

Sales of energy carbon steel tubular products accounted for approximately 38% and 40% of our total sales for the years ended December 31, 2010 and 2009. The change in sales of our energy carbon steel tubular products from 2009 to 2010 can be attributed to an approximate 22% increase in sales volumes, offset by an approximate 11% decrease in price. Substantially all of our energy carbon steel tubular products are sold in North America. Our valves, fittings, flanges and other products are not as susceptible to significant price fluctuations and pricing was largely consistent with 2009 levels.

We operate in many foreign countries and are subject to foreign currency rate fluctuations. Approximately 20% of our 2010 revenues were generated in domiciles outside of the United States, compared to 12% in 2009 (principally as a result of the acquisition of Transmark at the end of October 2009).

*Gross Margin.* Our gross margin was \$589 million (or 15.3% of sales) for the year ended December 31, 2010, as compared to \$609 million (or 16.6% of sales) for the year ended December 31, 2009.

Our North American gross margin decreased to 14.0% in 2010, from 16.4% in 2009. During the year ended December 31, 2010, we recognized \$75 million in increased cost of sales related to our use of the last in-first-out ("LIFO") method of accounting for inventory costs, compared to an \$116 million decrease in cost of sales for the year ended December 31, 2009. Also, during the year ended December 31, 2009, we recognized a \$46 million inventory write-down; there was no significant inventory write-down during the year ended December 31, 2010. In addition, we continue to work through higher cost inventory, from the carryover effect of 2008. Although a majority of the inventory was worked through in 2009, and to a lesser extent in 2010, some small amounts remain. These factors resulted in a reduction in our gross margins from 2009 to 2010.

Internationally, our margin remained strong, increasing to 34.0% of sales in 2010 from 31.7% of sales in 2009.

*Selling, General and Administrative ("SG&A") Expenses.* Our selling, general and administrative expenses were \$448 million (or 11.6% of sales) for the year ended December 31, 2010, as compared to \$409 million (or 11.2% of sales) for the year ended December 31, 2009. Our North American SG&A expenses as a percentage of sales decreased to 10.7% from 11.0%, as we implemented various cost savings initiatives, including reducing employee headcount by 2%, to right size our operations in light of the economic environment we faced. With our International business softening, we are currently evaluating similar cost savings initiatives for our International segment for 2011.

*Goodwill Impairment Charge.* During 2009, our earnings progressively decreased due to the reductions in our customers' expenditure programs caused by the global economic recession, reductions in oil and natural gas commodity prices and other factors. These reductions resulted in reduced demand for our products and lower sales prices/margins, which altered our view of our marketplace. Consequently, we revised certain long-term projections for our business, which in turn impacted its estimated fair value. As a result, we concluded that the carrying value of our North American reporting unit exceeded its fair value and recorded a non-cash goodwill impairment charge in the amount of \$310 million during the year ended December 31, 2009. There was no such goodwill impairment charge recorded during the year ended December 31, 2010.

*Operating Income (Loss).* Operating income was \$70 million for the year ended December 31, 2010, as compared to an operating loss of \$170 million for the year ended December 31, 2009, an improvement of \$240 million. The results of 2009 were impacted by the \$310 million non-cash goodwill impairment charge, as well as the \$46 million non-cash inventory write-down.

*Interest Expense.* Our interest expense was \$140 million for the year ended December 31, 2010, as compared to \$117 million for the year ended December 31, 2009. The increase was due to a higher weighted-average interest rate, including the impact of our interest rate swap agreements and various commitment fees, which increased to 8.5% during 2010 from 6.6% in 2009. The issuance of our 9.50% senior secured notes in December 2009 and February 2010 had the impact of increasing the interest rate that we pay on \$1.05 billion of debt by approximately 250 basis points. Also, in connection with the amendment to our principal revolving credit facility, the interest rate and commitment fees on such facility increased by approximately 200 basis points and 12.5 basis points, respectively.

*Other, net.* We use derivative instruments to help manage our exposure to interest rate risks and certain foreign currency risks. The change in the fair market value of our derivatives reduced earnings by \$5 million for the year ended December 31, 2010 and increased earnings by \$9 million for the year ended December 31, 2009.

*Income Tax Benefit (Expense).* Our income tax benefit was \$23 million for the year ended December 31, 2010, as compared to income tax expense of \$13 million for the year ended December 31, 2009. Our effective tax rates were 31.1% for the year ended December 31, 2010 and (4.7)% for the year ended December 31, 2009. The 2010 rate differs from the federal statutory rate of 35% principally as a result of the impact of differing foreign income tax rates, which included the establishment of a valuation allowance related to certain foreign net operating loss carryforwards. The 2009 rate differs from the federal statutory rate primarily as a result of our nondeductible goodwill impairment charge.

*Net (Loss).* Our net loss was \$52 million for the year ended December 31, 2010 as compared to \$292 million for the year ended December 31, 2009, an improvement of \$240 million, primarily as a result of the \$310 million goodwill impairment charge recorded in 2009.

*Adjusted EBITDA.* Adjusted EBITDA (as calculated for purposes of the indenture governing the exchange notes) was \$150 million for the year ended December 31, 2010, as compared to \$334 million for the year ended December 31, 2009.

The following table reconciles Adjusted EBITDA with our net income (loss), as derived from our financial statements (in millions):

	Year Ended December 31,	
	2010	2009
Net (loss)	\$ (51.8)	\$(291.7)
Income tax (benefit) expense	(23.4)	13.1
Interest expense	139.6	116.5
Depreciation and amortization	16.6	14.5
Amortization of intangibles	53.9	46.6
Inventory write-down	0.4	46.5
Change in fair value of derivative instruments	4.9	(8.9)
Goodwill impairment charge	—	309.9
MRC Transmark pre-acquisition contribution	—	38.5
Gain on early extinguishment of debt	—	(1.3)
Other non-recurring and non-cash expenses(1)	9.4	50.4
Adjusted EBITDA(2)	<u>\$149.6</u>	<u>\$ 334.1</u>

- (1) Other non-recurring and non-cash expenses include transaction related expenses, equity based compensation and other items added back to net income pursuant to our debt agreements.
- (2) Adjusted EBITDA includes the impact of our LIFO costing methodology, which resulted in an increase in cost of sales of \$75 million in 2010 and a decrease in cost of sales of \$116 million in 2009.

**Year Ended December 31, 2009 Compared to the Year Ended December 31, 2008**

For the years ended December 31, 2009 and 2008, the following table summarizes our results of operations (in millions):

	Year Ended December 31,			
	2009	2008	\$ Change	% Change
<i>Sales:</i>				
North America	\$ 3,610.1	\$ 5,255.2	\$ (1,645.1)	(31)%
International	51.8	—	51.8	—
Consolidated	<u>\$3,661.9</u>	<u>\$5,255.2</u>	<u>\$ (1,593.3)</u>	<u>(30)%</u>
<i>Gross margin:</i>				
North America	\$ 592.7	\$ 1,037.8	\$ (445.1)	(43)%
International	16.4	—	16.4	—
Consolidated	<u>\$ 609.1</u>	<u>\$ 1,037.8</u>	<u>\$ (428.7)</u>	<u>(41)%</u>
<i>Selling, general and administrative expenses:</i>				
North America	\$ 397.9	\$ 482.1	\$ (84.2)	(17)%
International	10.7	—	10.7	—
Consolidated	<u>\$ 408.6</u>	<u>\$ 482.1</u>	<u>\$ (73.5)</u>	<u>(15)%</u>
<i>Goodwill impairment charge:</i>				
North America	\$ 309.9	\$ —	\$ 309.9	100%
International	—	—	—	—
Consolidated	<u>\$ 309.9</u>	<u>\$ —</u>	<u>\$ 309.9</u>	<u>100%</u>
<i>Operating income (loss):</i>				
North America	\$ (174.3)	\$ 500.0	\$ (674.3)	(135)%
International	3.8	—	3.8	—
Consolidated	<u>(170.5)</u>	<u>500.0</u>	<u>(670.5)</u>	<u>(134)%</u>
Interest expense	(116.5)	(84.5)	32.0	38%
Other, net	8.4	(8.7)	17.1	197%
Income tax benefit (expense)	<u>(13.1)</u>	<u>(153.3)</u>	<u>(140.2)</u>	<u>(91)%</u>
Net (loss)	<u>\$ (291.7)</u>	<u>\$ 253.5</u>	<u>\$ (545.2)</u>	<u>(215)%</u>
Adjusted EBITDA	<u>\$ 334.1</u>	<u>\$ 618.2</u>	<u>\$ (284.1)</u>	<u>(46)%</u>

*Sales.* Our sales were \$3.66 billion for the year ended December 31, 2009, as compared to \$5.26 billion for the year ended December 31, 2008.

Our North American sales decreased approximately \$1.6 billion (31%), primarily due to reduced operating expenses and capital and other expenditures by our customers. Although our strong 2008 results carried over into the first four months of 2009, our results suffered from the global economic slowdown. Both the average rig counts in North America and commodity prices substantially fell, as the U.S. Gross Domestic Product contracted by 2.6% in 2009, compared to being virtually flat for the 2008 year.

*Gross Margin.* Our gross margin was \$609 million (or 16.6% of sales) for the year ended December 31, 2009, as compared to \$1,038 million (or 19.8% of sales) for the year ended December 31, 2008.

Our North American gross margin decreased to 16.4% from 19.8%. During the year ended December 31, 2009, we recognized a \$116 million decrease in our cost of sales related to our use of the LIFO method of accounting for inventory costs, compared to an \$126 million increase in cost of sales for the year ended December 31, 2008.

We perform an internal analysis of our inventory on a quarterly basis, comparing the carrying value of our inventory to the estimated market value of the inventory. As a result of this analysis, we recognized a \$46 million inventory write-down; there was no such inventory write-down during the year ended December 31, 2008.

*Selling, General and Administrative ("SG&A") Expenses.* Our selling, general and administrative expenses were \$409 million (or 11% of sales) for the year ended December 31, 2009, as compared to \$482 million (or 9% of sales) for the year ended December 31, 2008. Our North American SG&A expenses decreased 17%, due to a decrease in personnel costs and an overall effort to reduce our expenses due to a reduction in our sales volumes. As part of our cost savings initiatives, we reduced our North American headcount by approximately 18%.

*Goodwill Impairment Charge.* During 2009, our earnings progressively decreased due to the reductions in our customers' expenditure programs caused by the global economic recession, reductions in oil and natural gas commodity prices and other factors. These reductions resulted in reduced demand for our products and lower sales prices/margins, which altered our view of our marketplace. Consequently, we revised certain long-term projections for our business, which in turn impacted its estimated fair value. As a result, we concluded that the carrying value of our North American reporting unit exceeded its fair value and recorded a non-cash goodwill impairment charge in the amount of \$310 million during the year ended December 31, 2009. There was no such goodwill impairment charge recorded during the year ended December 31, 2008.

*Operating (Loss) Income.* Including the impact of the \$310 million goodwill impairment charge, our operating loss was \$171 million for the year ended December 31, 2009, as compared to operating income of \$500 million for the year ended December 31, 2008.

*Interest Expense.* Our interest expense was \$117 million for the year ended December 31, 2009, as compared to \$85 million for the year ended December 31, 2008. The increase of \$32 million was due to an increase in the average debt balances during the year. The increase in the average debt balances was due to: (i) debt assumed in conjunction with the LaBarge acquisition (October 2008), (ii) debt incurred for working capital expansion during the first quarter of 2009, (iii) debt incurred for the May 2008 dividend recapitalization transaction, and (iv) debt assumed in conjunction with the Transmark acquisition (October 2009). Also, as a result of the 2009 de-designation and termination of our \$700 million interest rate swap agreement, we recorded \$12 million and \$16 million, respectively, to interest expense. Our weighted average interest rates increased slightly to 6.6% from 6.5%.

*Other, net.* We recorded a net gain on early extinguishment of debt of \$1 million for the year ended December 31, 2009. We purchased and retired \$10 million of junior term loan facility debt in March 2009, resulting in a gain on early extinguishment of debt of \$6 million (\$4 million, net of deferred income taxes). We purchased and retired \$25 million of junior term loan facility debt in April 2009, resulting in a gain of \$10 million (\$6 million, net of deferred income taxes). We used the proceeds from the sale of the notes issued in December 2009 to pay off our term loan facility and our junior term loan facility. In connection with these payoffs, we wrote off approximately \$14 million of unamortized debt issue costs that pertained to those facilities. We had no such extinguishments of debt during the year ended December 31, 2008.

We use derivative instruments to help manage our exposure to interest rate risks and certain foreign currency risks. The change in the fair market value of our derivatives increased our earnings by \$9 million for the year ended December 31, 2009 and reduced our earnings by \$6 million for the year ended December 31, 2008.

*Income Tax Benefit (Expense).* Our income tax expense was \$13 million for the year ended December 31, 2009, as compared to \$153 million for the year ended December 31, 2008. Our effective tax rates were (4.7%) and 37.7% for the years ended December 31, 2009 and 2008, respectively. These rates differ from the federal statutory rate of 35% principally as a result of our goodwill impairment charge and state income taxes. Partially offsetting these decreases was an increase in taxes attributable to our international operations. Excluding the impact of our goodwill impairment charge, our effective tax rate for the year ended December 31, 2009 would have been 41.9%.

**Net (Loss).** Our net loss was \$292 million for the year ended December 31, 2009 as compared to net income of \$253 million for the year ended December 31, 2008. Excluding the impact of MRC Transmark (\$4 million), net income decreased \$550 million as a result of the items noted above, including, in particular, the \$310 million goodwill impairment charge.

**Adjusted EBITDA.** Adjusted EBITDA (as calculated for purposes of the indenture governing the exchange notes) was \$334 million for the year ended December 31, 2009, as compared to \$618 million for the year ended December 31, 2008.

The following table reconciles Adjusted EBITDA with our net (loss) income, as derived from our financial statements (in millions):

	Year Ended December 31,	
	2009	2008
Net (loss) income	\$ (291.7)	\$ 253.5
Income tax benefit (expense)	13.1	153.2
Interest expense	116.5	84.5
Depreciation and amortization	14.5	11.3
Amortization of intangibles	46.6	44.4
Inventory write-down	46.5	—
Change in fair value of derivative instruments	(8.9)	6.2
Goodwill impairment charge	309.9	—
MRC Transmark pre-acquisition contribution	38.5	—
Gain on early extinguishment of debt	(1.3)	—
Other non-recurring and non-cash expenses(1)	50.4	65.1
Adjusted EBITDA(2)	<u>\$ 334.1</u>	<u>\$ 618.2</u>

- (1) Other non-recurring and non-cash expenses include transaction related expenses, equity based compensation and other items added back to net income pursuant to our debt agreements.
- (2) Adjusted EBITDA includes the impact of our LIFO costing methodology, which resulted in an decrease in cost of sales of \$116 million in 2009 and an increase in cost of sales of \$126 million in 2008.

## Financial Condition and Cash Flows

### Financial Condition

The following table sets forth selected balance sheet data for the periods indicated below (in millions):

	December 31, 2010	December 31, 2009
Inventory	\$ 765.4	\$ 871.7
Working capital	842.6	930.2
Long-term debt, including current portion	1,360.2	1,452.6

Starting in 2010, we have been emphasizing a shift in our sales to higher gross margin products. Typically, oil country tubular goods (within our energy carbon steel tubular product portfolio) has generated the lowest gross margin. In alignment with this shift in emphasis, we have been re-balancing our inventories. At the end of 2010, our energy carbon steel tubular products constituted approximately 45% of our inventory balance, down from 56% at the end of 2009. Conversely, our oilfield and natural gas distribution products, which typically generate a higher gross margin, comprised 55% of our inventory at the end of 2010, up from 44% at the end of 2009.

Our working capital decreased 9%, as reduction in inventories was offset by volume related increases in accounts receivable and accounts payable, resulting in a \$92 million reduction in long-term borrowings. We closely monitor our working capital position to ensure that we have the appropriate flexibility for our operations.

## Cash Flows

The following table sets forth our cash flows for the periods indicated below (in millions):

	Year Ended December 31,		
	2010	2009	2008
Net cash provided by (used in):			
Operating activities	\$ 112.5	\$ 505.5	\$ (137.4)
Investing activities	(16.2)	(66.9)	(314.2)
Financing activities	(97.9)	(393.9)	452.0
Net (decrease) increase in cash and cash equivalents	\$ (1.6)	\$ 44.7	\$ 0.4
Effect of foreign exchange rate on cash	\$ 1.7	\$ (0.6)	\$ 1.7

### *Operating Activities*

Net cash provided by operating activities decreased by \$393 million to \$113 million for the year ended December 31, 2010, primarily from operations. Net cash provided by operations increased \$643 million from 2008 to 2009, primarily from changes in our working capital, most notably inventory, as we implemented our Inventory Reduction Plan in response to changing market conditions. This provided \$367 million of cash in 2009 as compared to using \$462 million in 2008.

### *Investing Activities*

Net cash used in investing activities decreased by \$51 million to \$16 million for the year ended December 31, 2010. In each year, our net cash used primarily related to our acquisition activity. In 2010, \$12 million was used to acquire South Texas and Dresser. In 2009, \$56 million was used to acquire Transmark. In 2008, \$299 million was used for three transactions: (1) acquisition of LaBarge Pipe & Steel Company (\$152 million), (2) purchase of the remaining 49% interest in Midfield Supply ULC (\$132 million), and (3) carryover from the Red Man Pipe & Supply Co. acquisition (\$15 million).

Our capital expenditures, net, are typically approximately 0.3% of our sales for any given year.

### *Financing Activities*

Net cash provided by (used in) financing activities decreased by \$296 million to \$98 million for the year ended December 31, 2010. The decrease represents our discipline in managing our working capital and paying down our indebtedness. The decrease from 2008 to 2009 reflected our efforts to reduce our working capital, primarily inventories, the proceeds of which were used to reduce our outstanding debt balances. During 2009, we substantially reduced the balance of our indebtedness. Excluding the impact of the Transmark acquisition and costs associated with the notes, our debt is down from its peak in February 2009 to its low point in April 2010 by approximately \$580 million. As a result of this reduction, we reduced the balance of our revolving credit facilities by approximately \$343 million during 2009. Also, in conjunction with the various amendments to our credit facilities and the issuance of the notes, we paid \$27 million in debt issuance costs, which will be amortized over the life of the respective facility. During 2008, we increased the balance on our revolving credit facilities to support the growth of our business, both for acquisitions and for working capital. In 2008, we received proceeds of \$897 million, partially offset by our dividend recapitalization of \$475 million to our shareholders.

## Liquidity and Capital Resources

Our primary sources of liquidity consist of cash generated from our operating activities, existing cash balances and borrowings under our existing revolving credit facilities. Our ability to generate sufficient cash flows from our operating activities will continue to be primarily dependent on our sales of PVF and other products and services to our customers at margins sufficient to cover our fixed and variable expenses. As of December 31, 2010 and 2009, we had cash and cash equivalents of \$56 million. A substantial portion of our cash and cash equivalents is maintained in



the accounts of our various foreign subsidiaries and, if such amounts were transferred among countries or repatriated to the U.S., such amounts may be subject to additional tax liabilities.

Our credit facilities consist of a \$900 million revolving credit facility in the U.S., two credit facilities of our Canadian subsidiary and a credit facility of our international subsidiary. We maintain these facilities primarily to finance our working capital, as well as certain mergers and acquisitions. At December 31, 2010, we had \$475 million available under these credit facilities. As noted above, our ability to transfer funds among countries could be hampered by additional tax liabilities imposed as a result of these transfers. From time to time, we may consider opportunistic refinancing of our outstanding indebtedness based on market conditions and the needs of our business.

We also have \$1.05 billion of 9.50% senior secured notes due December 15, 2016 (the “notes”) outstanding. In December 2009, \$1.0 billion of notes were issued and the net proceeds of the offering of the notes were primarily used to pay all the outstanding borrowings under our \$575 million term loan facility (the “Term Loan Facility”) and our \$450 million junior term loan facility (the “Junior Term Loan Facility”). This financing transaction enabled us to gain more operating flexibility, in that several of our most restrictive covenants were eliminated. In February 2010, we issued an additional \$50.0 million of notes and applied the net proceeds to repay amounts outstanding under our Revolving Credit Facility.

Our credit ratings are below “investment grade” and as such could impact both our ability to raise new funds as well as the interest rates on our future borrowings. Our ability to incur additional debt is restricted by our existing obligations. We were in compliance with covenants under our various credit facilities at December 31, 2010.

We believe our sources of liquidity will be sufficient to satisfy the anticipated cash requirements associated with our existing operations for at least the next twelve months. However, our future cash requirements could be higher than we currently expect as a result of various factors. Additionally, our ability to generate sufficient cash from our operating activities depends on our future performance, which is subject to general economic, political, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flow from operations, and future borrowings may not be available to us under our credit facilities in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may seek to sell assets to fund our liquidity needs but may not be able to do so.

## Contractual Obligations, Commitments and Contingencies

### *Contractual Obligations*

The following table summarizes our minimum payment obligations as of December 31, 2010 relating to long-term debt, interest payments, capital leases, operating leases, purchase obligations and other long-term liabilities for the periods indicated (in millions):

	<u>Total</u>	<u>2011</u>	<u>2012 to 2013</u>	<u>2014 to 2015</u>	<u>After 2015</u>
Long-term debt	\$ 1,360.2	\$ —	\$ 332.3	\$ —	\$ 1,027.9
Interest payments(1)	625.4	110.8	219.5	199.5	95.6
Interest rate swap	12.0	9.5	2.5	—	—
Capital leases	8.6	1.2	2.4	1.8	3.2
Operating leases	90.9	27.6	38.7	19.0	5.6
Purchase obligations(2)	349.9	349.9	—	—	—
Other long-term liabilities	17.8	—	—	—	17.8
Total	<u>\$ 2,464.8</u>	<u>\$ 499.0</u>	<u>\$ 595.4</u>	<u>\$ 220.3</u>	<u>\$ 1,150.1</u>

(1) Interest payments are based on interest rates in effect at December 31, 2010 and assume contractual amortization payments.

(2) Purchase obligations reflect our commitments to purchase PVF products in the ordinary course of business. While our vendors often allow us to cancel these purchase orders without penalty, in certain cases cancellations may subject to cancellation fees or penalties, depending on the terms of the contract.



We historically have been an acquisitive company. We expect to fund future acquisitions primarily with cash flows from (i) borrowings, either the unused portion of our facilities or new debt issuances, (ii) cash provided by operations, and/or (iii) may also issue additional equity in connection with such acquisitions.

## **Description of Our Indebtedness**

### ***Revolving Credit Facility***

McJunkin Red Man Corporation is the borrower under a \$900 million Revolving Credit Facility. The description of the Revolving Credit Facility presented below gives effect to the amendment to the Revolving Credit Facility entered into in December 2009. See “Amendment” below.

*Letter of Credit and Swingline Sublimits.* The Revolving Credit Facility provides for the extension of both revolving loans and swingline loans and the issuance of letters of credit. The aggregate principal amount of revolving loans outstanding at any time under the Revolving Credit Facility may not exceed \$900 million, subject to adjustments based on changes in the borrowing base and less the sum of aggregate letters of credit outstanding and the aggregate principal amount of swingline loans outstanding, provided that the borrower may elect to increase the limit on the revolving loans outstanding as described in “Incremental Facilities” below. There is a \$60 million sub-limit on swingline loans and the total letters of credit outstanding at any time may not exceed \$60 million.

*Maturity.* The revolving loans have a maturity date of October 31, 2013 and the swingline loans have a maturity date of October 24, 2013. Any letters of credit outstanding under the Revolving Credit Facility will expire on October 24, 2013.

*Borrowing Base.* Availability under the \$900 million facility is subject to a borrowing base. The borrowing base under the Revolving Credit Facility at any time is equal to 85% of the sum of eligible accounts receivable and the net orderly liquidation value of eligible inventory of us and the guarantors of the facility, in each case subject to customary reserves and eligibility criteria. As of December 31, 2010, \$286 million of borrowings were outstanding and, due to limitations imposed by the borrowing base, \$360 million was available under the Revolving Credit Facility.

*Interest Rate and Fees.* The revolving loans bear interest at a rate per annum equal to, at the borrower’s option, either (i) the greater of the prime rate and the federal funds effective rate plus 0.50%, plus in either case (a) 2.00% if the borrower’s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00, (b) 1.75% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (c) 1.50% if such ratio is less than 2.00 to 1.00; or (ii) LIBOR plus (a) 3.00% if the borrower’s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00, (b) 2.75% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (c) 2.50% if such ratio is less than 2.00 to 1.00. Interest on swingline loans is calculated on the basis of the rate described in clause (i) of the preceding sentence. At December 31, 2010, our consolidated total debt to Consolidated EBITDA ratio was 8.8 to 1.0. The weighted average interest rate on the revolving loans outstanding at December 31, 2010 was 3.34%.

During the period from and including the effective date of the amendment (December 21, 2009) to but excluding the date that we delivered financial statements to the Revolving Credit Facility lenders for the fiscal quarter ending on March 31, 2010, the revolving loans bore interest at a rate per annum equal to, at our option, either the greater of the prime rate and the federal funds effective rate plus 2.50%, or LIBOR plus 3.00%, without regard to the ratio of our consolidated total debt to Consolidated EBITDA.

Additionally, the borrower is required to pay a commitment fee with respect to unutilized revolving credit commitments at a rate per annum equal to (i) 0.50% if the borrower’s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00 and (ii) 0.375% if such ratio is less than 2.75 to 1.00. The borrower is also required to pay fees on the stated amounts of outstanding letters of credit for the account of all revolving lenders at a per annum rate equal to (i) 2.875% if the borrower’s consolidated total debt to Consolidated EBITDA ratio is greater than or equal to 2.75 to 1.00, (ii) 2.625% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (iii) 2.375% if such ratio is less than 2.00 to 1.00. The borrower is required to pay a fronting fee for the account of the letter of credit issuer in respect of each letter of credit issued by it at a rate for each day equal to 0.125% per annum on the average daily stated amount of such letter of credit. The borrower is also

obligated to pay directly to the letter of credit issuer upon each issuance of, drawing under, and/or amendment of, a letter of credit issued by it such amount as the borrower and the letter of credit issuer agree upon for issuances of, drawings under or amendments of, letters of credit issued by the letter of credit issuer. At December 31, 2010, our consolidated total debt to Consolidated EBITDA ratio was 8.8 to 1.0.

*Prepayments.* The borrower may voluntarily prepay revolving loans and swingline loans in whole or in part at the borrower's option, in each case without premium or penalty. If at any time the aggregate amount of outstanding loans, unreimbursed letter of credit drawings and undrawn letters of credit under the Revolving Credit Facility exceeds the total revolving credit commitments and the borrowing base, the borrower will be required to repay outstanding loans or cash collateralize letters of credit in an aggregate amount equal to such excess, with no reduction of the commitment amount. If the amount available under the Revolving Credit Facility is less than 7% of total revolving credit commitments for any period of five consecutive business days, or an event of default pursuant to certain provisions of the Revolving Credit Facility has occurred, the borrower would be required to transfer funds from certain blocked accounts daily into a collection account under the exclusive control of the agent under the Revolving Credit Facility. While we will continue to draw down and repay the facility during the normal course of business, we currently have no plan to prepay the Revolving Credit Facility in full prior to its maturity date.

*Incremental Facilities.* Subject to certain terms and conditions, the borrower may request an increase in revolving loan commitments. The increase in revolving loan commitments may not exceed the sum of (i) \$150 million, plus (ii) only after the entire amount in the preceding clause (i) is drawn, an amount such that on a pro forma basis after giving effect to the new revolving credit commitments and certain other specified transactions, the secured leverage ratio will be no greater than 4.75 to 1.00. The borrower's ability to borrow under such incremental facilities, however, would still be limited by the borrowing base. Any lender that is offered to provide all or part of the new revolving loan commitments may elect or decline, in its sole discretion, to provide such new commitments. No lender is required to fund any of such amounts.

*Collateral and Guarantors.* The obligations under the Revolving Credit Facility are guaranteed by the borrower's wholly owned domestic subsidiaries and secured, subject to certain significant exceptions, by a senior security interest in personal property consisting of and arising from inventory and accounts receivable.

*Covenants.* The Revolving Credit Facility contains customary covenants. This agreement, among other things, restricts, subject to certain exceptions, the ability of the borrower and its subsidiaries to incur additional indebtedness, create liens on assets, engage in mergers, consolidations or sales of assets, dispose of subsidiary interests, make investments, loans or advances, pay dividends, make payments with respect to subordinated indebtedness, enter into sale and leaseback transactions, change the business conducted by the borrower and its subsidiaries taken as a whole, and enter into agreements that restrict subsidiary dividends or limit the ability of the borrower or any subsidiary guarantor to create or keep liens for the benefit of the lenders with respect to the obligations under the Revolving Credit Facility. The Revolving Credit Facility requires the borrower to enter into interest rate swap, cap and hedge agreements for purposes of ensuring that no less than 50% of the aggregate principal amount of the total indebtedness of the borrower and its subsidiaries then outstanding is either subject to such interest rate agreements or bears interest at a fixed rate. At December 31, 2010, we had 100% of our floating interest rate debt hedged with interest rate contracts.

Although the Revolving Credit Facility does not require the borrower to comply with any financial ratio maintenance covenants, if less than 7% of the then-outstanding credit commitments are available to be borrowed under the Revolving Credit Facility at any time, the borrower will not be permitted to borrow additional amounts unless its pro forma ratio of Consolidated EBITDA to consolidated fixed charges is at least 1.00 to 1.00.

*Events of Default.* The Revolving Credit Facility contains customary events of default. The events of default include the failure to pay interest and principal when due, failure to pay fees and any other amounts owed under the Revolving Credit Facility when due, a breach of certain covenants in the Revolving Credit Facility, a breach of any representation or warranty contained in the Revolving Credit Facility in any material respect, defaults in payments with respect to any other indebtedness in excess of \$30 million, defaults with respect to other indebtedness in excess of \$30 million that have the effect of accelerating such indebtedness, bankruptcy, certain events relating to employee benefits plans, failure of a material subsidiary's guarantee to remain in full force and effect, failure of the security agreement, pledge agreements pursuant to which the stock of any material subsidiary is pledged, or any

mortgage for the benefit of the lenders under the Revolving Credit Facility to remain in full force and effect, entry of one or more judgments or decrees against the borrower or its restricted subsidiaries involving a liability of \$30 million or more in the aggregate, and the invalidation of subordination provisions of any document evidencing permitted additional debt having a principal amount in excess of \$15 million. If an event of default were to occur with respect to this facility, the maturity of this facility would be accelerated to payable upon demand. The event of default on this facility would cause us to cross-default on the notes, whereby the note holders would have the right to accelerate the maturity of the notes to payable upon demand.

The Revolving Credit Facility also contains an event of default upon the occurrence of a change of control. Under the Revolving Credit Facility, a “change of control” shall have occurred if (i) the Goldman Sachs Funds and certain of their affiliates shall cease to beneficially own at least 35% of the voting power of the outstanding voting stock of the borrower (other than as a result of one or more widely distributed offerings of the common stock of the borrower or any direct or indirect parent of the borrower); or (ii) any person, entity or “group” (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) shall have acquired beneficial ownership of a percentage of the voting power of the outstanding voting stock of the borrower that exceeds the percentage of the voting power of such voting stock then beneficially owned, in the aggregate, by the Goldman Sachs Funds and certain of their affiliates, unless, in the case of either clause (i) or (ii) above, the Goldman Sachs Funds and certain of their affiliates have, at such time, the right or the ability by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors of the borrower; or (iii) a majority of the board of directors of the borrower ceases to consist of “continuing directors”, defined as individuals who (a) were members of the board of directors of the borrower on October 31, 2007, (b) who have been a member of the board of directors for at least 12 preceding months, (c) who have been nominated to be a member of the board of directors, directly or indirectly, by the Goldman Sachs Funds and certain of their affiliates or persons nominated by the Goldman Sachs Funds and certain of their affiliates or (d) who have been nominated to be a member of the board of directors by a majority of the other continuing directors then in office.

*Amendment.* In connection with the issuance of the notes in December 2009, we amended the Revolving Credit Facility to permit the issuance of the notes and permit the payment of a one-time dividend by McJunkin Red Man Corporation to McJunkin Red Man Holding Corporation for purposes of repaying the Junior Term Loan Facility. Pursuant to the amendment, we agreed to increase the interest rate margin on outstanding borrowings by an additional 1.50% per annum in all cases whether determined by reference to the greater of prime rate and the federal funds effective rate or to LIBOR, and for all levels of our ratio of consolidated total debt to Consolidated EBITDA. The amendment also fixed the applicable margin at a rate equivalent to the otherwise maximum margin during the period from and including the effective date of the amendment to but excluding the date that we delivered financial statements to the Revolving Credit Facility lenders for the fiscal quarter ending on March 31, 2010. We also agreed to increase the commitment fee under this facility by an additional 0.125% per annum for all levels of our ratio of consolidated total debt to Consolidated EBITDA.

### *Notes*

On December 21, 2009, McJunkin Red Man Corporation issued \$1.0 billion of 9.50% senior secured notes due December 15, 2016 (the “notes”). The proceeds of the offering of the notes were used to pay all the outstanding borrowings under the Term Loan Facility and the Junior Term Loan Facility. McJunkin Red Man Corporation issued an additional \$50 million of notes on February 11, 2010.

The notes mature on December 15, 2016. Interest accrues at 9.50% per annum and is payable semi-annually in arrears on June 15 and December 15, commencing on June 15, 2010. The notes are guaranteed on a senior secured basis by McJunkin Red Man Holding Corporation and all of the current and future wholly owned domestic subsidiaries of McJunkin Red Man Corporation (other than certain excluded subsidiaries) and any of McJunkin Red Man Corporation’s future restricted subsidiaries that guarantee any indebtedness of McJunkin Red Man Corporation or any subsidiary guarantor, including the Revolving Credit Facility (the “Subsidiary Guarantors”).

*Redemption and Repurchase.* At any time prior to December 15, 2012 and subject to certain conditions, the Issuer may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of notes issued under the indenture governing the notes (the “Indenture”) at a redemption price of 109.50%, plus accrued and

unpaid interest, with the cash proceeds of certain qualifying equity offerings. Additionally, at any time prior to December 15, 2012, the Issuer may, on any one or more occasions, redeem all or a part of the notes at a redemption price equal to 100%, plus any accrued and unpaid interest, and plus a make-whole premium. On or after December 15, 2012, the Issuer may redeem all or a part of the notes upon not less than 15 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest:

Year	Percentage
2012	107.125%
2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

Upon the occurrence of a change of control, the Issuer will be required to make an offer to repurchase each holder's notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase.

*Covenants.* The Indenture contains covenants that limit the ability of McJunkin Red Man Corporation and its restricted subsidiaries to, among other things, incur additional indebtedness, issue certain preferred stock or disqualified capital stock, create liens, pay dividends or make other restricted payments, make certain payments on debt that is subordinated or secured on a basis junior to the notes, make investments, sell assets, create restrictions on the payment of dividends or other amounts to McJunkin Red Man Corporation from restricted subsidiaries, consolidate, merge, sell or otherwise dispose of all or substantially all of McJunkin Red Man Corporation's assets, enter into transactions with affiliates, and designate subsidiaries as unrestricted subsidiaries.

In connection with issuing the notes, we entered into registration rights agreements in which we agreed to file a registration statement which will permit the Issuer to offer to exchange the notes for a new issue of identical debt securities registered under the Securities Act of 1933. We agreed to file a registration statement for the exchange offer by April 5, 2011 (the "Filing Deadline"), and to use our commercially reasonable efforts to cause the registration statement to be declared effective within 110 days after the Filing Deadline (the "Effectiveness Deadline"). The exchange offer is required to be completed within 30 business days of the Effectiveness Deadline. We also agreed to provide a shelf registration statement to cover resales of the notes under certain circumstances.

*Collateral.* The notes and the guarantees by the Subsidiary Guarantors are secured on a senior basis (subject to permitted prior liens), together with any other notes issued under the Indenture or other debt that is secured equally and ratably with the notes, subject to certain conditions ("Priority Lien Obligations"), equally and ratably by security interests granted to the collateral trustee in all Notes Priority Collateral (as such term is defined in the Indenture) from time to time owned by McJunkin Red Man Corporation or the Subsidiary Guarantors. The guarantee of McJunkin Red Man Holding Corporation of the notes is not secured. The Notes Priority Collateral generally comprises substantially all of McJunkin Red Man Corporation's and the Subsidiary Guarantors' tangible and intangible assets, other than specified excluded assets.

The notes and the guarantees by the Subsidiary Guarantors are also secured on a junior basis (subject to the lien to secure the Revolving Credit Facility and other permitted prior liens) by security interests granted to the collateral trustee in all ABL Priority Collateral (as such term is defined in the Indenture) from time to time owned by McJunkin Red Man Corporation or the Subsidiary Guarantors. Subject to certain exceptions, the ABL Priority Collateral generally comprises substantially all of McJunkin Red Man Corporation's and the Subsidiary Guarantors' accounts receivable, inventory, general intangibles and other assets relating to the foregoing, deposit and securities accounts, and proceeds and products of the foregoing, other than specified excluded assets. Assets owned by the Issuer's non-guarantor subsidiaries and by McJunkin Red Man Holding Corporation are not part of the collateral securing the notes or the Revolving Credit Facility.

***Midfield Supply ULC CAD\$80 Million (USD\$80 million) Revolving Credit Facility***

One of our subsidiaries, Midfield Supply ULC (“Midfield”), is the borrower under a CAD\$80 million (USD\$80 million) revolving credit facility (the “Midfield Revolving Credit Facility”) with Bank of America, N.A. and certain other lenders from time to time parties thereto.

On November 18, 2009, the facility was amended to, among other things, reduce the total revolving credit commitments under the facility from CAD\$150 million (USD\$150 million) to CAD\$60 million (USD\$60 million), extend the maturity from November 2, 2010 to November 18, 2012 and change the pricing terms of the facility. On September 10, 2010, the facility was amended to defer compliance with a leverage ratio covenant until March 31, 2011 and to modify the calculation of a fixed charge covenant ratio for the compliance period ended September 30, 2010. On October 20, 2010, the facility was amended to increase the maximum limit of the facility to CAD\$80 million (USD\$80 million).

The facility provides for the extension of up to CAD\$80 million (USD\$80 million) in revolving loans, subject to adjustments based on the borrowing base and less the aggregate letters of credit outstanding under the facility. Letters of credit may be issued under the facility subject to certain conditions, including a CAD\$10 million (USD\$10 million) sub-limit. The revolving loans have a maturity date of November 18, 2012. All letters of credit issued under the facility must expire at least 20 business days prior to November 18, 2012.

***Borrowing Base.*** Availability under the Midfield Revolving Credit Facility is subject to a borrowing base that at any time is equal to the lesser of 60% of eligible inventory and 85% of the net orderly liquidation value of eligible inventory, subject to customary reserves and eligibility criteria. As of December 31, 2010, USD\$2 million of borrowings were outstanding and USD\$69 million were available under the Midfield Revolving Credit Facility.

***Interest Rate and Fees.*** From the period from November 18, 2009 to December 31, 2009, the revolving loans bore interest at a rate equal to either (i) the Canadian prime rate plus 2.00% or (ii) the greater of 2.00% and the rate of interest per annum equal to the rates applicable to Canadian Dollar Bankers’ Acceptances having a comparable term as the proposed loan displayed on the “CDOR Page” of Reuter Monitor Money Rates Service (the “BA Equivalent Rate”), plus 3.50%. After December 31, 2009, the revolving loans bear interest at a rate equal to either:

- the Canadian prime rate, plus (a) 2.25% if the “average daily availability” (as defined in the loan and security agreement for the facility) for the previous fiscal quarter was less than CAD\$30 million (USD\$30 million), (b) 2.00% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD\$30 million (USD\$30 million) but less than CAD\$60 million (USD\$60 million), or (c) 1.75% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD\$60 million (USD\$60 million), or, at the borrower’s option,
- the BA Equivalent Rate plus (a) 3.75% if the average daily availability for the previous fiscal quarter was less than CAD\$30 million (USD\$30 million), (b) 3.50% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD\$30 million (USD\$30 million) but less than CAD\$60 million (USD\$60 million), or (c) 3.25% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD\$60 million (USD\$60 million).

At December 31, 2010, the weighted average interest rate on borrowings outstanding under the Midfield Revolving Credit Facility was 5.00%.

The borrower must pay a monthly unused line fee with respect to unutilized revolving loan commitments equal to (i) 1.00% if the outstanding amount of borrowings under the facility for the immediately preceding fiscal quarter are greater than 50% of the revolving loan commitments, or (ii) 1.25% if otherwise. The borrower must pay a monthly fronting fee equal to 0.125% per annum of the stated amount of letters of credit issued and must also pay a monthly fee to the agent on the average daily stated amount of letters of credit issued equal to (i) 3.75% if the average daily availability for the previous fiscal quarter was less than CAD\$30 million (USD\$30 million), (ii) 3.50% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD\$30 million (USD\$30 million) but less than CAD\$60 million (USD\$60 million), or (iii) 3.25% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD\$60 million (USD\$60 million).



*Prepayments.* The borrower may prepay the revolving loans from time to time without premium or penalty. While we will continue to draw down and repay the facility during the normal course of business, we currently have no plan to prepay the revolving loans in full prior to its maturity date.

*Collateral and Guarantors.* The Midfield Revolving Credit Facility is secured by substantially all of the personal property of Midfield Supply ULC and its subsidiary guarantors, Mega Production Testing Inc. and Hagan Oilfield Supply Ltd.

*Certain Covenants and Events of Default.* The Midfield Revolving Credit Facility contains customary covenants. These agreements, among other things, restrict, subject to certain exceptions, the ability of the borrower and its subsidiaries to incur additional indebtedness, create liens on assets, make distributions, make investments, sell, lease or transfer assets, make loans or advances, pay certain debt, amalgamate, merge, combine or consolidate with another entity, enter into certain types of restrictive agreements, engage in any business other than the business conducted by the borrower and its subsidiaries on November 18, 2009, enter into transactions with affiliates, become a party to certain employee benefit plans, enter into certain amendments with respect to subordinated debt, make acquisitions, enter into transactions which would reasonably be expected to have a material adverse effect or cause a default, enter into sale and leaseback transactions, and terminate certain agreements.

The Midfield Revolving Credit Facility requires the borrower to maintain Canadian Adjusted EBITDA (as such term is defined in the loan and security agreement for the facility) of (i) CAD\$1.5 million for the two fiscal quarters ending December 31, 2009, (ii) CAD\$4.8 million for the three fiscal quarters ending March 31, 2010 and (iii) CAD\$3.7 million for the four fiscal quarters ending June 30, 2010. Midfield's Adjusted EBITDA was \$5.0 million, \$6.3 million and \$5.5 million for those periods, respectively. The facility also requires the borrower, beginning with the fiscal quarter ending March 31, 2011, to (i) maintain a leverage ratio of no greater than 3.50 to 1.00 and (ii) maintain a fixed charge coverage ratio of at least 1.15 to 1.00. The facility also prohibits the borrower and its subsidiaries from making capital expenditures in excess of CAD\$10 million (USD\$10 million) in the aggregate during any fiscal year, subject to exceptions for certain expenditures and provided that if the actual amount of capital expenditures made in any fiscal year is less than the amount permitted to be made in such fiscal year, up to CAD\$0.25 million (USD\$0.25 million) of such excess may be carried forward and used to make capital expenditures in the succeeding fiscal year. During the year ended December 31, 2010, Midfield's capital expenditures totaled CAD\$0.7 million (USD\$0.7 million).

The Midfield Revolving Credit Facility contains customary events of default. The events of default include, among others, the failure to pay interest, principal and other obligations under the facility's loan documents when due, a breach of any representation or warranty contained in the loan documents, breaches of certain covenants, the failure of any loan document to remain in full force and effect, a default with respect to other indebtedness in excess of CAD\$0.25 million (USD\$0.25 million) if the other indebtedness may be accelerated due to such default, judgments against the borrower and its subsidiaries in excess of CAD\$0.25 million (USD\$0.25 million) in the aggregate, the occurrence of any loss or damage with respect to the collateral if the amount not covered by insurance exceeds CAD\$0.50 million (USD\$0.50 million), cessation or governmental restraint of a material part of the borrower's or a subsidiary's business, insolvency, certain events related to benefits plans, the criminal indictment of a senior officer of the borrower or a guarantor or the conviction of a senior officer of the borrower or a guarantor of certain crimes, an amendment to the shareholders agreement among Midfield Supply ULC, the entity now known as McJunkin Red Man Canada Ltd. and Midfield Holdings (Alberta) Ltd. without the prior written consent of Bank of America, N.A., a "change of control" (as defined in the loan and security agreement for the facility) occurs, and any event or condition that has a material adverse effect on the borrower or a guarantor. If an event of default were to occur with respect to this facility, Bank of America, N.A. would have the right to accelerate the maturity of this facility to payable upon demand. The event of default on this facility would cause us to cross-default on the Revolving Credit Facility, which in turn would cause us to cross-default on the notes. In each instance of cross-default, the debt holders would have the right to accelerate the maturity of the respective obligation to payable upon demand.

### ***Midfield Supply ULC CAD\$15 Million (USD\$15 Million) Facility***

One of our subsidiaries, Midfield Supply ULC (“Midfield”), is also the borrower under a CAD\$15 million (USD\$15 million) credit facility with Alberta Treasury Branches. The facility provides for revolving loans until July 31, 2011 (subject to extension under certain circumstances), after which the revolving loans outstanding under the facility convert to term loans that mature on July 31, 2012 (subject to extension under certain circumstances). The facility is secured by substantially all of the real property and equipment of Midfield Supply ULC and its subsidiary guarantors. The facility contains the same customary covenants and events of default as the Midfield Revolving Credit Facility, as well as its ratio of tangible asset value to borrowings outstanding must be at least 2.00 to 1.00 (at December 31, 2010, this ratio was 2.03 to 1.00). At December 31, 2010, USD\$14 million was outstanding under this facility and the weighted average interest rate on borrowings was 5.86%.

On September 16, 2010, we amended our Midfield term loan facility to defer compliance with a leverage covenant until March 31, 2011 and to defer compliance with a fixed charge coverage ratio until December 31, 2010.

The Midfield CAD\$15 million (USD\$15 million) facility and the Midfield CAD\$80 million (USD\$80 million) facility are subject to an intercreditor agreement which relates to, among other things, priority of liens and proceeds of sale of collateral.

At December 31, 2010, we were in compliance with these covenants, as amended.

### ***Transmark Facility***

Transmark Fcx Group B.V. and its subsidiaries are parties to a credit facility with HSBC Bank PLC, dated September 17, 2010 (the “Transmark Facility”), which consists of a €60 million (USD\$80 million) revolving credit facility, with a €20 million (USD\$27 million) sublimit on letters of credit. At December 31, 2010, USD\$23 million was outstanding on the revolving credit facility, and USD\$46 million was available under the facility and the weighted average interest rate on borrowings was 2.61%.

The facility will be reduced by €10 million (USD\$13 million) over its term, as follows: €0.5 million (USD\$0.7 million) per quarter starting in the fourth quarter of 2010 through the third quarter of 2012, and then by €1.5 million (USD\$2.0 million) per quarter, starting in the fourth quarter of 2012 through the third quarter of 2013.

The facility bears interest at LIBOR or, in relation to any loan in Euros, EURIBOR, plus an applicable margin. The margin is calculated according to the following table:

<b>Leverage Ratio</b>	<b>Margin</b>
Less than or equal to 0.75:1	1.50%
Greater than 0.75:1, but less than or equal to 1.00:1	1.75%
Greater than 1.00:1, but less than or equal to 1.50:1	2.00%
Greater than 1.50:1, but less than or equal to 2.00:1	2.25%
Greater than 2.00:1	2.50%

The facility is secured by substantially all of the assets of MRC Transmark and its wholly owned subsidiaries.

The facility also requires MRC Transmark to maintain: (i) an interest coverage ratio not less than 3.50:1 and (ii) a leverage ratio not to exceed 2.50:1. We were in compliance with these covenants as of and for the year ended December 31, 2010.

### ***Other Commitments***

In the normal course of business with customers, vendors and others, we are contingently liable for performance under standby letters of credit and bid, performance and surety bonds. We were contingently liable for approximately \$16 million of standby letters of credit and bid, performance and surety bonds at December 31, 2010. Management does not expect any material amounts to be drawn on these instruments.

Certain of our international subsidiaries also have trade guarantees given by bankers on their behalf. The amount of these guarantees at December 31, 2010 was approximately €6 million (USD \$8 million).



### Legal Proceedings

We are involved in various legal proceedings and claims, both as a plaintiff and a defendant, which arise in the ordinary course of business. These legal proceedings include claims where we are named as a defendant in lawsuits brought against a large number of entities by individuals seeking damages for injuries allegedly caused by certain products containing asbestos. As of December 31, 2010, we are a defendant in lawsuits involving approximately 940 such claims. Each claim involves allegations of exposure to asbestos-containing materials by a single individual or an individual, his or her spouse and/or family members. The complaints typically name many other defendants. In a majority of these lawsuits, little or no information is known regarding the nature of the plaintiff's alleged injuries or their connection with the products distributed by us. Through December 31, 2010, lawsuits involving over 11,700 claims have been brought against us. No asbestos lawsuit has resulted in a judgment against us to date, with the majority being settled, dismissed or otherwise resolved. In total, since the first asbestos claim brought against us through December 31, 2010, approximately \$1.2 million has been paid to asbestos claimants in connection with settlements of claims against us without regard to insurance recoveries. Of this amount, approximately \$1.0 million has been paid to settle claims alleging mesothelioma, \$0.2 million for claims alleging lung cancer and \$0.1 million for non-malignant claims. The following chart summarizes, for each year since 2006, the approximate number of pending claims, new claims, settled claims, dismissed claims, and approximate total settlement payments, average settlement amount and total defense costs:

	Claims Pending at End of Period	Claims Filed	Claims Settled	Claims Dismissed	Settlement Payments \$	Average Settlement Amount \$	Defense Costs \$
Fiscal year ended December 31, 2006	815	27	6	11	75,000	12,500	179,791
Fiscal year ended December 31, 2007	828	23	4	6	75,500	18,875	218,900
Fiscal year ended December 31, 2008	849	43	15	7	292,500	19,500	336,497
Nine months ended September 28, 2009	894	61	11	5	192,500	17,500	540,113
Fiscal year ended September 30, 2010	942	111	29	34	482,000	16,620	538,354

With the assistance of accounting and financial consultants and our asbestos litigation counsel, we annually conduct analyses of our asbestos-related litigation in order to estimate the adequacy of the reserve for pending and probable asbestos-related claims. These analyses consist of separately estimating our reserve with respect to pending claims (both those scheduled for trial and those for which a trial date had not been scheduled), mass filings (including lawsuits brought in West Virginia each involving many — in some cases over a hundred — plaintiffs, which include little information regarding the nature of each plaintiff's claim and historically have rarely resulted in any payments to plaintiff) and probable future claims. A key element of the analysis is categorizing our claims by the type of disease alleged by the plaintiffs and developing "benchmark" estimated settlement values for each claim category based on our historical settlement experience. These estimated settlement values are applied to each of our pending individual claims. With respect to pending claims where the disease type is unknown, the outcome is projected based on the historic ratio of disease types among filed claims (or "disease mix") and dismissal rate. The reserve with respect to mass filings is estimated by determining the number of individual plaintiffs included in the mass filings likely to have claims resulting in settlements based on our historical experience with mass filings. Finally, probable claims expected to be asserted against us over the next fifteen years are estimated based on public health estimates of future incidences of certain asbestos-related diseases in the general U.S. population. Estimated settlement values are applied to those projected claims. Our annual assessment, dated September 30, 2010, projected that our payments to asbestos claimants over the next fifteen years are estimated to range from \$5 million to \$10 million. Given these estimates and existing insurance coverage that historically has been available to cover substantial portions of our past payments to claimants and defense costs, we believe that our current accruals and associated estimates relating to pending and probable asbestos-related litigation likely to be asserted over the next

fifteen years are currently adequate. Our belief that our accruals and associated estimates are currently adequate, however, relies on a number of significant assumptions, including:

- That our future settlement payments, disease mix and dismissal rates will be materially consistent with historic experience;
- That future incidences of asbestos-related diseases in the U.S. will be materially consistent with current public health estimates;
- That the rates at which future asbestos-related mesothelioma incidences result in compensable claims filings against us will be materially consistent with its historic experience;
- That insurance recoveries for settlement payments and defense costs will be materially consistent with historic experience;
- That legal standards (and the interpretation of these standards) applicable to asbestos litigation will not change in material respects;
- That there are no materially negative developments in the claims pending against us; and
- That key co-defendants in current and future claims remain solvent.

If any of these assumptions prove to be materially different in light of future developments, liabilities related to asbestos-related litigation may be materially different than amounts accrued and/or estimated. Further, while we anticipate that additional claims will be filed in the future, we are unable to predict with any certainty the number, timing and magnitude of such future claims.

Also, there is a possibility that resolution of certain legal contingencies for which there are no liabilities recorded could result in a loss. Management is not able to estimate the amount of such loss, if any. However, in our opinion, after consultation with counsel, the ultimate resolution of all pending matters is not expected to have a material effect on our financial position, although it is possible that such resolutions could have a material adverse impact on results of operations in the period of resolution.

#### **Off-Balance Sheet Arrangements**

We do not have any “off-balance sheet arrangements” as such term is defined within the rules and regulations of the SEC.

#### **Critical Accounting Estimates**

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles. In order to apply these principles, management must make judgments and assumptions and develop estimates based on the best available information at the time. Actual results may differ based on the accuracy of the information utilized and subsequent events. Our accounting policies are described in the notes to our audited financial statements included elsewhere in this prospectus. These critical accounting policies could materially affect the amounts recorded in our financial statements. We believe the following describes significant judgments and estimates used in the preparation of our consolidated financial statements:

*Allowance for Doubtful Accounts:* We evaluate the adequacy of the allowance for losses on receivables based upon periodic evaluation of accounts that may have a higher credit risk using information available about the customer and other relevant data. This formal analysis is inherently subjective and requires us to make significant estimates of factors affecting doubtful accounts, including customer-specific information, current economic conditions, volume, growth and composition of the account, and other factors such as financial statements, news reports and published credit ratings. The amount of the allowance for the remainder of the trade balance is not evaluated individually, but is based upon historical loss experience, adjusted for current economic conditions. Because this process is subjective and based on estimates, ultimate losses may differ materially from those estimates. During 2010 we reduced our allowance for doubtful accounts by approximately \$2 million, as the economic conditions in which we, and our customers, operate improved. At December 31, 2010 and 2009, the allowance for doubtful accounts was \$4.5 million and \$8.8 million, or 0.7% and 1.7% of gross accounts receivable.

*Inventories:* Our inventories are generally valued at the lower of cost (principally last-in, first-out method (“LIFO”)) or market. We record an estimate each month, if necessary, for the expected annual effect of inflation and estimated year-end inventory volume. These estimates are adjusted to actual results determined at year-end. This practice excludes certain inventories, which are held outside of the U.S., totaling \$140 million (approximately 18% of the consolidated total) at December 31, 2010, which were valued at the lower of weighted-average cost or market.

Under the LIFO inventory valuation method, changes in the cost of inventory are recognized in cost of sales in the current period even though these costs may have been incurred at significantly different values. Since the company values most of its inventory using the LIFO inventory costing methodology, a rise in inventory costs has a negative effect on operating results, while, conversely, a fall in inventory costs results in a benefit to operating results. In a period of rising prices, cost of sales recognized under LIFO is generally higher than the cash costs incurred to acquire the inventory sold. Conversely, in a period of declining prices, costs of sales recognized under LIFO are generally lower than cash costs of the inventory sold.

The LIFO inventory valuation methodology is not utilized by many of the companies with which we compete, including foreign competitors. As such, our results of operations may not be comparable to those of our competitors during periods of volatile material costs due, in part, to the differences between the LIFO inventory valuation method and other acceptable inventory valuation methods.

During 2008, in addition to an increase in sales volumes, we experienced inflation in the cost of our products of approximately 21% on a weighted average basis. The increase in our tubular products was even more significant, with 2008 inflation of approximately 28%. In 2009, this trend reversed, with our overall product mix experiencing 15% deflation, with tubular products deflating approximately 20%. As a result of lengthening lead times from our manufacturers during mid to late 2008, we continued to receive inventory during the fourth quarter and into the first quarter of 2009 that was ordered to support the greater demand during mid to late 2008. The resulting inventory overstock, coupled with the deflation we experienced, resulted in the cost of our inventory balance being above market value. As a result of our lower-of-cost-or-market assessment, we recorded a \$46.5 million write-down of our inventory during the year ended December 31, 2009. There were no significant write-downs during the year ended December 31, 2010.

*Impairment of Long-Lived Assets:* Our long-lived assets consist primarily of amortizable intangible assets, which comprise approximately 18% of our total assets. These assets are recorded at fair value at the date of acquisition and are amortized over their estimated useful lives. We make significant judgments and estimates in both calculating the fair value of these assets, as well as determining their estimated useful lives.

The carrying value of these assets is subject to an impairment test when events or circumstances indicate a possible impairment. When events or circumstances indicate a possible impairment, we assess recoverability from future operations using an undiscounted cash flow analysis, derived from the lowest appropriate asset group. If the carrying value exceeds the undiscounted cash flows, we would recognize an impairment charge to the extent that the carrying value exceeds the fair value, which is determined based on a discounted cash flow analysis. During 2009, as the key factors affecting our business declined and our profitability progressively declined throughout the year, we determined that an impairment indicator existed and performed an impairment test on our long-lived assets. This test required us to make forecasts of our future operating results, the extent and timing of future cash flows, working capital, profitability and growth trends. We performed our impairment test as of October 27, 2009 which did not result in an impairment charge. During 2010, no indicators of impairment existed. While we believe our assumptions and estimates are reasonable, the actual results may differ materially from the projected results.

*Goodwill and Other Indefinite-Lived Intangible Assets:* Our goodwill and other indefinite-lived intangible assets comprise approximately 29% of our total assets. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently if circumstances indicate that impairment may exist. Historically, we have evaluated the company as one reporting unit and have elected to perform our annual tests for indications of goodwill impairment as of the end of October of each year, updating on an interim basis should indications of impairment exist. As a result of our Transmark acquisition, which closed on October 30, 2009, we began evaluating goodwill for impairment at two reporting units that mirror our two reportable segments (North America and International).

The goodwill impairment test compares the carrying value of the reporting unit that has the goodwill with the estimated fair value of that reporting unit. If the carrying value is more than the estimated fair value, the second step is performed, whereby we calculate the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the estimated fair value of the reporting unit. Impairment losses are recognized to the extent that recorded goodwill exceeds implied goodwill. Our impairment methodology uses discounted cash flow and multiples of cash earnings valuation techniques, plus valuation comparisons to similar businesses. These valuation methods require us to make certain assumptions and estimates regarding future operating results, the extent and timing of future cash flows, working capital, sales prices, profitability, discount rates and growth trends. As a result of our impairment test, we recognized a \$309.9 million pre-tax impairment charge during the year ended December 31, 2009. No such impairment charges were recognized during the year ended December 31, 2010. While we believe that such assumptions and estimates are reasonable, the actual results may differ materially from the projected results.

**Income Taxes:** Our tax provision is based upon our expected taxable income and statutory rates in effect in each country in which we operate. This provision involves the interpretation of the respective tax laws in each country in which we operate, as well as significant judgments regarding future events, such as the amount, timing and character of income, deductions and tax credits. Changes in tax laws, regulations and our profitability in each respective country could impact our tax liability for any given year. Deferred tax assets and liabilities are recorded for differences between the financial reporting and tax bases of assets and liabilities using the tax rate expected to be in effect when the taxes will actually be paid or refunds received. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date. Each reporting period, we assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we record a valuation allowance against the deferred tax assets that we believe will not be recoverable. The ultimate recovery of our deferred tax assets is dependent on various factors and is subject to change. The benefit of an uncertain tax position that meets the “probable recognition threshold” is recognized in the financial statements. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized.

### **Recently Issued Accounting Standards**

In October 2009, the Financial Accounting Standards Board (“FASB”) issued an amendment to ASC 605, Revenue Recognition, related to the accounting for revenue in arrangements with multiple deliverables including how the arrangement consideration is allocated among delivered and undelivered items of the arrangement. Among the amendments, this standard eliminated the use of the residual method for allocating arrangement considerations and requires an entity to allocate the overall consideration to each deliverable based on an estimated selling price of each individual deliverable in the arrangement in the absence of having vendor-specific objective evidence or other third-party evidence of fair value of the undelivered items. This standard also provides further guidance on how to determine a separate unit of accounting in a multiple-deliverable revenue arrangement and expands the disclosure requirements about the judgments made in applying the estimated selling price method and how those judgments affect the timing or amount of revenue recognition. This standard will become effective on January 1, 2011. We do not expect that the adoption of this standard will have a material impact on our consolidated financial statements.

In January 2010, FASB issued Accounting Standards Update (“ASU”) No. 2010-06, *Improving Disclosures about Fair Value Measurements*, an amendment to ASC Topic 820, *Fair Value Measurement and Disclosures*. This amendment will require us to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and describe the reasons for the transfers and present separate information for Level 3 activity pertaining to gross purchases, sales, issuances and settlements. This amendment is effective for reporting periods beginning after December 31, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Our adoption of this amendment, pertaining to the Level 1 and Level 2 disclosures, on January 1, 2010 did not have a material impact on our consolidated financial statements. We do not believe that the Level 3 amendment disclosures will have a material impact on our consolidated financial statements.

In February 2010, FASB issued ASU No. 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*, an amendment to ASC Topic 855, Subsequent Events, that removed the requirements for SEC

registrants to disclose the date through which subsequent events were evaluated. There were no changes to the accounting for or disclosure of events that occur after the balance sheet date but before the financial statements are issued. Our adoption of this amendment on January 1, 2010 did not have a material impact on our consolidated financial statements.

In July 2010, FASB issued ASU No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, which amended ASC Topic 310, *Receivables*. This amendment enhances the disclosure requirements regarding the nature of credit risk inherent in our portfolio of accounts receivable, how that risk is assessed in arriving at our allowance for doubtful accounts and the changes and reasons for those changes in the allowance for doubtful accounts. The adoption of this amendment did not have a material impact on our consolidated financial statements.

In December 2010, FASB issued ASU No. 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations*, which amended ASC Topic 805, *Business Combinations*. This ASU amended certain existing and added additional pro forma disclosure requirements. The standard will become effective on January 1, 2011. We do not expect that the adoption of this standard will have a material impact on our consolidation financial statements.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including, for example, statements about our business strategy, our industry, our future profitability, growth in our various markets and our expectations, beliefs, plans, strategies, objectives, prospects and assumptions. These forward-looking statements are not guarantees of future performance. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These statements are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including the factors described under "Risk Factors", that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

- risks related to the notes, to the collateral and to high yield securities generally;
- decreases in oil and natural gas prices;
- decreases in oil and natural gas industry expenditure levels, which may result from decreased oil and natural gas prices or other factors;
- increased usage of alternative fuels, which may negatively affect oil and natural gas industry expenditure levels;
- U.S. and international general economic conditions;
- our ability to compete successfully with other companies in our industry;
- the risk that manufacturers of the products we distribute will sell a substantial amount of goods directly to end users in the markets that we serve;
- unexpected supply shortages;
- cost increases by our suppliers;
- our lack of long-term contracts with most of our suppliers;
- increases in customer, manufacturer and distributor inventory levels;
- price reductions by suppliers of products sold by us, which could cause the value of our inventory to decline;
- decreases in steel prices, which could significantly lower our profit;
- increases in steel prices, which we may be unable to pass along to our customers, which could significantly lower our profit;
- our lack of long-term contracts with many of our customers and our lack of contracts with customers that require minimum purchase volumes;
- changes in our customer and product mix;
- the potential adverse effects associated with integrating Transmark into our business and whether this acquisition will yield its intended benefits;
- ability to integrate other acquired companies into our business;
- the success of our acquisition strategies;
- our significant indebtedness;
- the dependence on our subsidiaries for cash to meet our debt obligations;
- changes in our credit profile;

- a decline in demand for certain of the products we distribute if import restrictions on these products are lifted;
- environmental, health and safety laws and regulations;
- the sufficiency of our insurance policies to cover losses, including liabilities arising from litigation;
- product liability claims against us;
- pending or future asbestos-related claims against us;
- the potential loss of key personnel;
- interruption in the proper functioning of our information systems;
- loss of third-party transportation providers;
- potential inability to obtain necessary capital;
- risks related to hurricanes and other adverse weather events or natural disasters;
- impairment of our goodwill or other intangible assets;
- adverse changes in political or economic conditions in the countries in which we operate;
- exposure to U.S. and international laws and regulations, including the Foreign Corrupt Practices Act and other economic sanction programs;
- potential increases in costs and distraction of management resulting from the requirements of being a publicly reporting company;
- risks relating to evaluations of internal controls required by Section 404 of the Sarbanes-Oxley Act; and
- the limited usefulness of our historic financial statements.

Undue reliance should not be placed on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise.



## BUSINESS

### General

We are the largest global distributor of pipe, valves and fittings (“PVF”) and related products and services to the energy industry based on sales and hold the leading position in our industry across each of the upstream (exploration, production, and extraction of underground oil and natural gas), midstream (gathering and transmission of oil and natural gas, natural gas utilities, and the storage and distribution of oil and natural gas) and downstream (crude oil refining, petrochemical processing and general industrials) end markets. We currently serve our customers through over 400 global service locations, including over 180 branches, 6 distribution centers and over 190 pipe yards located in the most active oil and natural gas regions in North America and over 30 branch locations throughout Europe, Asia and Australasia.

McJunkin Red Man Holding Corporation was incorporated in Delaware on November 20, 2006 and McJunkin Red Man Corporation was incorporated in West Virginia on March 21, 1922 and was reincorporated in Delaware on June 14, 2010. Our principal executive office is located at 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010. We also have corporate offices located at 835 Hillcrest Drive, Charleston, West Virginia 25311 and 8023 East 63rd Place, Tulsa, Oklahoma 74133. Our telephone number is (877) 294-7574. Our website address is [www.mrcpvf.com](http://www.mrcpvf.com). Information contained on our website is expressly not incorporated by reference into this prospectus.

Our business is segregated into two operating segments, one consisting of our North American operations and one consisting of our international operations. These segments represent our business of providing PVF and related products and services to the energy and industrial sectors, across each of the upstream, midstream and downstream markets.

Financial information regarding our reportable segments appears in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in Note 13 of the Notes to the Consolidated Financial Statements included in this prospectus.

### Our Strengths

*Global Market Leader with Worldwide Branch Network and Significant Scale.* We are the leading global distributor of PVF and related products to the energy industry based on sales, with over twice the sales of our nearest competitor in 2010. We have a significant market presence through a global network of over 400 service locations worldwide providing us with substantial economies of scale, global reach and product breadth that we believe makes us a more effective competitor. The benefits of our size and extensive international presence include: (1) the ability to act as a single-source supplier to large, multi-national customers operating across all segments of the global energy industry; (2) the ability to commit significant financial resources to further develop our operating infrastructure, including our information systems, and provide a strong platform for future expansion; (3) volume purchasing benefits from our suppliers; (4) an ability to leverage our extensive global inventory coverage to provide greater overall breadth and depth of product offerings; (5) the ability to attract and retain effective managers and salespeople; and (6) a business model exhibiting a high degree of operating leverage. Our presence and scale have also enabled us to establish an efficient supply chain and logistics platform, allowing us to better serve our customers and further differentiate us from our competitors.

The following chart summarizes our revenue by geography for the year ended December 31, 2010:

	Year Ended December 31, 2010
United States	80%
Canada	13%
International	7%
	<u>100%</u>

(International includes Europe, Asia and Australasia)



*High Level of Integration and MRO Contracts with a Blue Chip Customer Base.* We have a diversified customer base with over 10,000 active customers and serve as the sole or primary supplier in all end markets or in specified end markets or geographies for many of our customers. Our top ten customers, with whom we have had relationships for more than 20 years on average, accounted for approximately half of our sales for 2010, and no single customer accounted for more than 5% of sales in either period. We enjoy fully integrated relationships, including interconnected technology systems and daily communication, with many of our customers and we provide an extensive range of integrated and outsourced supply services, allowing us to market a “total transaction cost” concept as opposed to individual product prices. We provide such services as multiple daily deliveries, zone stores management, valve tagging, truck stocking and significant system support for tracking and replenishing inventory, which we believe results in deeply integrated customer relationships. We sell products to many of our customers through multi-year MRO contracts which are typically renegotiated every three to five years. Although there are typically no guaranteed minimum purchase amounts under these contracts, these MRO customers, representing approximately two-thirds of our 2010 sales, provide a relatively stable revenue stream and help mitigate against industry downturns. We believe we have been able to retain customers by ensuring a high level of service and integration. Furthermore, during 2010 we signed several new MRO contracts, including both contracts with new customers that displace competitors and contracts with existing customers that broaden existing customer relationships.

*Business and Geographic Diversification in High-Growth Areas.* We are well diversified across the upstream, midstream and downstream operations of the energy industry, as well as through our participation in selected industrial end markets. During the year ended December 31, 2010, we generated approximately 45% of our sales in the upstream sector, 23% in the midstream sector, and 32% in the downstream, industrial and other energy end markets. This diversification affords us some measure of protection in the event of a downturn in any one end market while providing us the ability to offer a “one stop” solution for our integrated energy customers. In North America, our more than 180 branches are located near major hydrocarbon and refining regions, including rapidly expanding oil and natural gas E&P areas such as the Bakken, Barnett, Fayetteville, Haynesville and Marcellus shales, where MRO expenditures for PVF are typically over five times that of MRO expenditures for PVF in conventional upstream areas. Outside North America, we have a network of over 30 branch locations throughout Europe, Asia and Australasia. Our geographic diversity enhances our ability to quickly respond to customers worldwide, gives us a strong presence in these high growth areas and reduces our exposure to a downturn in any one region.

For the years ended December 31, 2008, December 31, 2009, and December 31, 2010, the breakdown of our revenue by end market was as follows:

	Year Ended December 31,		
	2008	2009	2010
Upstream	45%	44%	45%
Midstream	22%	24%	22%
Downstream and industrial	33%	32%	33%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The shift to midstream markets in the year ended December 31, 2009 is a direct result of our acquisition of LaBarge Pipe & Steel Company (“LaBarge”) in October 2008 (the “LaBarge Acquisition”), which increased our presence in the midstream market. Our acquisition of Transmark in October 2009 increased our presence in the downstream and industrial market.

*Strategic Supplier Relationships.* We have extensive relationships with our suppliers and have key supplier relationships dating back in certain instances over 60 years. Approximately 39% of our total purchases for the year ended December 31, 2010 were from our top ten suppliers. We believe our customers view us as an industry leader for the formal processes we use to evaluate vendor performance and product quality. We employ individuals, certified by the International Registry of Certificated Auditors, who specialize in conducting manufacturer assessments both domestically and internationally. Our Supplier Registration Process (“SRP”), which allows us to maintain the MRC Approved Supplier List (“MRC ASL”), serves as a significant strategic advantage to us in

developing, maintaining and institutionalizing key supplier relationships. For our suppliers, being included on the MRC ASL represents an opportunity for them to increase their product sales to our customers. The SRP also adds value to our customers, as they collaborate with us regarding specific manufacturer performance, our past experiences with products and the results of our on-site supplier assessments. Having a timely, uninterrupted supply of those mission critical products from approved vendors is an essential part of our customers' day-to-day operations and we work to fulfill that need through our SRP.

*An IT Platform Focused on Customer Service.* Our business is supported by our integrated, scalable, customer-linked and highly customized information systems. These systems and our more than 3,600 employees (including Transmark) are linked by a wide area network. We recently combined our North American business operations onto one legacy enterprise server-based sales, inventory & management system ("SIMS"). This enabled real-time access to our business resources, including customer order processing, purchasing and material requests, distribution requirements planning, warehousing and receiving, inventory control and accounting and financial functions. Significant elements of our systems include firm-wide pricing controls resulting in disciplined pricing strategies, advanced scanning and customized bar-coding capabilities allowing for efficient warehousing activities at customer as well as our own locations, and significant levels of customer-specific integrations. We believe that the customized integration of our customers' systems into our own information systems has increased customer retention by reducing our customers' expenses, thus creating switching costs when comparing us to alternative sources of supply. Typically, smaller regional and local competitors do not have IT capabilities that are as advanced as ours.

*Highly Efficient, Flexible Operating Structure Drives Significant Free Cash Flow Generation.* We place a particular emphasis on practicing financial discipline as evidenced by our strong focus on return on assets, minimal routine capital expenditures and high free cash flow generation. Our disciplined cost control, coupled with our active asset management strategies, result in a business model exhibiting a high degree of operating leverage. As is typical with the flexibility associated with a distribution operating model, our variable cost base includes substantially all of our cost of goods sold and a large portion of our operating costs. Furthermore, our capital expenditures were approximately 0.3% of our sales for the year ended December 31, 2010. This cost structure allows us to adjust to changing industry dynamics and, as a result, during periods of decreased sales activity, we typically generate significant free cash flow as our costs are reduced and working capital contracts. During the year ended December 31, 2010, we generated approximately \$101 million of free cash flow, which we define as net cash provided by operations, less capital expenditures.

*Experienced and Motivated Management Team.* Our senior management team has an average of approximately 30 years of experience (over 225 years in total) in the oilfield and industrial supply business, the majority of which has been with McJunkin Red Man or its predecessors. Employees own approximately 7% of our company, including approximately 4% that is owned by senior management, either directly or indirectly through their equity interests in PVF Holdings LLC, our indirect parent company. We also seek to incentivize and align management with shareholder interests through equity-linked compensation plans. Furthermore, executive compensation is based on profitability and return-on-investment targets which we believe drives accountability and further aligns the organization with our shareholders.

## **Our Business Strategy**

Our goal is to grow our market position as the largest global distributor of PVF and related products to the energy industry. Our strategy is focused on pursuing growth by increasing organic market share and growing our business with current customers, expanding into new geographies and end markets, increasing recurring revenues through integrated supply, maintenance, repair and operations ("MRO") and project business, continuing to increase our operational efficiency and making and integrating strategic acquisitions. We also seek to extend our current North American MRO contracts internationally, as well as cross-sell certain products, most notably pipe, flanges, fittings and other products ("PFF") into MRC Transmark's existing customer base, branch network and valve-focused platform. We will also look at future complementary PFF distribution acquisitions that would supplement MRC Transmark's valve leadership position, and we will look at future "bolt-on" acquisitions in North America that broaden our geographic footprint or expand our product offering to our major customers.

*Increase Organic Market Share and Grow Business with Current Customers.* We are committed to expanding upon existing deep relationships with our current customer base while at the same time striving to

secure new customers. To accomplish this, we are focused on providing a global “one stop” PVF procurement solution across the upstream, midstream and downstream sectors of the energy industry, maximizing cross-selling opportunities by leveraging our extensive product offering and increasing our penetration of existing customers’ new multi-year projects.

The migration of existing customer relationships to sole or primary sourcing arrangements is a core strategic focus. We seek to position ourselves as the sole or primary provider of a broad complement of PVF products and services for a particular customer, often by end market and/or geography, or in certain instances across all of a customer’s global upstream, midstream and downstream operations. Several of our largest customers have recently switched to sole or primary sourcing contracts with us. Additionally, we believe that significant opportunities exist to expand our deep customer and supplier relationships and thereby increase our market share. There is also a significant opportunity to extend our current North American MRO contracts internationally as well as cross-sell certain products, most notably pipe, flanges, fittings and other products, into Transmark’s existing customer base, branch network and valve-focused product platform.

We also aim to increase our penetration of our existing customers’ new projects. For example, while we often provide nearly 100% of the PVF products for certain customers under MRO contracts, increased penetration of those customers’ new downstream and midstream projects remains a strategic priority. Initiatives are in place to deepen relationships with engineering and construction firms and to extend our product offering into certain niches.

*Increase Recurring Revenues through Integrated Supply, MRO and Project Contracts.* We have entered into and continue to pursue integrated supply, MRO and project contracts with certain of our customers. Under these arrangements, we are typically the sole or primary source provider of the upstream, midstream, and/or downstream requirements of our customers. In certain instances we are the sole or primary source provider for our customers across all the energy sectors and/or North American geographies within which the customer operates and we will seek to extend these contracts internationally as a result of the Transmark acquisition.

Our customers have, over time, increasingly moved toward centralized PVF procurement management at the corporate level rather than at individual local units. While these developments are partly due to significant consolidation among our customer base, sole or primary sourcing arrangements allow customers to focus on their core operations and provide economic benefits by generating immediate savings for the customer through administrative cost and working capital reductions, while providing for increased volumes, more stable revenue streams and longer term visibility for us. We believe we are well positioned to obtain these arrangements due to our (1) geographically diverse and strategically located global branch network, (2) experience, technical expertise and reputation for premier customer service operating across all segments of the energy industry, (3) breadth of available product lines, value added services and scale in purchasing, and (4) existing deep relationships with customers and suppliers.

We also have both exclusive and non-exclusive MRO contracts and new project contracts in place. Our customers over the long term are increasing their maintenance and capital spending, which is being driven by aging infrastructure, increasing regulatory, safety and environmental requirements, the increased utilization of existing facilities and the decreasing quality of energy feedstocks. Our customers benefit from MRO agreements through lower inventory investment and the reduction of transaction costs associated with the elimination of the bid submission process, and our company benefits from the recurring revenue stream that occurs with an MRO contract in place. We believe there are additional opportunities to utilize MRO arrangements through our “one-stop” PVF solution, both in North America and globally as a result of our Transmark acquisition, for servicing the requirements of our customers and we are actively pursuing such agreements.

We recently significantly enhanced our business development efforts by implementing global account management processes more closely aligned with our customers’ procurement operations at the national and local level in order to continue to grow our business. Our global account management strategy is based on aligning key sales executives as single-point MRC contacts servicing the upstream, midstream and downstream requirements of customer accounts that represent the largest percentage of our revenue. As a result in part of this effort, during 2009 our executive sales force has had success in increasing sales under, and in obtaining new, MRO contracts, and we continue to focus on increasing our MRO business both in North America and globally.

*Continued Focus on Operational Efficiency.* We strive for continued operational excellence. Our branch managers, regional management and corporate leadership team continually examine branch profitability, working

capital management, and return on managed assets and utilize this information to optimize global, regional and local strategies, reduce operating costs and maximize cash flow generation. As part of this effort, management incentives are centered on achieving adjusted EBITDA and return on assets targets.

In response to the recent downturn in certain of our end markets, our management team has focused on several restructuring initiatives to align our cost structure with the level of business activity. For example, during 2008 and 2009 we streamlined our organization by realigning our eight North American geographic regions into four and merged, converted, reorganized or closed over 47 branches as part of this process. These cost saving initiatives include branch consolidations, supplier rationalizations, regional realignments and reductions in corporate overhead, personnel and profit sharing programs. Several of these cost saving initiatives were put in place as part of the McJunkin Red Man merger integration plan and thus we believe will not need to be reversed once activity returns to more normalized levels.

In order to improve efficiencies and profitability, we work to leverage operational best practices, optimize our vendor relationships, purchasing, and inventory levels, and source inventory internationally when appropriate. As part of this strategy, we have integrated our purchasing functions and believe we have developed strong relationships with vendors that value our international footprint, large sales force and volume purchasing capabilities. Because of this, we are often considered the preferred distribution channel. As we continue to consolidate our vendor relationships, we plan to devote additional resources to assist our customers in identifying products that improve their processes, day-to-day operations and overall operating efficiencies. We believe that offering these value added services maximizes our value to our customers and helps differentiate us from competitors.

*Expand into New Geographies and End Markets.* We intend to selectively establish new branches in order to facilitate our expansion into new geographies, and enter end markets where extreme operating environments generate high PVF product replacement rates. We continue to evaluate establishing branches and service and supply centers in select domestic and international regions as well as identifying existing branches for overlap and strategic elimination.

We believe that an attractive opportunity also exists to continue to expand internationally. We continue to actively evaluate opportunities to extend our offering to key international markets, particularly in Asia, the Middle East and South America, and recently expanded our global presence through our acquisition of Transmark. The current installed base of energy infrastructure internationally, including the upstream, midstream and downstream end markets, is significantly larger than in North America, and as a result we believe represents an attractive long term opportunity both for us and our largest customers. In addition, the increased focus, particularly by foreign-owned integrated oil companies that traditionally have not used distributors for their PVF procurement requirements, on efficiency, cost savings, process improvements and core competencies, has also generated potential growth opportunities to add new customers that we will continue to monitor closely.

We also believe opportunities exist for expansion into new and under-penetrated end markets where PVF products are used in specialized, highly corrosive applications. These end markets include pulp and paper, waterworks, food and beverage and other general industrial markets, in addition to other energy end markets such as power generation, solar, liquefied natural gas, coal, nuclear and ethanol. We believe our extensive global branch network, comprehensive PVF product offering, large sales force and reputation for high customer service and technical expertise positions us to participate in the growth in these end markets.

We believe there also remains an opportunity to continue to expand into certain niche and specialty products that complement our current extensive product offering.

*Focus on Acquisition Integration.* Since January 2007, we have completed five acquisitions and one major merger that have provided us with additional product, end market or geographic adjacencies and diversification. In addition, prior to the investment in our company by the Goldman Sachs Principal Investment Area in January 2007, we completed 18 acquisitions between 2000 and 2006. As part of these transactions, we believe we have demonstrated a track record of successful acquisition integration, including expediently bringing new systems onto ours, consolidating redundant branches, leveraging operational best practices and generating cost savings in purchasing and administrative functions. Acquisitions, particularly of “tuck-in” family owned competitors, remain an attractive growth opportunity and we believe are a core competency of our company.

*Further Penetrate the Canadian Oil Sands, Particularly the Downstream Sector.* The Canadian Oil Sands region and its attendant downstream markets represent long-term growth areas for our company. Improvements in mining and in-situ technology are driving significant long-term investment in the area and, according to the Alberta Energy Resources and Conservation Board, the Canadian Oil Sands contain an ultimately recoverable crude bitumen resource of 315 billion barrels, with established reserves of 170 billion barrels in 2008. Canada has the second largest recoverable crude oil reserves in the world, behind Saudi Arabia. Capital and maintenance investments in the Canadian Oil Sands are expected to experience significant growth due to advancements in recovery and upgrading technologies. According to the Alberta Ministry of Energy, an estimated CDN\$91.0 billion (US\$91.0 billion) was invested in Canadian Oil Sands projects from 1999 to 2009. These large facilities require significant ongoing PVF maintenance well in excess of traditional energy infrastructure, given the extremely harsh operating environments and highly corrosive conditions. MRO expenditures for PVF in the Canadian Oil Sands are typically over five times that of MRO expenditures for PVF in traditional downstream environments. According to the Alberta Ministry of Energy, almost CDN\$170 billion (US\$170 billion) in Canadian Oil Sands-related projects were underway or proposed as of September 2009, which we estimate could generate significant PVF expenditures. However, current uncertainties regarding oil prices and market conditions may postpone some of these projects.

While Midfield has historically focused on the upstream and midstream sectors in Canada, we believe that a significant opportunity exists to penetrate the Canadian Oil Sands and downstream markets which include the upgrader, refinery and petrochemical markets. We are the leading provider of PVF products to the downstream market in the U.S. and believe this sector expertise and existing customer relationships can be utilized by our upstream and midstream Canadian operations to grow our downstream sector presence in this region. We also believe there is a significant opportunity to penetrate the Canadian Oil Sands extraction market involving in-situ recovery methods, including SAGD (steam assisted gravity drainage) and CSS (cyclic steam stimulation) techniques used to extract the bitumen. We utilize a full team overseen by senior management and have made targeted inventory and facility investments in Canada, including a 60,000 square foot distribution center located near Edmonton and a recently opened approximately 16,000 square foot distribution center near Fort McMurray, to address this opportunity. Finally, we also believe that an attractive opportunity exists to more fully penetrate the MRO market in Canada, particularly in Eastern Canada, including refineries, petrochemical facilities, gas utilities and pulp and paper and other general industrial markets. We recently opened a branch in Sarnia, Ontario to target these end markets.

## History

McJunkin Corporation (“McJunkin”) was founded in 1921 in Charleston, West Virginia and initially served the local oil and natural gas industry, focusing primarily on the downstream end market. In 1989, McJunkin broadened its upstream end market presence by merging its oil and natural gas division with Appalachian Pipe & Supply Co. to form McJunkin Appalachian Oilfield Supply Company (“McJunkin Appalachian”, which was a subsidiary of McJunkin Corporation, but has since been merged with and into McJunkin Red Man Corporation), which focused primarily on upstream oil and natural gas customers.

In April 2007, we acquired Midway-Tristate Corporation (“Midway”), a regional PVF oilfield distributor, primarily serving the upstream Appalachia and Rockies regions. This extended our leadership position in Appalachia/Marcellus shale region, while adding additional branches in the Rockies.

Red Man Pipe & Supply Co. (“Red Man”) was founded in 1976 in Tulsa, Oklahoma and began as a distributor to the upstream end market and subsequently expanded into the midstream and downstream end markets. In 2005, Red Man acquired an approximate 51% voting interest in Canadian oilfield distributor Midfield Supply ULC (“Midfield”), giving Red Man a significant presence in the Western Canadian Sedimentary Basin.

In October 2007, McJunkin and Red Man completed a business combination transaction to form the combined company, McJunkin Red Man Corporation. This transformational merger combined leadership positions in the upstream, midstream and downstream end markets, while creating a “one stop” PVF leader across all end markets with full geographic coverage across North America. Red Man has since been merged with and into McJunkin Red Man Corporation.

On July 31, 2008, we acquired the remaining voting and equity interest in Midfield. Also, in October 2008, we acquired LaBarge Pipe & Steel Company (“LaBarge”). LaBarge is engaged in the sale and distribution of carbon



steel pipe (predominately large diameter pipe) for use primarily in the North American midstream energy infrastructure market. The acquisition of LaBarge expanded our midstream end market leadership, while adding a new product line in large outside diameter pipe.

On October 30, 2009, we acquired Transmark Fcx Group B.V. (“Transmark”) and as part of the acquisition, we renamed Transmark as MRC Transmark Group B.V. (“MRC Transmark”) MRC Transmark is a leading distributor of valves and flow control products in Europe, Southeast Asia and Australasia. Transmark was formed from a series of acquisitions, the most significant being the acquisition of FCX European and Australasian distribution business in July 2005. The acquisition of Transmark provided geographic expansion internationally, additional downstream diversification and enhanced valve market leadership.

During 2010, we acquired The South Texas Supply Company, Inc. (“South Texas Supply”) and also certain operations and assets from Dresser Oil Tools, Inc. (“Dresser”). With these two acquisitions, we expanded our footprint in the Eagle Ford and Bakken shale regions, expanding our local presence in two of the emerging active shale basins in North America.

## Industry

We primarily serve the global oil and natural gas industry, generating approximately 90% of our sales from supplying products and various services to customers throughout the energy industry. Of our total sales, 95% are comprised of PVF and related oilfield supplies. Given the diverse requirements and various factors that drive the growth of the upstream, midstream and downstream end markets, our sales to each end market may vary over time, though the overall strength of the global energy market and the level of our customers’ capital and other expenditures are typically good indicators of our performance. While customer spending improved in 2010 over 2009, as part of the broader global economic recovery, overall oil and natural gas drilling and completion spending still remained at 2006 levels. Over the longer term we expect customer spending to increase due to a variety of global supply and demand fundamentals. Globally, the energy industry has, during the past several years, experienced a number of favorable supply and demand dynamics that have led companies to make substantial investments to expand their physical infrastructure and processing capacities. On the demand side, world energy markets are benefiting from: (i) increased consumption of energy, caused in part by the industrialization of China, India and other non-OECD countries, (ii) continued global energy infrastructure expansion and (iii) increased use of natural gas, as opposed to coal, in power generation. At the same time, energy supply has been generally constrained due to increasing scarcity of natural resources, declining excess capacity of existing energy assets, geopolitical instability, natural and other unforeseen disasters, and more stringent regulatory, safety and environmental standards. These demand and supply dynamics underscore the need for investment in energy infrastructure and the next level of global exploration, extraction, production, transportation, refining and processing of energy inputs. Furthermore, as companies in the energy industry continue to focus on improving operating efficiencies, they have been increasingly looking to outsource their procurement and related administrative functions to distributors such as MRC.

The following table summarizes our revenue by end market for the years ended December 31, 2010, 2009 and 2008:

	Year Ended December 31,		
	2010	2009	2008
Upstream	45%	44%	45%
Midstream	23%	24%	22%
Downstream and industrial	32%	32%	33%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

*Upstream:* Exploration and production (“E&P”) companies, commonly referred to as upstream companies, search for oil and natural gas underground and extract it to the surface. Representative companies include Anadarko, Canadian Natural Resources, Ltd., Chesapeake Energy Corporation, Chevron Corporation, ConocoPhillips Company, EnCana Corporation, Exxon Mobil Corporation, Husky Energy Inc., Marathon and Royal Dutch

Shell plc. E&P companies typically purchase oilfield supplies, including carbon steel and other pipe, valves, sucker rods, tools, pumps, production equipment and meters.

Notwithstanding the significant decrease in 2009 and slight increase in 2010, the capital spending budgets of E&P companies have grown over the past decade as tight supply conditions and strong global demand for oil and natural gas have spurred companies to expand their operations.

#### Oil and Natural Gas Drilling and Completion Spending(1)

	2011E	2010E	2009A	2008A	2007A	2006A
			(In billions)			
United States	\$ 140.6	\$ 115.7	\$ 83.5	\$ 150.7	\$ 127.6	\$ 117.0
Canada	21.0	17.0	10.0	20.5	17.7	21.1
North America total	<u>\$ 161.6</u>	<u>\$ 132.7</u>	<u>\$ 93.5</u>	<u>\$ 171.2</u>	<u>\$ 145.3</u>	<u>\$ 138.1</u>
International(2)	\$ 38.9	\$ 36.6	\$ 38.4	\$ 39.5	\$ 33.9	\$ 30.1

(1) Source — Spears & Associates: Drilling and Production Outlook, December 2010

(2) Includes Europe and the Far East

Rig counts are indicative of activity levels in the upstream end market. The average North American rig count increased at an approximate 4% compound annual growth rate between 2006 and 2008, but, due to the global economic recession that started in late 2008, the average fell by more than 40% in 2009. As the economy recovered, the rig count recovered, increasing by 45% in 2010. Furthermore, more technically sophisticated drilling methods, such as deep and horizontal drilling and the multiple fracturing of hydrocarbon production zones, coupled with higher oil and natural gas prices relative to long term averages, have made E&P in previously underdeveloped areas, such as Appalachia and the Rockies, more economically feasible. As part of this trend, there has been growing commercial interest by our customers in several shale deposit areas in the United States, including the Bakken, Barnett, Fayetteville, Haynesville, Eagle Ford and Marcellus shales, where we have an extensive local presence. During 2010, there was a significant shift towards oil prospects, with an average oil rig count of approximately 39% of the total for 2010, the highest percentage in the United States in the last twenty years. Additionally, we believe improved E&P technologies will allow for more deepwater drilling both offshore in the Gulf of Mexico and offshore in certain international areas, where we maintain a presence. In the Gulf of Mexico, new drilling and safety requirements will have to be met in 2011 before there will be a significant activity increase. In Canada, improvements in mining and in-situ technology are driving increased investment in the Canadian Oil Sands.

### Oil and Natural Gas Rig Count

	2010	2009	2008	2007	2006
<i>Average Total Rig Count(1)</i>					
United States	1,546	1,089	1,879	1,768	1,649
Canada	351	221	381	344	470
Total North America	1,897	1,310	2,260	2,112	2,119
International	1,094	997	1,079	1,005	925
Total Worldwide	2,991	2,307	3,339	3,117	3,044
<i>Average Natural Gas Rig Count(1)</i>					
United States	943	801	1,491	1,466	1,372
Canada	148	120	220	215	361
Total North America	1,091	921	1,711	1,681	1,733
<i>Average Commodity Prices(2)</i>					
Natural gas (\$/Mcf)	\$ 4.16	\$ 3.66	\$ 7.98	\$ 6.26	\$ 6.40
WTI crude oil (per barrel)	\$ 79.39	\$ 61.95	\$ 99.67	\$ 72.34	\$ 66.05
Brent crude oil (per barrel)	\$ 79.50	\$ 61.74	\$ 96.94	\$ 72.44	\$ 65.16
<i>Well Permit(3)</i>					
United States	1,260	989	1,682	1,512	1,514

(1) Source — Baker Hughes ([www.bakerhughes.com](http://www.bakerhughes.com))

(2) Source — Department of Energy, Energy Information Administration ([www.eia.gov](http://www.eia.gov))

(3) Source — RigData

*Midstream:* The midstream end market of the oil and natural gas industry is comprised of companies that provide gathering, storage, transmission, distribution and other services related to the movement of oil, natural gas and refined petroleum products from sources of production to demand centers. Representative midstream companies include AGL Resources Inc., Atmos Energy Corporation, Chesapeake Midstream Partners, Consolidated Edison, Inc., DCP Midstream Partners, LP, El Paso Natural Gas Company, Enterprise Products Partners L.P., Kinder Morgan Energy Partners, L.P., Magellan Midstream Partners, L.P., NiSource, Inc., Vectren Energy and Williams Partners L.P. Core products supplied for midstream infrastructure include carbon steel line pipe for gathering and transporting oil and natural gas, actuation systems for the remote opening and closing of valves, polyethylene pipe for “last mile” transmission to end user locations, and metering equipment for the measurement of oil and natural gas delivery.

The natural gas utilities portion of the midstream sector has been one of our fastest growing markets since regulatory changes enacted in the late 1990s encouraged utilities to outsource through distribution their PVF purchasing and procurement needs. Outsourcing provides significant labor and working capital savings to customers through the consolidation of standardized product procurement spending and the delegation of warehousing operations to us. We estimate that less than one-half of natural gas utilities currently outsource in varying degrees and we anticipate that some of the remaining large natural gas utilities will most likely switch from the direct sourcing model to a distributor model. Furthermore, we believe natural gas utilities will increasingly seek operating efficiencies as large natural gas pipelines and related distribution networks continue to be built, and will increasingly rely on companies such as ours to optimize their supply chains and enable them to focus on their core operations.

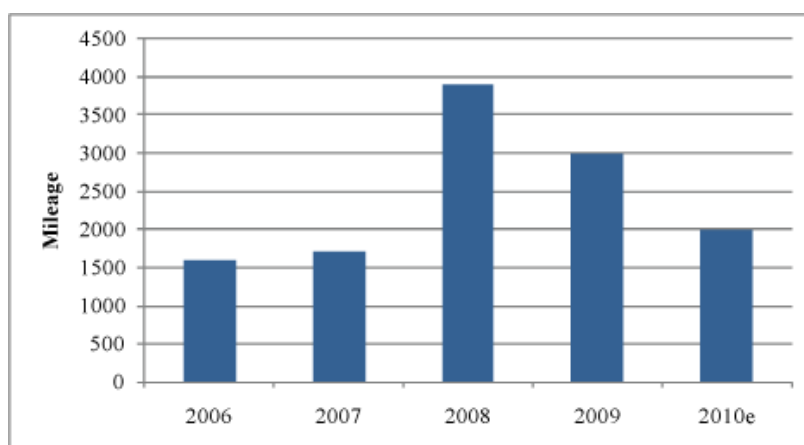
The gathering and transmission pipeline activity is anticipated to exhibit significant growth over the next several years due to the new discoveries of natural gas reserves in various shale natural gas fields and the need for additional pipelines to carry heavy sour crude from Canada to refineries in the United States. Recent heightened activity in oil and natural gas fields such as the Bakken, Eagle Ford, Niobrara and Marcellus shale regions remain largely unsupported by transmission facilities of the appropriate scale necessary to bring the oil and natural gas to



market. This need for large pipelines to transport energy feedstocks to markets is creating significant growth for PVF and other products we sell. Drivers of pipeline development and growth include the development of natural gas production in new geographies, increased pipeline interconnection driven by a need to lower price differences within regions, and the need to link facilities that may be developed over the next decade.

The need for increased safety and governmental demands for pipeline integrity have also accelerated the MRO cycle for PVF products in this segment. Governmentally mandated programs have hastened the testing of existing lines to ensure that the integrity of the pipe remains consistent with its original design criteria. All pipe falling outside the necessary performance criteria as it relates to safety and overall integrity must be replaced. These regulations for pipeline integrity management should continue to stimulate MRO demand for products as older pipelines are inspected and eventually replaced.

**Additions to Natural Gas Pipeline Mileage 2006-2010(1)**

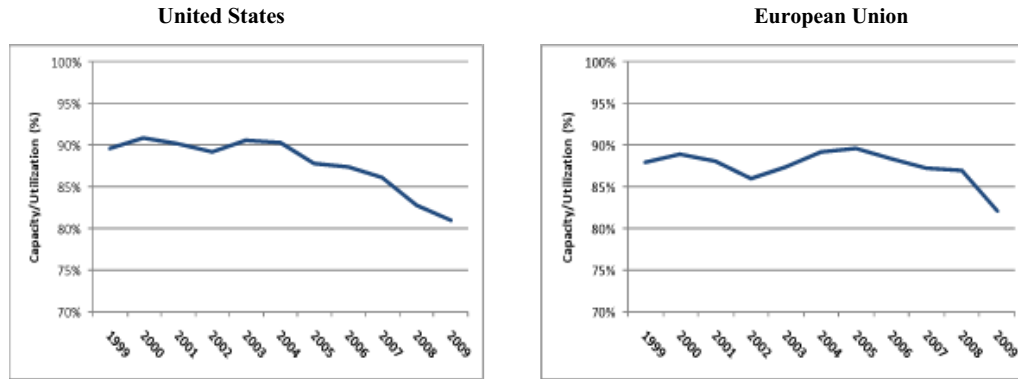


(1) U.S. Energy Information Administration ([www.eia.gov](http://www.eia.gov))

*Downstream:* Typical downstream activities include the refining of crude oil and the selling and distribution of products derived from crude oil, as well as the production of petrochemicals. Representative downstream companies include BP plc, Chevron, ConocoPhillips Company, Exxon Mobil Corporation, Marathon Oil Corporation, Royal Dutch Shell plc and Valero Energy Corporation. Refinery infrastructure products include carbon steel line pipe and gate valves, fittings to construct piping infrastructure and chrome or high alloy pipe and fittings for high heat and pressure applications. Chemical/petrochemical products include corrosive-resistant stainless steel or high alloy pipes, multi-turn valves and quarter-turn valves.

Over the past year, refinery utilization rates have decreased significantly as part of the global economic slowdown. As a result, several new projects to increase capacity have been delayed, or in some cases cancelled. The number of operable refineries in the U.S. declined from 223 in 1985 to approximately 148 in 2010, and we believe that the continued stress on this refinery infrastructure caused by demand for petroleum products will accelerate PVF replacement rates over the longer term. This trend is most pronounced outside the U.S. where capacity utilization rates are the highest and the demand for petroleum products is growing the fastest.

### Percent Utilization of Refinery Operable Capacity(1)



(1) Source — BP Statistical Review of World Energy June 2010 ([www.bp.com/statisticalreview](http://www.bp.com/statisticalreview))

The pre-recession gap between fuel consumption and domestic refining capacity, coupled with an anticipated recovery in refinery utilization levels, may necessitate new projects and generate new project and MRO contract opportunities for MRC. Further, as refineries look for ways to improve margins and value-added capabilities, they are also increasingly broadening the crude processed to include heavier, sourer crude. Heavier, sour crude is harsher and more corrosive than light sweet crude, and requires high-grade alloys in many parts of the refining process, shortening product replacement cycles and creating additional MRO contract opportunities for us following project completion. Thus, we believe that this need will create greater demand for our specialty products that include, among others, corrosion resistant components and steam products used in various process applications in refineries.

Petrochemical plants generally use crude oil, natural gas or coal in production of a variety of primary petrochemicals (e.g. ethylene and propylene) that are the building blocks for many of the manufactured goods produced in the world today. The burgeoning economies in China, India and other non-OECD countries have generated increasing demand for petrochemicals and we expect that future increases in demand will require additional capital and other expenditures to increase capacity. Industry participants include integrated oil and natural gas companies with significant petrochemical operations and large industrial chemical companies, such as BP Chemicals, Celanese Chemicals, E.I. du Pont de Nemours and Company, Eastman Chemicals Company and Exxon Mobil Corporation.

*Other Industries Served.* Beyond the oil and natural gas industry, we also supply products and services to other energy sectors such as chemical, petrochemical, coal, power generation, liquefied natural gas and alternative energy facilities. We also serve more general industrial end markets such as pulp and paper, metals processing, fabrication, pharmaceutical, food and beverage and manufacturing, which together make use of products such as corrosion resistant piping products as well as automation and instrumentation products. Some of the customers we serve in these markets include Alcoa, Inc., Arcelor Mittal, Eli Lilly and Company, Georgia Pacific Corporation, International Paper Company and U.S. Steel Corporation. These other markets are typically characterized by large physical plants requiring significant ongoing maintenance and capital programs to ensure efficient and reliable operations. We include these industries within our downstream end market category.

#### North American Operations

Our North American segment represented approximately 93% of our consolidated revenues in 2010 and is comprised of our business of distributing pipe, valves and fittings to the energy and industrial sectors, across each of the upstream, midstream and downstream end markets, through our distribution operations located throughout North America.

*Products:* Through our over 180 branches strategically located throughout North America, we distribute a complete line of PVF products, primarily used in specialized applications in the energy infrastructure market, from our global network of suppliers. The products we distribute are used in the construction, maintenance, repair and overhaul of equipment used in extreme operating conditions such as high pressure, high/low temperature, high

corrosive and high abrasive environments. The breadth and depth of our product offerings and our extensive North American presence allow us to provide high levels of service to our customers. Due to our national inventory coverage, we are able to fulfill more orders more quickly, including those with lower volume and specialty items, than we would be able to if we operated on a smaller scale and/or only at a local or regional level. Key product types are described below:

- *Carbon Steel Fittings and Flanges.* Products include carbon weld fittings, flanges and piping components used primarily to connect piping and valve systems for the transmission of various liquids and gases. These products are used across all the industries in which we operate.
- *Carbon Steel Line Pipe and Oil Country Tubular Goods ("OCTG").* Carbon standard and line pipe are typically used in high-yield, high-stress, abrasive applications such as the gathering and transmission of oil, natural gas and phosphates. OCTG is used as down hole well casing, production casing and tubing for the conveying of hydrocarbons to the surface and is either classified as carbon or alloy depending on the grade of material.
- *Natural Gas Distribution Products.* Products include risers, meters, polyethylene pipe and fittings and various other components and supplies used primarily in the distribution of natural gas to residential and commercial customers.
- *Oilfield Supplies.* We offer a full range of oilfield supplies and completion equipment. Products offered include high density polyethylene pipe and fittings, valves, well heads, pumping units and rods. Additionally, we can supply a wide range of production equipment including meter runs, tanks and separators used in our upstream end market.
- *Stainless Steel and Alloy Pipe and Fittings.* Products include stainless, alloy and corrosion resistant pipe, tubing, fittings and flanges. These are used most often in the chemical, refining and power generation industries but are used across all of the end markets in which we operate. Alloy products are principally used in high-pressure, high-temperature and high-corrosion applications typically seen in process piping applications.
- *Valves and Specialty Products.* Products offered include ball, butterfly, gate, globe, check, needle and plug valves which are manufactured from cast steel, stainless/alloy steel, forged steel, carbon steel or cast and ductile iron. Valves are generally used in oilfield and industrial applications to control direction, velocity and pressure of fluids and gases within transmission networks. Specialty products include lined corrosion resistant piping systems, valve automation and top work components used for regulating flow and on/off service, and a wide range of steam and instrumentation products used in various process applications within our refinery, petrochemical and general industrial end markets.

*Services:* We provide many of our customers with a comprehensive array of services including multiple deliveries each day, zone store management, valve tagging and significant system interfaces that directly tie the customer into our proprietary information systems. This allows us to interface with our customers' information technology ("IT") systems and provide an integrated supply service. Such services strengthen our position with our customers as we become more integrated into the customer's business and supply chain and are able to market a "total transaction cost" solution rather than individual product prices.

Our comprehensive legacy information systems, which provide for customer and supplier electronic integrations, information sharing and e-commerce applications, further strengthen our ability to provide high levels of service to our customers. In 2010, we processed over 1.5 million EDI/EDE customer transactions. Our highly specialized implementation group focuses on the integration of our information systems and implementation of improved business processes with those of a new customer during the initiation phase. By maintaining a specialized team, we are able to utilize best practices to implement our systems and processes, thereby providing solutions to customers in a more organized, efficient and effective manner. This approach is valuable to large, multi-location customers who have demanding service requirements.

As major integrated and large independent energy companies have implemented efficiency initiatives to focus on their core business, many of these companies have begun outsourcing certain of their procurement and inventory management requirements. In response to these initiatives and to satisfy customer service requirements, we offer integrated supply services to customers who wish to outsource all or a part of the administrative burden associated

with sourcing PVF and other related products, and we also often have MRC employees on-site full-time at many customer locations. Our integrated supply group offers procurement-related services, physical warehousing services, product quality assurance and inventory ownership and analysis services.

*Suppliers:* We source the products we distribute from a global network of suppliers. Our suppliers benefit from access to our diversified customer base and, by consolidating customer orders, we benefit from stronger purchasing power and preferred vendor programs. Our purchases from our top ten suppliers in 2010 approximated 41% of our North American total purchases, with our single largest supplier constituting approximately 12%. We are the largest buyer for many of our suppliers and we source a significant majority of the products we distribute directly from the manufacturer. The remainder of the products we distribute are sourced from manufacturer representatives, trading companies and, in some instances, other distributors.

We believe our customers and suppliers recognize us as an industry leader for the quality of products we supply and for the formal processes we use to evaluate vendor performance. This vendor assessment process is referred to as the MRC Supplier Registration Process, which involves employing individuals, certified by the International Registry of Certificated Auditors, who specialize in conducting on-site assessments of our manufacturers as well as monitoring and evaluating the quality of goods produced. The result of this process is the MRC Approved Supplier List ("MRC ASL"). Products from the manufacturers on this list are supplied across many of the end markets we support. Given that many of our largest customers, especially those in the refinery and chemical industries, maintain their own formal Approved Manufacturer List ("AML") listing, we are recognized as an important source of information sharing with our key customers regarding the results of our on-site assessment. For this reason, together with our commitment to promote high quality products that bring the best overall value to our customers, we often become the preferred provider of AML products to these customers. Many of our customers regularly collaborate with us regarding specific manufacturer performance, our own experience with vendors' products and the results of our on-site supplier assessments. The emphasis placed on the MRC ASL by both our customers and suppliers helps secure our central and critical position in the global PVF supply chain.

We utilize a variety of freight carriers in addition to our corporate truck fleet to ensure timely and efficient delivery of our products. With respect to deliveries of products from us to our customers, or our outbound needs, we utilize both our corporate fleet and third-party transportation providers. With respect to shipments of products from suppliers to us, or our inbound needs, we principally use third party carriers. We utilize third parties for approximately 20% of our outbound deliveries and for nearly all of our inbound shipments.

*Seasonality:* Our business experiences mild seasonal effects as demand for the products we distribute is generally higher during the months of August, September and October. Demand for the products we distribute during the months of November and December and early in the year generally tends to be lower due to a lower level of activity in our end markets near the end of the calendar year and due to winter weather disruptions. In addition, certain E&P activities, primarily in Canada, typically experience a springtime reduction due to seasonal thaws and regulatory restrictions, limiting the ability of drilling rigs to operate effectively during these periods.

*Customers:* Our principal customers are companies active in the upstream, midstream and downstream sectors of the energy industry as well as in other industrial and energy sectors. Due to the demanding operating conditions in the energy industry and high costs associated with equipment failure, our customers require highly reliable products from distributors with established qualifications and experience. As our PVF products typically represent a fraction of the total cost of a given project, our customers place a premium on service given the high cost to them of maintenance or new project delays. We strive to build long-term relationships with our customers by maintaining our reputation as a supplier of high-quality, efficient and reliable products and value-added services and solutions.

We have a diverse customer base of over 10,000 active customers. We are not dependent on any one customer or group of customers. A majority of our customers are offered terms of net 30 days (due within 30 days of the date of the invoice). Customers generally have the right to return products we have sold, subject to certain conditions and limitations, although returns have historically been immaterial to our sales. For the years ended December 31, 2010 and 2009, our top twenty-five North American customers represented approximately half of our North American sales. For many of our largest customers, we are often their sole or primary PVF provider by end market or geography, their largest or second largest supplier in aggregate or, in certain instances, the sole provider for their upstream, midstream and downstream procurement needs. We believe that many customers for which we are not the

end market exclusive or comprehensive North American sole source PVF provider will continue to reduce their number of suppliers in an effort to reduce costs and administrative burdens and focus on their core operations. As such, we believe these customers will seek to select PVF distributors with the most extensive product offering and broadest geographic presence. Furthermore, we believe our business will benefit as companies in the energy industry continue to consolidate and the larger, resulting companies look to larger distributors such as ourselves as their sole or primary source PVF provider.

*Backlog:* Backlog is determined by the amount of unshipped third-party customer orders, either specific or general (including under pipe programs) in nature, which may be revised or cancelled by the customer in certain instances. There can be no assurance that the backlog amounts will be ultimately realized as revenue, or that the Company will earn a profit on the backlog of orders. Our backlog at December 31, 2010 was \$519 million. At December 31, 2009, our backlog, which at that time generally excluded oil and gas well program orders, was \$264 million.

*Competition:* We are the largest North American PVF distributor to the energy industry based on sales. The broad PVF distribution industry is fragmented and includes large, nationally recognized distributors, major regional distributors and many smaller local distributors. The principal methods of competition include offering prompt local service, fulfillment capability, breadth of product and service offerings, price and total costs to the customer. Our competitors include nationally recognized distributors, such as Wilson Industries, Inc. (a subsidiary of Schlumberger) and National Oilwell Varco, Inc., several large regional or product-specific competitors and many local, family-owned PVF distributors.

*Employees:* As of December 31, 2010, we had approximately 3,120 employees in North America. Twenty-two employees in the United States belong to a union and are covered by collective bargaining agreements. We consider our relationships with our employees to be good.

## **International Operations**

Our International segment represents our valve distribution business to the energy and general industrial sectors, across each of the upstream and downstream end markets, through our distribution operations located throughout Europe, Asia and Australasia. Our International segment represented approximately 7% of our consolidated revenues in 2010.

*Products:* Through our over 30 strategic branch and service facilities throughout Europe, Asia and Australasia, we distribute a complete line of valve and specialty products. The products we distribute are used in the construction, maintenance, repair and overhaul of equipment used in extreme operating conditions such as high pressure, high/low temperature, high corrosive and high abrasive environments.

Due to our geographical footprint, we are able to service our global customers at several of their locations. Key product types are described below:

- *Valves and Specialty Products.* Products offered include ball, butterfly, gate, globe, check, needle and plug valves which are manufactured from cast steel, stainless/alloy steel, forged steel, carbon steel or cast and ductile iron. Valves are generally used in oilfield and industrial applications to control direction, velocity and pressure of fluids and gases within transmission networks. Specialty products include lined corrosion resistant piping systems, valve automation and top work components used for regulating flow and on/off service and a wide range of steam and instrumentation products used in various process applications within our offshore refinery, petrochemical and general industrial end markets.

*Services:* We provide our customers with a comprehensive array of services, including multiple daily deliveries, zone stores management, valve tagging and significant system interfaces that directly tie the customer into our proprietary information systems. This allows us to interface with our customers' IT systems and provide an integrated supply service. Such services strengthen our position with our customers as we become more integrated into the customer's business and supply chain and are able to market a "total transaction cost" solution rather than individual product prices.

As major integrated and large independent energy companies have implemented efficiency initiatives to focus on their core business, many of these companies have begun outsourcing certain of their procurement and inventory management requirements. In response to these initiatives and to satisfy customer service requirements, we offer

integrated supply services to customers who wish to outsource all or a part of the administrative burden associated with sourcing valves and other related products. Our integrated supply group offers procurement-related services, physical warehousing services, product inspection, product quality assurance and inventory ownership and analysis services.

*Suppliers:* We source the products we distribute from a global and regional network of suppliers. Our suppliers benefit from access to our diversified customer base and, by consolidating customer orders, we benefit from stronger purchasing power and preferred vendor programs. Our purchases from our top ten suppliers in 2010 approximated 43% of our International total purchases, with our single largest supplier constituting approximately 9%. We are a significant buyer for many of our suppliers and we source a significant majority of the products we distribute directly from the manufacturer. The remainder of the products we distribute are sourced from manufacturer representatives, trading companies and other distributors.

*Customers:* Our principal customers are companies active in the upstream and downstream sectors of the energy industry, as well as in other industrial and energy sectors. Due to the demanding operating conditions in the energy industry and high costs associated with equipment failure, our customers require highly reliable products from distributors with established qualifications and experience. As our valve products typically represent a fraction of the total cost of the project, our customers place a premium on service given the high cost to them of maintenance or new project delays. We strive to build long-term relationships with our customers by maintaining our reputation as a supplier of high-quality, efficient and reliable products and value-added services and solutions.

We have a diverse customer base, consisting of thousands of active customers. We are not dependent on any one customer or group of customers. Customers generally have the right to return products we have sold, subject to certain conditions and limitations, although returns have historically been immaterial to our sales. For the year ended December 31, 2010, our top ten International customers represented approximately 40% of our International sales. For many of our largest customers, we are often their sole or primary valve provider by end market or geography, their largest or second largest supplier in aggregate or, in certain instances, the sole provider for their upstream and downstream procurement needs. We believe that many customers for which we are not the end market exclusive or comprehensive sole source valve provider will continue to reduce their number of suppliers in an effort to reduce costs and administrative burdens and focus on their core operations. As such, we believe these customers will seek to select valve and PVF distributors with the most extensive product offering and broadest geographic presence. Furthermore, we believe our business will benefit as companies in the energy industry continue to consolidate and the larger, resulting companies look to larger distributors such as ourselves as their sole or primary source valve provider.

*Backlog:* Backlog is determined by the amount of unshipped third-party customer orders, either specific or general in nature, which may be revised or cancelled by the customer in certain instances. There can be no assurance that the backlog amounts will be ultimately realized as revenue or that the Company will earn a profit on the backlog of orders. Our backlog at December 31, 2010 and 2009 was \$64 million and \$98 million, respectively.

*Competition:* We are one of the largest global valve distributors to the energy industry based on sales. The broad PVF distribution industry is fragmented and includes large, nationally recognized distributors, major regional distributors and many smaller local distributors. The principal methods of competition include offering prompt local service, fulfillment capability, breadth of product and service offerings, price and total costs to the customer. Our competitors include several large regional or product-specific competitors and many local, family-owned PVF distributors.

*Employees:* As of December 31, 2010, we had approximately 490 employees. Five employees in New Zealand belong to a union and are covered by collective bargaining agreements. We consider our relationships with our employees to be good.

## **Environmental Matters**

We are subject to a variety of federal, state, local, foreign and provincial environmental, health and safety laws and regulations, including those governing the discharge of pollutants into the air or water, the management, storage and disposal of, or exposure to, hazardous substances and wastes, the responsibility to investigate and clean up contamination and occupational health and safety. Fines and penalties may be imposed for non-compliance with applicable environmental, health and safety requirements and the failure to have or to comply with the terms and



conditions of required permits. Historically, the costs to comply with environmental and health and safety requirements have not been material. We are not aware of any pending environmental compliance or remediation matters that, in the opinion of management, are reasonably likely to have a material effect on our business, financial position or results of operations. However, the failure by us to comply with applicable environmental, health and safety requirements could result in fines, penalties, enforcement actions, third party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup, or regulatory or judicial orders requiring corrective measures, including the installation of pollution control equipment or remedial actions.

Under certain laws and regulations, such as the U.S. federal Superfund law or its foreign equivalent, the obligation to investigate and remediate contamination at a facility may be imposed on current and former owners or operators or on persons who may have sent waste to that facility for disposal. Liability under these laws and regulations may be imposed without regard to fault or to the legality of the activities giving rise to the contamination. Although we are not aware of any active litigation against us under the U.S. federal Superfund law or its state or foreign equivalents, contamination has been identified at several of our current and former facilities, and we have incurred and will continue to incur costs to investigate and remediate these conditions. Moreover, we may incur liabilities in connection with environmental conditions currently unknown to us relating to our prior, existing or future sites or operations or those of predecessor companies whose liabilities we may have assumed or acquired.

In addition, environmental, health and safety laws and regulations applicable to our business and the business of our customers, including laws regulating the energy industry, and the interpretation or enforcement of these laws and regulations, are constantly evolving and it is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation or enforcement, may have upon our business, financial condition or results of operations. Should environmental laws and regulations, or their interpretation or enforcement, become more stringent, our costs could increase, which may have a material adverse effect on our business, financial condition and results of operations.

In particular, legislation and regulations limiting emissions of greenhouse gases (“GHGs”), including carbon dioxide associated with the burning of fossil fuels, are at various stages of consideration and implementation at the international, national, regional and state levels. In 2005, the Kyoto Protocol to the 1992 United Nations Framework Convention on Climate Change, which established a binding set of emission targets for GHGs, became binding on the countries that ratified it. Certain states have adopted or are considering legislation or regulation imposing overall caps on GHG emissions from certain facility categories or mandating the increased use of electricity from renewable energy sources. Similar legislation has been proposed at the federal level. In addition, the U.S. Environmental Protection Agency (the “EPA”) has begun to implement regulations that would require permits for and reductions in greenhouse gas emissions for certain categories of facilities, the first of which became effective in January 2010. The EPA also intends to set GHG emissions standards for power plants in May 2012 and for refineries in November 2012. These laws and regulations could negatively impact the market for the products we distribute and, consequently, our business.

In addition, the federal government and certain state governments are considering enhancing the regulation of hydraulic fracturing, a practice involving the injection of certain substances into rock formations to stimulate production of hydrocarbons, particularly natural gas, from shale basin regions. Any increased federal or state regulation of hydraulic fracturing could reduce the demand for our products in these regions.

#### **Exchange Rate Information**

In this prospectus, unless otherwise indicated, foreign currency amounts are converted into U.S. dollar amounts at the exchange rates in effect on December 31, 2010 and 2009 for balance sheet figures. Income statement figures are converted on a monthly basis, using each month’s average conversion rate.

## MANAGEMENT

### Executive Officers and Directors

The following table sets forth the names, ages (as of December 31, 2010) and positions of each person who is an executive officer or director of McKunkin Red Man Holding Corporation:

	Age	
Andrew R. Lane	51	Chairman, President and Chief Executive Officer
James F. Underhill	55	Executive Vice President and Chief Financial Officer
Stephen W. Lake	47	Executive Vice President and General Counsel
Gary A. Ittner	58	Executive Vice President and Chief Administrative Officer
Rory M. Isaac	60	Executive Vice President — Business Development
Scott A. Hutchinson	55	Executive Vice President — North America Operations
Neil P. Wagstaff	47	Executive Vice President — International Operations
Leonard M. Anthony	56	Director
Rhys J. Best	64	Director
Peter C. Boylan III	46	Director
Henry Cornell	54	Director
Christopher A.S. Crampton	32	Director
John F. Daly	44	Director
Craig Ketchum	53	Director
Gerard P. Krans	63	Director
Dr. Cornelis A. Linse	61	Director
John A. Perkins	63	Director
H.B. Wehrle, III	59	Director

*Andrew R. Lane* has served as our president and chief executive officer since September 2008 and our chairman of the board since December 2009. He has also served as a director since September 2008. From December 2004 to December 2007, he served as executive vice president and chief operating officer of Halliburton Company, where he was responsible for Halliburton's overall operational performance, managed over 50,000 employees worldwide and oversaw several mergers and acquisitions integrations. Prior to that, he held a variety of leadership roles within Halliburton, serving as president and chief executive officer of Kellogg Brown & Root, Inc. from July 2004 to November 2004, as senior vice president, global operations of Halliburton Energy Services Group from April 2004 to July 2004, as president of the Landmark Division of Halliburton Energy Services Group from May 2003 to March 2004, and as president and chief executive officer of Landmark Graphics Corporation from April 2002 to April 2003. He was also chief operating officer of Landmark Graphics from January 2002 to March 2002 and vice president, production enhancement PSL, completion products PSL and tools/testing/TCP of Halliburton Energy Services Group from January 2000 to December 2001. Mr. Lane also served as a director of KBR, Inc. from June 2006 to April 2007. He began his career in the oil and natural gas industry as a field engineer for Gulf Oil Corporation in 1982, and later worked as a production engineer in Gulf Oil's Pipeline Design and Permits Group. Mr. Lane received a B.S. in mechanical engineering from Southern Methodist University in 1981, (Cum Laude). He also completed the Advanced Management Program (A.M.P.) at Harvard Business School in 2000. He is a member of the executive board of the Southern Methodist University School of Engineering. Mr. Lane is uniquely qualified to serve as one of our directors due to his extensive executive and leadership experience in the oil and natural gas industry and his deep knowledge of our operations.

*James F. Underhill* has served as our executive vice president and chief financial officer since November 2007. He served as our chief financial officer from May 2006 through October 2007, as senior vice president of accounting and information services from 1994 to May 2006, and vice president and controller from 1987 to 1994. Prior to



1987, Mr. Underhill served as controller, assistant controller, and corporate accounting manager. Mr. Underhill joined MRC in 1980 and has since overseen our accounting, information systems, and mergers and acquisitions areas. He has been involved in numerous implementations of electronic customer solutions and has had primary responsibility for the acquisition and integration of more than 30 businesses. Mr. Underhill was also project manager for the design, development, and implementation of our IT operating system. He received a B.A. in accounting and economics from Lehigh University in 1977 and is a certified public accountant. Prior to joining MRC, Mr. Underhill worked in the New York City office of the accounting firm of Main Hurdman (Main Hurdman was incorporated into the successor accounting firm, KPMG).

*Stephen W. Lake* has served as our executive vice president and general counsel since May 2010. Prior to that time, he served as our executive vice president, general counsel and corporate secretary since October 2008. Prior to that, he had served as our senior vice president, general counsel and corporate secretary since June 2008. Prior to that, he was our senior vice president — general counsel since joining MRC in January 2008. Previously, Mr. Lake was a shareholder at the law firm Gable & Gotwals in Tulsa, Oklahoma from January 1998 through January 2008, where he practiced in the areas of mergers and acquisitions and securities law. He was a member of the board of directors of Gable & Gotwals from January 2005 through January 2008 and an associate of that firm from September 1991 until becoming a shareholder in January 1998. Mr. Lake graduated from Vanderbilt University in 1987 with honors in economics and graduated first in his class from the University of Oklahoma law school in 1991. He was editor-in-chief of the Oklahoma Law Review from 1990-1991.

*Gary A. Ittner* has served as our executive vice president and chief administrative officer since September 2010. Prior to that, he served as our executive vice president — supply chain management since February 2009. Prior to that, he had served as our senior corporate vice president of supply chain management since November 2007, having specific responsibility for the procurement of all industrial valves, automation, fittings and alloy tubular products. From March 2001 to November 2007, he served as our senior corporate vice president of supply chain management. Before joining the supply chain management group, Mr. Ittner worked in various field positions including branch manager, regional manager, and senior regional vice president. He is a past chairman of the executive committee of the American Supply Association's Industrial Piping Division. Mr. Ittner began working at MRC in 1971 following his freshman year at the University of Cincinnati and joined MRC full-time following his graduation in 1974.

*Rory M. Isaac* has served as our executive vice president — business development since December 2008. Prior to that, he served as our senior corporate vice president of sales (focusing on downstream, industrials and natural gas utilities operations) since November 2007. From 2000 to 2007 he served as our senior vice president — national accounts, utilities and marketing. From 1995 to 2000 he served as our senior vice president — national accounts. Mr. Isaac joined MRC in 1981. He has extensive experience in sales, customer relations and management and has served at MRC as a branch manager, regional manager and regional vice president. In 1995 he began working in our corporate office in Charleston, West Virginia as senior vice president for national accounts, where he was responsible for managing and growing our national accounts customer base and directing business development efforts into integrated supply markets. Prior to joining MRC, Mr. Isaac worked at Consolidated Services, Inc. and Charleston Supply Company. Mr. Isaac attended the Citadel.

*Scott A. Hutchinson* has served as our executive vice president — North America operations since November 2009. Prior to that, he had served as our senior vice president of the Eastern region covering most operational units east of the Mississippi River. Mr. Hutchinson's extensive background in branch sales and operations was instrumental as he led the integration effort of the Midwest, Eastern and Appalachian regions. From October 1998 to January 2009 he served as senior vice president of our Midwest region. During this time he was key in the acquisitions and integration of Wilkins Supply, Joliet Valve, Cigma and Valvax, solidifying and expanding the market reach of the company in the Midwest. From May 1988 to October 1998 he worked in various field positions including branch manager, regional manager, and regional vice president in our Western Region. From 1984 to 1988 he served as outside sales representative for Grant Supply in Houston, TX which became part of our company in 1987. Prior to joining us, Mr. Hutchinson worked for Fluor Corporation in procurement. Mr. Hutchinson received a Bachelor of Arts degree in marketing from the University of Central Florida in 1977.

*Neil P. Wagstaff* has served as our executive vice president — international operations since January 1, 2011. Prior to that, he served as our executive vice president — international operations and as chief executive officer of MRC Transmark since October 2009. From July 2006 until October 2009, he served as group chief executive of Transmark Fcx Group B.V. where he was responsible for the group's overall performance in 13 operating companies in Europe, Asia and Australia and oversaw a number of acquisitions and integrations. Prior to that he held a variety of positions within Transmark Fcx, serving as a group divisional director from 2003, responsible for operations in the UK and Asia, as well as managing director for the UK businesses. He was also sales and marketing director of Heaton Valves prior to the acquisition by Transmark group in 1996, as well as Sales and Marketing Director for Hattersley Heaton valves and Shipham Valves. Mr. Wagstaff began his career in the valve manufacturing business in 1983 when he studied mechanical engineering at the Saunders Valve Company. Educated at London Business School, he is a chartered director and fellow of the UK Institute of Directors.

*Leonard M. Anthony* has been a member of our board of directors since October 2008. Mr. Anthony served as the president and chief executive officer of WCI Steel, Inc., an integrated producer of custom steel products, from December 2007 to October 2008. He was also a member of the board of directors of WCI Steel from December 2007 to October 2008. Mr. Anthony has more than 25 years of financial and operational management experience. From April 2005 to August 2007, Mr. Anthony was the executive vice president and chief financial officer of Dresser-Rand Group Inc., a global supplier of rotating equipment solutions to the oil, natural gas, petrochemical and processing industries. From May 2003 to April 2005, he served as chief financial officer of International Steel Group Inc. From 1979 to 2003, he worked at Bethlehem Steel Corporation, where he held various managerial and leadership positions. Bethlehem filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code on October 15, 2001. Mr. Anthony had been the vice president of finance and treasurer of Bethlehem from October 1999 to September 2001 and senior vice president and chief financial officer from immediately prior to its bankruptcy in October 2001 to its acquisition by International Steel in April 2003, where he assumed the role of chief financial officer and treasurer. Mr. Anthony earned a B.S. in accounting from Pennsylvania State University, an M.B.A. from the Wharton School of the University of Pennsylvania and an A.M.P. from Harvard Business School. Mr. Anthony has extensive experience at multiple levels of financial control, planning and reporting and risk management for large corporate enterprises.

*Rhys J. Best* has been a member of our board of directors since December 2007. From 1999 until June 2004, Mr. Best was chairman, president and chief executive officer of Lone Star Technologies, Inc., a company engaged in producing and marketing casing, tubing, line pipe and couplings for the oil and natural gas, industrial, automotive, and power generation industries. From June 2004 until Lone Star was acquired by the United States Steel Corporation in June 2007, Mr. Best was chairman and chief executive officer of Lone Star. Mr. Best retired in June 2007. Before joining Lone Star in 1989, Mr. Best held several leadership positions in the banking industry. Mr. Best graduated from the University of North Texas with a Bachelor of Business Administration Degree and earned an M.B.A. from Southern Methodist University. He is a member of the board of directors of Cabot Oil & Gas Corporation, an independent natural gas producer, Trinity Industries, which owns a group of businesses providing products and services to the industrial, energy, transportation, and construction sectors, and Austin Industries, Inc., a Dallas-based general construction company. He is also a member of the board of directors of Commercial Metals Corporation, a producer and marketer of scrap metals and metal products and the chairman (non-executive) and a member of the board of directors of Crosstex Energy, L.P., an independent midstream energy services company. He is also involved in a number of industry-related and civic organizations, including the Petroleum Equipment Suppliers Association (for which he has previously served as chairman) and the Maguire Energy Institute of Southern Methodist University. He serves on the board of advisors of the College of Business Administration at the University of North Texas. Mr. Best has extensive executive and leadership experience in overseeing the production and marketing of pipes and fittings in the oil and natural gas industry.

*Peter C. Boylan III* has been a member of our board of directors since August 2010 and a member of PVF Holdings, LLC board of directors since November 2007. Mr. Boylan has served as the chief executive officer of Boylan Partners, LLC, a provider of investment and advisory services, since March 2002. From April 2002 through March 2004, Mr. Boylan served as director, president and chief executive officer of Liberty Broadband Interactive Television, Inc., a global technology provider controlled by Liberty Media Corporation. From July 2000 to April 2002, Mr. Boylan was co-president, co-chief operating officer, member of the office of the chief executive officer,

and director of Gemstar-TV Guide International, Inc., a media, entertainment, technology and communications company. Mr. Boylan currently serves on the board of directors of BOK Financial Corporation, a \$24 billion publicly traded regional financial services company operating seven banking divisions in eight states and a broker/dealer subsidiary in 10 states. Mr. Boylan serves on the credit committee and the risk oversight and audit committees. Mr. Boylan has extensive corporate executive management and leadership experience, accounting, financial, and audit committee expertise, media and technology expertise, civic service, and experience sitting on other public and private boards of directors. In 2004, after a federal judge dismissed a U.S. Securities & Exchange Commission (SEC) civil suit filed against Mr. Boylan in the United States District Court for the Central District of California (Western Division) he entered into court ordered mediation with the SEC leading to a civil settlement and a Final Judgment against Mr. Boylan, enjoining him from violating the anti-fraud, books and records and other provisions of the federal securities laws, and ordering the payment of \$600,000 in disgorgement and civil penalties. Mr. Boylan consented to the entry of the order without admitting or denying any wrongdoing. The Final Judgment and settlement had no officer and director bar. The judgment against Mr. Boylan arose out of a complaint filed against Mr. Boylan and other executive officers by the U.S. Securities & Exchange Commission, alleging that Mr. Boylan and other executive officers violated various provisions of the U.S. securities laws during his tenure as co-president, co-chief operating officer and director of Gemstar-TV Guide International, Inc. (Gemstar) from July 2000 to April 2002. Mr. Boylan was indemnified by Gemstar for legal fees and expenses.

*Henry Cornell* has been a member of our board of directors since November 2006. Mr. Cornell is a Managing Director of Goldman, Sachs & Co. He is the Chief Operating Officer of Goldman Sachs' Merchant Banking Division, which includes all of the firm's corporate, real estate and infrastructure investment activities, and is a member of the global Merchant Banking Investment Committee. Mr. Cornell also serves on the Board of Directors of First Marblehead Corporation, Cobalt International Energy, Kinder Morgan, Inc., and USI Holdings Corporation. Mr. Cornell is the Chairman of The Citizens Committee of New York City, Treasurer and Trustee of the Whitney Museum of American Art, a Trustee of Grinnell College (and Chairman of the Investment Committee), a member of The Council on Foreign Relations, Trustee Emeritus of the Asia Society, a Trustee and Chairman of the Investment Committee of the Japan Society, and a member of Sotheby's International Advisory Board. He earned a B.A. from Grinnell College in 1976 and a J.D. from New York Law School in 1981. Mr. Cornell practiced law with the firm of Davis, Polk & Wardwell from 1981 to 1984 in New York and London. Mr. Cornell joined Goldman, Sachs & Co. in 1984. Mr. Cornell brings extensive experience in corporate investment, corporate governance and strategic planning including in the pipeline transportation and energy storage industries. He also has extensive experience serving on boards of directors of other significant companies including multinational companies in the energy industry.

*Christopher A.S. Crampton* has been a member of our board of directors since January 2007. He is currently a vice president in the Merchant Banking Division of Goldman, Sachs & Co., which he joined in 2003. From 2000 to 2003, he worked in the investment banking division of Deutsche Bank Securities. He is a graduate of Princeton University. Mr. Crampton has extensive experience in investment banking, corporate finance and strategic planning.

*John F. Daly* has been a member of our board of the directors since January 2007. Mr. Daly is a managing director in the Principal Investment Area of Goldman Sachs, where he has worked since 2000. In 1998 and from 1999 to 2000, he was a member of the Investment Banking Division of Goldman Sachs. From 1991 to 1997, Mr. Daly was a Senior Instructor of Mechanical & Aerospace Engineering at Case Western Reserve University. He earned a B.S. and M.S. in Engineering from Case Western Reserve University and an M.B.A. from the Wharton School of Business at the University of Pennsylvania. Mr. Daly currently serves as a director of KAG Holding Corp., Fiberlink Communications Corp. and Hawker Beechcraft, Inc. In the past five years, Mr. Daly has also served on the boards of Cooper-Standard Automotive, Inc., Euramax Holdings, Inc. and IPC Systems, Inc. Mr. Daly has extensive experience in investment banking, corporate finance and strategic planning, including in the industrial and manufacturing sectors. He also has extensive experience serving on boards of directors of other significant companies, including multinational companies.

*Craig Ketchum* has been a member of our board of directors since October 2007. Mr. Ketchum served as our chairman of the board of directors from September 2008 to December 2009 and as our president and chief executive officer from May 2008 to September 2008. Prior to that, he served as co-president and co-chief executive officer of McJunkin Red Man Corporation since the business combination between McJunkin and Red Man in October 2007. He served at Red Man in various capacities since 1979, including store operations and sales, working at Red Man

locations in Ardmore, Oklahoma, Tulsa, Oklahoma, Denver, Colorado, and Dallas, Texas. He was named vice president — sales at Red Man in 1991, executive vice president of Red Man in 1994 and president and chief executive officer in 1995. He also served on Red Man's board of directors. Mr. Ketchum graduated from the University of Central Oklahoma with a business degree and joined Red Man in 1979. He has served as chairman of the Petroleum Equipment Suppliers Association. Mr. Ketchum is intimately familiar with PVF distribution operations and is uniquely qualified to serve as a director due to his years of service in senior management of both Red Man and McJunkin Red Man Corporation.

*Gerard P. Krans* has been a member of our board of directors since December 2009. Mr. Krans serves as the chairman of the board of directors of Transmark Holdings N.V., a privately owned energy and oil services group, and Transmark Investments. Mr. Krans also serves on the board of directors of Royal Wagenborg and Crucell. From 2001 to 2007, Mr. Krans served as chairman of the board of directors of Royal van Zanten. From 1995 to 2000, Mr. Krans served on the executive board of VOPAK. From 1973 to 1995, Mr. Krans served in various positions with Royal Dutch Shell. Mr. Krans received university degrees in law, econometrics and taxation. Mr. Krans has extensive experience in strategic planning and corporate oversight, including in the energy, chemical and oil sectors.

*Dr. Cornelis A. Linse* has been a member of our board of directors since May 2010. He is currently a non-executive director of Transmark Holdings N.V., a privately owned energy and oil services group. From February 2007 until January 2010, Dr. Linse was the director of common infrastructure management for Shell International B.V. During this same period, he also served as chairman of the board of Shell Pension Fund the Netherlands, a pension fund sponsored by Shell Petroleum N.V. From February 2003 to February 2007, he was the executive vice president of contracting and procurement for Shell International B.V. Dr. Linse has held various leadership and managerial roles in the oil and gas industry since 1978, and has extensive experience in developing business infrastructure in growing, multinational companies. Dr. Linse earned a PhD from Leiden University in 1978.

*John A. Perkins* has been a member of our board of directors since December 2009. From 2001 until 2006 he was Chief Executive of London-based Truffo International plc, an international industrial group involved in the manufacture and specialist distribution of valves and related flow control products. Prior to emigrating to the UK in 1987, he was Executive Director and (from 1982) Managing Director of Metboard, a South African investment, property and financial services group which merged with the banking group Investec, which was subsequently listed on the Johannesburg and London Stock Exchanges. Mr. Perkins earned a B.Com degree from the University of the Witwatersrand and is a South African Chartered Accountant. He is currently a non-executive director on the Supervisory Board of Transmark Investments B.V., a privately owned energy and oil services group. Mr. Perkins brings extensive experience in the valve manufacturing and distribution industries throughout Europe, the United States, Australasia and the Far East.

*H.B. Wehrle, III* has been a member of our board of directors since January 2007. He served as our president and chief executive officer from January 31, 2007 to October 30, 2007. From October 31, 2007 to May 2008, Mr. Wehrle served as co-president and co-chief executive officer of McJunkin Red Man Corporation, and from May 2008 until September 2008 he served as our chairman of the board of directors. Mr. Wehrle began his career with McJunkin in 1973 in sales. He subsequently served as treasurer and was later promoted to executive vice president. He was elected president of McJunkin in 1987. Mr. Wehrle graduated from Princeton University and received an M.B.A. from Georgia State University in 1978. He is affiliated with the Young Presidents' Organization. He serves on the boards of the Central WV Regional Airport Authority, the Mid-Atlantic Technology, Research and Innovation Center and the National Institute for Chemical Studies in Charleston, West Virginia. He also serves on the board of the Mountain Company in Parkersburg, West Virginia and the University of Charleston. Mr. Wehrle is intimately familiar with PVF distribution operations and is uniquely qualified to serve as a director due to his years of service in senior management of both McJunkin and McJunkin Red Man Corporation.

Each of our directors, except for Andrew R. Lane, Leonard M. Anthony, Dr. Cornelis A. Linse and John A. Perkins, is also a director of PVF Holdings LLC, our parent company. Mr. Wehrle and Mr. Ketchum, two of our directors, are each co-chairman of PVF Holdings LLC.

## **Board of Directors**

Our board of directors currently consists of twelve members. The current directors are included above. Our directors are elected annually to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. Each director who is an employee of Goldman Sachs & Co. is entitled to six (6) votes and all other directors are entitled to one (1) vote on all matters that come before the board of directors.

## **Board Leadership Structure**

Our board of directors currently combines the positions of CEO and Chairman. These positions are currently held by Mr. Lane. The responsibilities of the chairman include presiding at all meetings of the board, reviewing and approving meeting agendas, meeting schedules and other information, as appropriate, and performing such other duties as required from time to time. We believe that the current model is effective for the company as the combined position of CEO and Chairman maximizes strategic advantages and company and industry expertise. Mr. Lane has extensive leadership experience in our industry and is best positioned to set and execute strategic priorities. Mr. Lane's leadership enhances the board's exercise of its responsibilities. In addition, this model provides enhanced efficiency and effective decision-making and clear accountability. The board evaluates this structure periodically.

In addition, each of our audit committee and compensation committee is led by a chair, each of whom is an independent director. The board believes that having these two key committees with independent chairs provides a structure for strong independent oversight of our management.

## **Risk Oversight**

The Board of Directors administers its risk oversight function primarily through the audit committee, which oversees the Company's risk management practices. The audit committee is responsible for, among other things, discussing with management on a regular basis the Company's guidelines and policies that govern the process for risk assessment and risk management. This discussion includes the Company's major risk exposures and actions taken to monitor and control such exposures. The board believes that its administration of risk management has not affected the board's leadership structure, as described above.

In addition, we have established a risk management committee. Our risk management committee is currently comprised of Andrew R. Lane, James F. Underhill, Stephen W. Lake, Gary A. Ittner, Rory M. Isaac, Scott A. Hutchinson, Neil P. Wagstaff, Diana D. Morris, Elton Bond, Theresa L. Dudding and Hugh Brown. The principal responsibilities of the risk management committee are to review and monitor any material risks or exposures associated with the conduct of our business, the internal risk management systems implemented to identify, minimize, monitor or manage such risks or exposures, and the Company's policies and procedures for risk management. While the audit committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and risk management, it is the responsibility of senior management of the Company to determine the appropriate level of the Company's exposure to risk.

## **Committees of the Board**

*Audit Committee.* Our audit committee is currently comprised of Leonard M. Anthony, Rhys J. Best, Christopher A.S. Crampton and John A. Perkins. Mr. Anthony is chairman of the audit committee. Our board of directors has determined that Mr. Anthony qualifies as an "audit committee financial expert" and an "independent director" under the rules of the New York Stock Exchange. The audit committee's primary duties and responsibilities are to assist the board of directors in oversight of the integrity of our financial statements, the integrity and adequacy of our auditing, accounting and financial reporting processes and systems of internal controls for financial reporting, compliance with legal and regulatory requirements, including internal controls designed for that purpose, the independence, qualifications and performance of our independent auditor and the performance of our internal audit function.

*Compensation Committee.* Our compensation committee is currently comprised of Rhys J. Best, Peter C. Boylan, III, Christopher A.S. Crampton and John F. Daly. Mr. Best is chairman of the compensation committee. The



principal responsibilities of the compensation committee are to establish policies and periodically determine matters involving executive compensation, recommend changes in employee benefit programs, grant or recommend the grant of stock options and stock awards and provide counsel regarding key personnel selection.

*International Committee.* Our international committee is currently comprised of Gerard P. Krans, Rhys J. Best, Christopher A.S. Crampton, John F. Daly, Dr. Cornelis A. Linse and John A. Perkins. Mr. Krans is chairman of the international committee. The purpose of the international committee is to assist the board of directors and our management with the oversight of our business strategies and initiatives outside of the United States.

## **Code of Ethics**

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. A copy of the code of ethics has been posted on our website at [www.mrcpvf.com](http://www.mrcpvf.com). In the event that we amend or waive provisions of this code of ethics with respect to such officers, we intend to also disclose the same on our website.

## **Executive Compensation**

### **Compensation Discussion and Analysis**

#### **Overview**

Since the GS Acquisition in January 2007, the overriding objective of our owners and management has been to increase the economic value and size of our company during our owners' period of ownership, and our compensation programs have been designed to support this continuing goal. In addition, compensation decisions during 2007 and 2008 were made to successfully integrate the compensation programs of McJunkin Corporation and Red Man. This integration was largely completed by the end of 2008.

The compensation committee of our board of directors (the "Committee") oversees company-wide compensation practices; reviews, develops and administers executive compensation programs; and approves or makes recommendations to our board of directors regarding certain compensation matters. During 2010, the Committee was comprised of Rhys J. Best, Peter C. Boylan, III (appointed in November 2010), Christopher A.S. Crampton, John F. Daly, Harry K. Hornish, Jr. and Sam B. Rovit (appointed in May 2010), with Mr. Best serving as chairman. Each of the directors serving on the Committee during 2010 also currently serves on the Committee, with the exception of Messrs. Hornish and Rovit, who resigned from our board of directors in January 2011 and February 2011, respectively. Each member of the Committee is a non-employee director.

Generally, the Committee has decision-making authority with respect to executive compensation matters, including determination of the compensation and benefits of the executive officers. With respect to equity-based compensation awards (including to the executive officers), the Committee approves grants or makes recommendations to the entire board of directors for final approval.

Pursuant to the Committee's charter, its duties include:

- Subject to the terms of any employment contracts, reviewing and determining, or making recommendations to our board of directors with respect to, the annual salary, bonus, stock options and other compensation, incentives and benefits, direct and indirect, of the CEO and other executive officers. In determining long-term incentive compensation of the CEO and other executive officers, the Committee will consider, among other things, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers and other executive officers of comparable companies and the awards given to the CEO and the executive officers in the past.
- Reviewing and approving corporate goals and objectives relevant to compensation of the CEO and other executive officers and evaluating the CEO's and other executive officers' performance in light of those goals and objectives on an annual basis, and, either separately or together with other independent directors (as directed by the Board), determining and approving the CEO's and other executive officers' compensation level based on this evaluation or making recommendations to the board of directors with respect thereto.

- Reviewing and authorizing or recommending to our board of directors to authorize, as determined by the Committee, the Company to enter into, amend or terminate any employment, consulting, change in control, severance or termination, or other compensation agreements or arrangements with the CEO and other executive officers of the Company (and, at the option of the Committee, other officers and employees of the Company).
- Periodically reviewing and considering the competitiveness and appropriateness of our executive compensation.
- Reviewing new executive compensation programs, reviewing on a periodic basis the operation of our existing executive compensation programs to determine whether they integrate appropriately, and establishing and periodically reviewing policies for the administration of executive compensation programs.
- Overseeing the administration of incentive compensation plans and equity-based compensation plans and exercising all authority and discretion provided to the Committee under those plans and performing such duties and responsibilities as may be assigned by our board of directors with respect to such plans.
- Conducting a review at least annually of, and determining or making recommendations to our board of directors regarding compensation for non-employee directors (including compensation for service on the board of directors and committees thereof, meeting fees and equity-based compensation). The Committee is also responsible for and oversees administration of any plans or programs providing for the compensation of non-employee directors.
- Overseeing the procedures and substance of the Company's compensation and benefit policies (subject, if applicable, to shareholder approval), including establishing, reviewing, approving and making recommendations to our board of directors with respect to any incentive-compensation and equity-based plans of the Company that are subject to board approval.

### ***Compensation Philosophy and Objectives***

The Committee believes that our executive compensation programs should be structured to reward the achievement of specific annual, long-term and strategic performance goals of our company. Accordingly, the executive compensation philosophy of the Committee is threefold:

- To align the interests of our executive officers with those of our shareholders, thereby providing long-term economic benefit to our shareholders;
- To provide competitive financial incentives in the form of salary, bonus and benefits, with the goal of attracting and retaining talented executive officers; and
- To maintain a compensation program that includes at-risk, performance based awards whereby executive officers who demonstrate exceptional performance will have the opportunity to realize appropriate economic rewards.

### ***Setting Executive Compensation***

#### ***Role of the Compensation Committee***

The Committee has granted short-term cash incentive and long-term equity incentive awards to motivate our executive officers to achieve the business goals established by our company. In addition to considering our philosophy and objectives, the Committee considers the impact of the duties and responsibilities of each executive officer on the results and success of the Company. Based on these factors, the Committee has devised a compensation program designed to keep our executive officers highly incentivized and also to achieve parity among executive officers with similar duties and responsibilities.

#### ***Role of Executive Officers***

Since Andrew R. Lane was hired as chief executive officer in September 2008, he has met periodically with Diana D. Morris, our senior vice president of human resources, to discuss executive compensation issues.



Ms. Morris makes quarterly presentations to the Committee with respect to issues and developments regarding compensation and our compensation programs. Mr. Lane and Ms. Morris work together annually to develop tally sheets, which Mr. Lane presents to the Committee. These tally sheets present the current compensation of each executive officer, divided into each element of compensation, and also present the proposed changes to such compensation for the upcoming year (except that no proposals are made with respect to changes to Mr. Lane's compensation). Such changes to Mr. Lane's compensation are left to the discretion of the Committee. Following Mr. Lane's presentation of the tally sheets, the Committee determines appropriate changes in compensation for the upcoming year. During the first quarter of each year, the Committee approves the executive officers' annual target bonuses (expressed in each case as a percentage of base salary) and the performance metrics for the Variable Compensation Plan with respect to such year. Certain elements of compensation (such as annual base salary and annual target bonus percentage) are set forth in employment agreements entered into between the company and certain executive officers. Decisions with respect to equity-based compensation awards granted to our named executive officers are made by the Committee, which may recommend such awards to the entire board of directors for final approval.

#### *Role of Compensation Consultant*

Pursuant to the Committee's charter, the Committee has the power to retain or terminate compensation consultants and engage other advisors. In 2008, the Company engaged Hewitt Associates, a third-party global human resources consulting firm, to review and make recommendations with respect to the structure of our compensation programs, including executive compensation, following the business combination of McJunkin Corporation and Red Man Pipe & Supply Co. in October 2007. During this engagement Hewitt Associates worked with a team from the Company to review and assess compensation. The primary task of Hewitt Associates in 2008 was to assist the Company in successfully integrating the compensation programs of McJunkin Corporation and Red Man Pipe & Supply Co. As part of this process, Hewitt Associates reviewed existing McJunkin Corporation and Red Man compensation programs and made recommendations as to how such programs could be integrated based on its review and survey data. As part of Hewitt Associates' integration work in 2008, an executive compensation specialist from Hewitt Associates advised the Committee regarding the appropriate allocation of executive compensation among each element of compensation using benchmark data. Certain recommendations from the Hewitt study were approved by the Compensation Committee. Starting on January 1, 2009, McJunkin Red Man implemented a new compensation program structure, which included integration of multiple heritage plans previously maintained by McJunkin Corporation and Red Man Pipe & Supply Co. The Committee did not engage Hewitt Associates or any other compensation consultant during 2009. In December 2010, the Committee engaged Meridian Compensation Partners, LLC (an independent consultant specializing in executive compensation) to formulate a report and make recommendations to the Committee regarding executive compensation during 2011, based on peer group and other market data, as well as industry trends and current practices.

#### *Components of Executive Compensation*

Our named executive officers for the fiscal year ended December 31, 2010 were Andrew R. Lane, James F. Underhill, Neil P. Wagstaff, Gary A. Ittner and Scott A. Hutchinson. In addition, the company has elected to also describe and disclose compensation earned by Rory M. Isaac and Stephen W. Lake, who are not named executive officers and who shall be referred to as "additional executive officers" throughout the executive compensation disclosure. The principal components of compensation for our named executive officers and the additional executive officers are:

- Base salary;
- Short-term incentive compensation;
- Long-term equity compensation;
- Retirement benefits; and
- Perquisites and other personal benefits.

### *Base Salary*

We provide our named executive officers and additional executive officers with base salary to compensate them for services rendered during the fiscal year. Base salary for executives (including the named executive officers and additional executive officers) is reviewed on an annual basis and is determined based on each executive's position, responsibilities, performance, current compensation (both individually and as compared to other executives) and survey data. Each of Messrs. Lane, Underhill, Wagstaff and Lake is party to an employment agreement. The initial base salaries of these executive officers are set forth in their respective agreements, and are reviewed by the Committee annually and may be adjusted upward at the time of such review based on the factors described above.

### *Short-term Incentive Compensation*

We utilize an annual cash bonus plan called the Variable Compensation Plan, in which each of our named executive officers and additional executive officers participates, to provide appropriate incentives to achieve annual objectives. Each of the named executive officers and additional executive officers had a target annual bonus for the 2010 performance year equal to 100% of his annual base salary. The target annual bonus percentages for each of Messrs. Lane, Underhill, Wagstaff and Lake are set forth in their respective employment agreements with us. The Committee determined in early 2009 that all of our executive vice presidents (including Messrs. Ittner, Hutchinson and Isaac) should have annual target bonuses equal to 100% of annual base salary during 2009 due to the responsibilities and duties associated with these positions. These target annual bonuses remained in effect during 2010. The payment of awards under the Variable Compensation Plan for the 2010 performance year depended on the achievement of three weighted performance metrics. Those metrics were adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"); return on net assets ("RONA"), calculated as EBITDA divided by net assets; and individualized key performance indicators ("KPIs") established for each participant in the plan. Achievement of goals with respect to EBITDA, RONA and KPIs constituted 70%, 20% and 10% of annual awards, respectively.

KPIs for the named executive officers and additional executive officers normally comprise 10% of annual bonuses, but were capped at 5% for 2010. These KPIs during 2010 related directly to the functions of their respective disciplines which contributed to the achievement of the Company's financial goals for 2010. The following is a summary of the achievements by the named executive officers in 2010 with respect to their individual KPI goals. Andrew R. Lane led a growth focused plan which resulted in the company meeting revenue goals with stronger balance sheet positions for inventory management and debt reduction. Mr. Lane has also led improvements in business processes and more strategic account management plans for major customers. Mr. Lane also engaged outside consultants to assess growth opportunities and strategies and furthered the growth potential and market position of the company by targeting strategic acquisitions. In addition, Mr. Lane examined opportunities internally for more efficient operational structures and processes. James F. Underhill successfully met goals relating to the improvement of timely financial reporting as well as the preparation of public reporting documents on Forms 10-K, 10-Q, and 8-K. Mr. Underhill also made significant progress and achieved success with respect to internal audit capacity and the implementation of certain compliance measures as well as measurable improvement in the finance and accounting areas relating to process improvements and consolidation of accounting and financial reporting for all operating entities. Neil P. Wagstaff led efforts of MRC Transmark to integrate project and global contract groups with the North American operating sector and expanded the capabilities of MRC Transmark by opening a new facility in Singapore and a business development office in London. Mr. Wagstaff also managed the operational efficiency of MRC Transmark by reducing expenses and divesting of non-core operations while maintaining attractive gross margin levels. Gary A. Ittner successfully managed our inventory and supply chain purchases. Mr. Ittner also integrated the activities of support functions, information technology, human resources, and business processes, safety and quality to address and organize process improvements and operational support for the company. Scott A. Hutchinson managed strategic growth by expanding operations in the markets serving the oil and gas shale plays through target acquisitions in key geographic areas and the opening or relocation of branch operations. Mr. Hutchinson also furthered and enhanced the efficiency of operations through improved processes, strong leadership of this regional operations management, and close cooperation with the executive team including the business development and administrative groups. Rory M. Isaac successfully streamlined the business development organization to align with market opportunities, strengthened the pricing organization increasing resources

to maximize revenue potential as well as the development of a gross margin enhancement strategy, and led the negotiation and execution of new customer contracts and the renewal of existing customer contracts. Stephen W. Lake, as General Counsel, assisted in closing the sale of two acquisitions during 2010 as well as the closing of certain non core asset divestitures. Mr. Lake's oversight and guidance was also instrumental in the development of processes and reporting as required for public companies and was responsible for the rollout of and training for key global policies including with respect to import/export policy, ethics, Foreign Corrupt Practices Act, Office of Foreign Assets Control and antitrust. Mr. Lake also implemented systems to track and review the terms of company contracts.

For the 2010 performance year, the EBITDA and RONA performance goals were determined by a budgeting process that involved an examination of our company's markets, customers and general outlook with respect to 2010. The final budget was approved by our board of directors. 70% of annual incentive awards are earned based on achievement of EBITDA, 20% are earned based on achievement of RONA and 10% are earned based on achievement of KPIs applicable to the particular participant. The 2010 EBITDA and RONA performance goals related to the performance of the entire MRC organization. No awards under the Variable Compensation Plan were payable with respect to the EBITDA or RONA performance metrics unless at least 51% of the relevant performance goal was achieved. At 51% achievement of each such performance metric, there was a payout of 2% of each participant's target annual incentive bonus related to such performance metric; this portion of the payout increased with respect to such performance metric in 2% increments for each additional percent of achievement up to full achievement of the relevant performance goal. Achievement of KPIs was determined on a discretionary basis. Upon full achievement of each of the performance metrics (EBITDA, RONA and KPIs), 100% of the target annual incentive bonus could be paid. In 2010, the maximum award possible under the executive plan was 115% of target if goals were exceeded. The achievement of the performance metrics is evaluated on an annual basis in connection with awards to the named executive officers and additional executive officers under this plan. In 2010, the Company failed to reach its full EBITDA and RONA goals. As a result, the Committee determined that the maximum achievable percentage of the annual awards for KPIs should be capped at a maximum of 5% for 2010 in recognition of the overall financial goals not being met.

Messrs. Lane, Underhill, Wagstaff, Ittner, Hutchinson and Lake were paid 57% of their target annual incentive bonus under the Variable Compensation Plan and Mr. Isaac was paid 56% of this target annual incentive bonus under the Variable Compensation Plan. The amounts paid under the Variable Compensation Plan to the named executive officers and additional executive officers for performance in respect of the 2010 performance year are as follows: \$399,000 for Mr. Lane; \$285,000 for Mr. Underhill; \$189,064 for Mr. Wagstaff; \$213,750 for Mr. Ittner; \$196,650 for Mr. Hutchinson; \$210,000 for Mr. Isaac; and \$213,750 for Mr. Lake.

#### *Long-Term Equity Compensation*

We believe that long-term equity compensation is important to assure that the interests of management remain aligned with those of stockholders. Since the GS Acquisition, however, the form of long-term equity compensation that has been granted to executives (including the named executive officers and additional executive officers) has evolved. In connection with the GS Acquisition and the Red Man Transaction, certain executives (including Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake) were granted profits units in PVF Holdings LLC. The number of profits units awarded in connection with those transactions was determined based on various factors, including a consideration of what size award was required to adequately incentivize the executives (as part of the executives' overall compensation package) and, most notably, negotiations between executives and our company as part of the overall negotiations relating to the GS Acquisition and the Red Man Transaction. Starting in 2008, our board of directors along with the Committee decided to grant executives equity compensation in the form of stock options in respect of our common stock and restricted common stock.

We do not currently have a formal policy regarding the timing of equity award grants. In connection with the GS Acquisition and the Red Man transaction, equity awards were made to various executives. Since the Red Man transaction, our board of directors has approved grants of equity awards in connection with new hires and changes in position and has made grants in its discretion to employees to reward their service to our company. The Committee is currently considering a periodic program of equity-based incentive plans.

### *Profits Units*

Profits units are governed by Articles III and VII of the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC dated as of October 31, 2007, and amended on December 18, 2007 and October 30, 2009 (the “PVF LLC Agreement”). Messrs. Underhill, Ittner, Hutchinson and Isaac were granted profits units in PVF Holdings LLC on January 31, 2007 and Mr. Lake was granted profits units in PVF Holdings LLC on January 7, 2008. Grantees who received profits units were not required to make any capital contribution in exchange for their profits units, which were awarded as compensation. Profits units have no voting rights, and PVF Holdings LLC may from time to time distribute its available cash to holders of profits units along with its other equity holders. Distributions by PVF Holdings LLC are made, first, to holders of common units (including restricted common units), pro rata in proportion to the number of such units outstanding at the time of distribution, until each holder has received an amount equal to such holder’s net aggregate capital contributions (for purposes of the PVF LLC Agreement) and, second, to holders of all units (including profits units) pro rata in proportion to the number of units outstanding at the time of such distribution. Please see the table titled “Outstanding Equity Awards at 2010 Fiscal Year-End” below for the number of profits units held by the named executive officers and additional executive officers as of December 31, 2010.

Pursuant to the PVF LLC Agreement, profits units generally become vested in one-third increments on each of the third, fourth and fifth anniversaries of the date of grant. In the event of a termination of employment other than for Cause (as defined in the PVF LLC Agreement), all unvested profits units will be forfeited. However, in the event of a termination for Cause, unless otherwise determined by the board of directors of PVF Holdings LLC, all profits units, whether vested or unvested, will be forfeited. In the event of a termination by reason of death or Disability (as defined in the PVF LLC Agreement), all unvested profits units will become vested and nonforfeitable. Also, in the event of a Transaction (as defined in the PVF LLC Agreement), all unvested profits units will become vested and nonforfeitable.

The PVF LLC Agreement also specifies that profits units may be subject to different vesting schedules if approved by the board of directors of PVF Holdings LLC. The terms of the profits units held by Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake, including the vesting schedules, are governed solely by the PVF LLC Agreement.

### *Stock Options and Restricted Stock*

We maintain a restricted stock plan and a stock option plan (which has a sub-plan for participants residing in Canada). Pursuant to these plans, awards of restricted stock and stock options may be granted to key employees, directors and consultants of the Issuer and its subsidiaries and affiliates. The terms and conditions to which each award is subject are set forth in individual award agreements.

In connection with the hiring of Mr. Lane in September 2008, Mr. Lane purchased 170,218 shares of our common stock, and was granted stock options in respect of 1,758,929 shares of our common stock, with an exercise price of \$17.63 (taking into account the October 2008 stock split). Mr. Lane’s options will become vested in equal installments on each of the second, third, fourth and fifth anniversaries of the date of grant, conditioned on continued employment through the applicable vesting date. Mr. Lane’s options are subject to pro-rata accelerated vesting in the event his employment is terminated (i) by us other than for Cause (as defined in his employment agreement), (ii) by Mr. Lane for Good Reason (as defined in his employment agreement) or (iii) by reason of Mr. Lane’s death or disability. In addition, Mr. Lane’s options will become fully vested and exercisable upon the occurrence of a Change in Control (as defined in his employment agreement). All of Mr. Lane’s stock options, whether vested or unvested, will be forfeited in the event his employment is terminated by us for Cause (as defined in the stock option plan).

In February 2009, Mr. Lane was granted 50,000 shares of our restricted common stock. This restricted stock award becomes fully vested on the fifth anniversary of the date of grant, and is conditioned on continued employment through the vesting date. Mr. Lane’s restricted stock award will become fully vested in the event of a Transaction (as defined in the restricted stock agreement) or upon the termination of Mr. Lane’s employment due to his death or disability. All shares of restricted stock, whether vested or unvested, will be forfeited if his employment is terminated by us for Cause (as defined in the restricted stock plan).

In June 2009, Mr. Lane transferred all common stock, restricted stock and stock options held by him in respect of the Issuer to Andy & Cindy Lane Family, L.P. for no consideration. The terms and conditions of the stock option and restricted stock awards, including conditions relating to Mr. Lane's employment, continue to govern these awards following such transfer. In September 2009, the option exercise price of the stock options held by Andy & Cindy Lane Family, L.P. was reduced from \$17.63 to \$12.50, which is not less than the fair market value of our common stock as of the date of such amendment. This reduction in exercise price was made to maintain the incentive value of this award. In December 2009, in connection with the \$2.9 million cash dividend paid by McJunkin Red Man Corporation to McJunkin Red Man Holding Corporation, the option exercise price of the stock options held by Andy & Cindy Lane Family, L.P. was reduced to \$12.48.

In December 2009, Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake were granted stock options and on April 1, 2010, Mr. Wagstaff was granted options, in each case that follow the generally applicable vesting schedule of three equal installments on the third, fourth and fifth anniversaries of the date of grant and are conditioned on continued employment through the applicable vesting date. These options will become fully vested and exercisable upon the occurrence of a Transaction (as defined in the stock option plan) or upon the termination of the executive's employment due to death or Disability (as defined in the stock option plan). All stock options granted, whether vested or unvested, will be forfeited in the event of a termination of employment for Cause (as defined in the stock option plan).

#### *Retirement and Other Benefits*

On December 31, 2007, we adopted the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan. Under the terms of the plan, select members of management and highly compensated employees may defer receipt of a specified amount or percentage of cash compensation, including annual bonuses. The plan was adopted in part to compensate certain participants for benefits forgone in connection with the GS Acquisition. Participants in this plan include Messrs. Underhill, Ittner, Hutchinson and Isaac. Pursuant to this plan, prior to 2009, McJunkin Red Man Corporation made predetermined annual contributions to each participant's account, less any discretionary matching contributions made on behalf of the participant by our company to a defined contribution plan for such calendar year. The Committee resolved in 2009 that no further company contributions would be made to participant accounts under this plan. On August 10, 2010, this plan was frozen by resolution of the Committee. As of such date, no company contributions or participant deferral elections have been permitted and any existing participant deferral elections were cancelled. Amounts deferred by participants or contributed by the Company to accounts under the plan prior to August 10, 2010 shall continue to be governed by the applicable provisions of the plan.

If a participant's account balance as of the beginning of a calendar year is less than \$100,000, such balance will be credited quarterly with interest at the "Prime Rate" (as defined in the plan) plus 1%. If a participant's account balance at the beginning of a calendar year is \$100,000 or greater, the participant may choose between being credited quarterly with interest at the Prime Rate plus 1% or having his or her account deemed converted into a number of phantom common units of PVF Holdings LLC. If no investment election is made, a participant's account will be credited quarterly with interest at the Prime Rate plus 1%. At December 31, 2010, Mr. Underhill had an account balance of \$147,813, Mr. Ittner had an account balance of \$126,698, Mr. Hutchinson had an account balance of \$84,464 and Mr. Isaac had an account balance of \$126,698. None of these executives elected to convert their balances into phantom common units. As of December 31, 2007, all existing participants were fully vested in their entire accounts, including contributions by McJunkin Red Man Corporation. People who became participants after December 31, 2007 are fully vested in their elective deferral amounts and will become vested in contributions by McJunkin Red Man Corporation as determined by the administrator of the plan. For additional information, please see the table titled "Nonqualified Deferred Compensation for 2010" below.

Participants receive the vested balance of their accounts, in cash, upon a Separation from Service (as defined in Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")). Such amount is paid in three annual installments (with interest) commencing on January 1 of the second calendar year following the calendar year in which the Separation from Service occurs. In the event of a participant's death or Permanent Disability (as defined in the plan), or upon a Change in Control (as defined in the plan) of McJunkin Red Man Corporation, the full amount of a participant's account, vested and unvested, shall be paid within 30 days following such event to the

participant's beneficiary, in the case of death, or to the participant, in the case of Permanent Disability or a Change in Control. Notwithstanding the foregoing regarding the timing of payments, distributions to "specified employees" (as defined in Section 409A) may be required to be delayed in accordance with Section 409A.

#### *Perquisites and Other Personal Benefits*

The Committee reviews the perquisites and personal benefits provided to certain of the named executive officers and additional executive officers on an annual basis to ensure the reasonableness of such programs. Mr. Wagstaff is provided with an automobile allowance, which is the continuation of a perquisite provided prior to the acquisition of Transmark FCX. Other than Mr. Wagstaff, none of the named executive officers or additional executive officers currently receive any perquisites or other personal benefits.

In addition, our named executive officers and additional executive officers who have entered into employment agreements with the Issuer or an affiliate will be provided certain severance payments and benefits in the event of a termination of their employment under certain circumstances. These agreements are designed to promote stability and continuity of senior management. Additional information regarding payment under these severance provisions is provided below, in the section titled "Potential Payments upon Termination or a Change in Control."

#### *Relation among Various Components of Compensation*

With respect to setting executive compensation amounts generally, since the Red Man Transaction, achieving parity among executives with similar duties and responsibilities has been an important goal as part of our integration process. In determining the amount of compensation of the executive officers attributable to each element of compensation, the Committee considers various factors, including the value of unvested outstanding equity awards, amount of base salary and target bonus. These segments, in total, are then viewed in light of competitiveness of the compensation package in the marketplace and the impact of the executive's position on the success of the company.

#### *Tax and Accounting Implications*

All deferred compensation arrangements have been structured in a manner intended to comply with Section 409A.

#### *Compensation Committee Interlocks and Insider Participation*

During 2010, the Committee consisted of Rhys J. Best, Peter C. Boylan, III (appointed in November 2010), Christopher A.S. Crampton, John F. Daly, Harry K. Hornish, Jr. and Sam B. Rovit (appointed in May 2010), with Mr. Best serving as chairman. Mr. Hornish resigned from the board of directors in January 2011 and Mr. Rovit resigned from the board of directors in February 2011. No member of the Committee was an officer or employee of the Issuer or any of its subsidiaries during 2010 and no member of the Committee was formerly an officer of MRC or any of its subsidiaries. In addition, during 2010, none of our executive officers served as a member of a compensation committee or board of directors of any other entity an executive officer of which served as a member of our board.

#### *Stock Ownership Guidelines*

We do not have any formal policies regarding stock ownership by directors or officers. We believe that awards made pursuant to our long-term equity programs are sufficient to ensure that the interests of directors and officers remain aligned with those of stockholders.



## Compensation Committee Report

The compensation committee reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this Annual Report.

The Compensation Committee

Rhys J. Best  
 Peter C. Boylan, III  
 Christopher A.S. Crampton  
 John F. Daly

## Risk in Relation to Compensation Programs

We have performed an internal review of all of our material compensation programs and have concluded that there are no plans that provide meaningful incentives for employees, including the named executive officers and additional executive officers, to take risks that would be reasonably likely to have a material adverse effect on us. Because our current compensation plans have an upside cap on the amount of variable compensation that can be paid under such plan, risk of windfall or excessive compensation is negligible. This limit also has the effect of not encouraging operational or strategic decisions that expose the business to risk.

## Summary Compensation Table for 2010

The following table sets forth certain information with respect to compensation earned during the fiscal year ended December 31, 2010 by our named executive officers and additional executive officers.

Name and Principal Position	Year	Salary (\$)	Non-Equity Incentive Plan Compensation \$(1)	Option Awards \$(2)	Change in Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation \$(3)	Total (\$)
Andrew R. Lane, Chairman, President and Chief Executive Officer	2010	700,000	399,000	—	—	12,422	1,111,422
James F. Underhill, Executive Vice President and Chief Financial Officer	2010	500,000	285,000	—	5,073	52,164	842,237
Neil P. Wagstaff, Executive Vice President — International Operations(4)	2010	331,691	189,064	276,225	—	88,816	885,796
Gary A. Ittner, Executive Vice President and Chief Administrative Officer	2010	375,000	213,750	—	4,348	74,812	667,910
Scott A. Hutchinson, Executive Vice President — North American Operations	2010	345,000	196,650	—	2,899	66,226	610,775
Rory M. Isaac, Executive Vice President — Business Development	2010	375,000	210,000	—	4,348	16,324	605,672
Stephen W. Lake, Executive Vice President and General Counsel	2010	375,000	213,750	—	—	11,479	600,229

- (1) The amounts in this column represent cash awards earned pursuant to the annual Variable Compensation Plan in respect of performance during 2010. As a result of our company's level of achievement with respect to its performance goals for fiscal year 2010, Messrs. Lane, Underhill, Wagstaff, Ittner, Hutchinson and Lake were paid 57% of their target annual incentive bonuses and Mr. Isaac was paid 56% of his target annual bonus. Please refer to the narrative following the table titled "Grants of Plan-Based Awards in Fiscal Year 2010" in the



Compensation Discussion and Analysis for a discussion of the 2010 performance goals, including a discussion of the 5% maximum cap imposed on the portion of bonus attributable to individual performance in 2010.

- (2) Mr. Wagstaff was granted options to purchase company stock of McJunkin Red Man Holding Corporation on April 1, 2010. The amount in this column represents the grant date fair value of such option award calculated pursuant to ASC Topic 718. This option award will become vested in three equal installments on the third, fourth and fifth anniversaries of the date of grant and is conditioned on continued employment through the applicable vesting date. In addition, this option award will become fully vested and exercisable upon the occurrence of a Transaction (as defined in the stock option plan) or upon the termination of the executive's employment due to death or Disability (as defined in the stock option plan). All stock options granted, whether vested or unvested, will be forfeited in the event of a termination of employment for Cause (as defined in the stock option plan).
- (3) Amounts in this column include (i) company matching contributions made to the McJunkin Red Man Corporation Retirement Plan \$9,800 for Messrs. Lane, Ittner, Hutchinson and Lake and \$8,800 for Messrs. Underhill and Isaac; and (ii) the imputed value for company provided group life insurance of \$2,622, \$4,902, \$4,902, \$4,902, \$7,524 and \$1,679 for Messrs. Lane, Underhill, Ittner, Hutchinson, Isaac and Lake, respectively; (iii) \$38,462 for the value of unused vacation to Mr. Underhill; and (iv) relocation payments made to Messrs. Ittner and Hutchinson in accordance with company policy in the amounts of \$60,110 and \$51,524, respectively. Amounts in this column for Mr. Wagstaff include \$3,415 for medical insurance, \$37,539 for pension contributions and an auto allowance of \$47,862.
- (4) All compensation amounts paid to Mr. Wagstaff were paid in British pounds sterling and have been converted into U.S. Dollars for purposes of the Summary Compensation Table and tables that follow based on the exchange rate £1 = \$1.5609 as of December 31, 2010.

#### Grants of Plan-Based Awards in Fiscal Year 2010

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$)
	Threshold \$(1)	Target \$(2)	Maximum \$(2)		
Andrew R. Lane	14,000	700,000	805,000	—	—
James F. Underhill	10,000	500,000	575,000	—	—
Neil P. Wagstaff	6,633	331,691	381,445	87,413	11.44
Gary A. Ittner	7,500	375,000	431,250	—	—
Scott A. Hutchinson	6,900	345,000	396,750	—	—
Rory M. Isaac	7,500	375,000	431,250	—	—
Stephen W. Lake	7,500	375,000	431,250	—	—

- (1) Under the Variable Compensation Plan, no portion of the awards based on EBITDA or RONA for each named executive officer and additional executive officer are payable unless there is at least 51% achievement of those performance goals. At 51% achievement of each such performance goal, there is a payout of 2% of a participant's target annual incentive bonus with respect to the performance metric for which such achievement has occurred. The amounts in this column reflect 2% of the named executive officers' and additional executive officers' target annual incentive bonuses for 2010.
- (2) Payouts for the EBITDA and RONA performance goals under the Variable Compensation Plan increase in 2% increments for each additional percent of achievement beyond 51% up to full achievement of those annual goals. Upon full achievement of each of those performance goals and full achievement of KPIs, 100% of the target annual incentive bonus is paid. If performance goals are exceeded, the maximum payment is 115% of target annual incentive. The amounts in these columns reflect 100% and 115% of the named executive officers' and additional executive officers' target annual incentive bonuses for 2010.

## **Employment Agreements**

Certain of the named executive officers and additional executive officers have entered into employment agreements with us. In addition to the terms of these agreements described below, the employment agreements provide for certain severance payments and benefits following a termination of employment under certain circumstances. These benefits are described below in the section titled “Potential Payments upon Termination or Change in Control.”

### ***Andrew R. Lane***

On September 10, 2008, McJunkin Red Man entered into an employment agreement with Andrew R. Lane as chief executive officer and member of the board of directors. This employment agreement has an initial term of five years, which will automatically be extended on September 10, 2013 and each subsequent anniversary thereof for one additional year, unless ninety days’ written notice of non-renewal is given by either party. Mr. Lane’s agreement provides for an initial base salary, to be reviewed annually, of \$700,000, which may be adjusted upward at the discretion of the board of directors (or a committee thereof), and an annual cash bonus to be based upon individual and/or company performance criteria to be established for each fiscal year by our board of directors, with a target annual bonus of 100% of Mr. Lane’s base salary in effect at the beginning of the relevant fiscal year. Mr. Lane is subject to covenants prohibiting competition, solicitation of customers and employees and interference with business relationships during his employment and for eighteen months thereafter, and is also subject to perpetual restrictive covenants regarding confidentiality, non-disparagement and proprietary rights.

### ***James F. Underhill***

On December 3, 2009, McJunkin Red Man entered into an amended and restated employment agreement with James F. Underhill as executive vice president and chief financial officer, which replaced in its entirety the employment agreement entered into between Mr. Underhill, McJunkin Red Man Corporation and PVF Holdings LLC on December 4, 2006. The term of Mr. Underhill’s employment agreement will end on January 31, 2012. Mr. Underhill’s agreement provides for an initial base salary, to be reviewed annually, of \$500,000, which may be adjusted upward at the discretion of the board of directors (or a committee thereof), and an annual cash bonus to be based upon individual and/or company performance criteria to be established for each fiscal year by the board of directors, with a target annual bonus of 100% of Mr. Underhill’s base salary in effect at the beginning of the relevant fiscal year.

Mr. Underhill is subject to covenants prohibiting competition, solicitation of customers and employees and interference with business relationships during his employment and for twelve months thereafter, and is also subject to perpetual restrictive covenants regarding confidentiality, non-disparagement and proprietary rights.

### ***Neil P. Wagstaff***

On September 10, 2009, Transmark Fcx Limited, a subsidiary of McJunkin Red Man Corporation, entered into an employment agreement with Neil P. Wagstaff as executive vice president of McJunkin Red Man Corporation. In addition, until December 31, 2010, Mr. Wagstaff also held the title of Chief Executive Officer of Transmark Fcx Limited. This employment agreement has an initial term ending on October 30, 2014. Mr. Wagstaff’s agreement provides for an initial base salary, to be reviewed annually, of £212,500 British pounds sterling, which may be adjusted upward at the discretion of the board of directors (or a committee thereof), and an annual cash bonus to be based upon individual and/or company performance criteria to be established for each fiscal year by the board of directors, with a target annual bonus of 100% of Mr. Wagstaff’s base salary in effect at the beginning of the relevant fiscal year. During 2010, Mr. Wagstaff’s annual base salary was £212,500 British pounds sterling.

Mr. Wagstaff is subject to covenants prohibiting competition, solicitation of customers and employees and interference with business relationships during his employment and for twelve months thereafter, and is also subject to perpetual restrictive covenants regarding confidentiality, non-disparagement and proprietary rights.

### Stephen W. Lake

On December 26, 2007, PVF Holdings LLC and McJunkin Red Man Corporation entered into an employment agreement with Stephen W. Lake as general counsel. This employment agreement has an initial term ending on January 7, 2011, which was automatically extended on January 7, 2011 and will be automatically extended each subsequent anniversary for one additional year unless ninety days' written notice of non-renewal is given by either party. Mr. Lake's agreement provides for an initial base salary, to be reviewed annually, of \$300,000, which may be adjusted upward at the discretion of the board of directors (or a committee thereof), and an annual cash bonus to be based upon individual and/or company performance criteria to be established for each fiscal year by the board of directors, with a target bonus of 100% of Mr. Lake's base salary in effect at the beginning of the relevant fiscal year. During 2010, Mr. Lake's annual base salary was \$375,000.

Mr. Lake is subject to covenants prohibiting competition, solicitation of customers and employees and interference with business relationships during his employment and for twelve months thereafter, and is also subject to perpetual restrictive covenants regarding confidentiality, non-disparagement and proprietary rights.

### Variable Compensation Plan

Please see the section of the Compensation Discussion and Analysis titled "Short-Term Incentive Compensation" for a discussion of the terms and conditions of the Variable Compensation Plan, including the performance goals set for the 2010 performance year.

### Outstanding Equity Awards at 2010 Fiscal Year-End

Name	Option Awards				Stock Awards(2)		
	Number of Securities Underlying Options	Number of Securities Underlying Options	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units That Have Vested (#)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
	Exercisable	Unexercisable(1)					
Andrew R. Lane	439,732	1,319,197	\$ 12.48(4)	9/10/18	—	50,000	375,500
James F. Underhill	—	43,706	\$ 11.42(4)	12/3/19	199.13	398.28	1,343,490
Neil P. Wagstaff	—	87,413	\$ 11.44	10/30/19	—	—	—
Gary A. Ittner	—	43,706	\$ 11.42(4)	12/3/19	127.10	254.22	857,543
Scott A. Hutchinson	—	131,119	\$ 11.42(4)	12/3/19	55.08	110.15	371,561
Rory M. Isaac	—	43,706	\$ 11.42(4)	12/3/19	127.10	254.22	857,543
Stephen W. Lake	—	87,413	\$ 11.42(4)	12/3/19	—	127.10	428,738

- (1) The stock options granted to Mr. Lane (and currently held by Andy & Cindy Lane Family, L.P.) become vested in equal installments on each of the second, third, fourth and fifth anniversaries of the date of grant, conditioned on continued employment through the applicable vesting date. One-fourth of Mr. Lane's options vested on September 10, 2010. Mr. Lane's options are subject to pro-rata accelerated vesting in the event his employment is terminated (i) by McJunkin Red Man other than for Cause (as defined in his employment agreement), (ii) by Mr. Lane for Good Reason (as defined in his employment agreement) or (iii) by reason of Mr. Lane's death or Disability (as defined in his employment agreement). In addition, Mr. Lane's options will become fully vested and exercisable upon the occurrence of a Change in Control (as defined in his employment agreement).

The stock options held by Messrs. Underhill, Wagstaff, Ittner, Hutchinson, Isaac and Lake will become vested in three equal installments on the third, fourth and fifth anniversaries of the date of grant, and are conditioned on continued employment through the applicable vesting date. These options will become fully vested and exercisable upon the occurrence of a Transaction (as defined in the stock option plan) or upon the termination of the executive's employment due to death or Disability (as defined in the stock option plan).

- (2) For Mr. Lane, the amounts in these columns are in respect of an award of restricted stock made in February 2009 (and currently held by Andy & Cindy Lane Family, L.P.). For Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake, the amounts in these columns are in respect of grants of profits units in PVF Holdings LLC made to Messrs. Underhill, Ittner, Hutchinson and Isaac in 2007 and to Mr. Lake in 2008. Profits units held by Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake become vested in equal increments on each of the third,

fourth and fifth anniversaries of the date of grant, subject to accelerated vesting in the event of certain terminations of employment or a Transaction (as defined in the PVF LLC Agreement). Messrs. Underhill, Ittner, Hutchinson and Isaac became vested in 33.33% of their profits units on January 31, 2010.

- (3) The market value of Mr. Lane's restricted stock is based on a per share value of the company's stock of \$7.51 as of December 31, 2010. The market value of unvested profits units is based on the value of profits units in PVF Holdings LLC as of December 31, 2010, which was \$3,373.23 per unit.
- (4) In September 2009, the option exercise price of the stock options held by Andy & Cindy Lane Family, L.P. was reduced from \$17.63 to \$12.50, which is not less than the fair market value of our common stock as of the date of such amendment. In December 2009, in connection with the \$2.9 million cash dividend paid by McJunkin Red Man Corporation to McJunkin Red Man Holding Corporation, the option exercise price for Mr. Lane's options reduced to \$12.48. Also in connection with the December 2009 cash dividend, options granted to Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake were reduced from \$11.44 to \$11.42.

#### Option Exercises and Stock Vested During 2010

Name	Stock Awards	
	Number of Shares That Became Vested #(1)	Value Realized on Vesting \$(2)
Andrew R. Lane	—	—
James F. Underhill	199.13	828,952
Neil P. Wagstaff	—	—
Gary A. Ittner	127.10	529,101
Scott A. Hutchinson	55.08	229,291
Rory M. Isaac	127.10	529,101
Stephen W. Lake	—	—

- (1) This column reflects the number of profits units in PVF LLC that became vested on January 31, 2010.
- (2) The value realized upon the vesting of profits units on January 31, 2010 is based on the value of profits units in PVF Holdings LLC as of January 31, 2010, which was \$4,162.87 per unit.

#### Nonqualified Deferred Compensation for 2010

Name	Registrant Contributions in Last Fiscal Year \$(1)	Aggregate Balance at Last Fiscal Year End \$(2)
Andrew R. Lane	—	—
James F. Underhill	5,073	147,814
Neil P. Wagstaff	—	—
Gary A. Ittner	4,348	126,698
Scott A. Hutchinson	2,899	84,464
Rory M. Isaac	4,348	126,698
Stephen W. Lake	—	—

- (1) No contributions were made by our company to participant accounts under the McJunkin Red Man Nonqualified Deferred Compensation Plan in 2010. However, during 2010 the accounts of the named executive officers with accounts under such plan were credited with interest in accordance with the plan.

Please see the section of the Compensation Discussion and Analysis titled "Retirement and Other Benefits" for a discussion of the terms and conditions of the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan.

## Potential Payments upon Termination or Change in Control

Each of the named executive officers and additional executive officers would be entitled to certain payments and benefits following a termination of employment under certain circumstances and upon a change in control. These benefits are summarized below. The amounts of potential payments and benefits reflected in the tables below assume that the relevant trigger event (termination of employment or a change in control, as applicable) took place on December 31, 2010.

The narrative and tables below describe our obligations to each of the named executive officers and additional executive officers pursuant to their employment agreements (in the case of Messrs. Lane, Underhill, Wagstaff and Lake) as well as pursuant to other compensatory arrangements.

### *Voluntary Separation*

In the event of a voluntary separation from employment by a named executive officer or additional executive officer, all unvested profits units in PVF Holdings LLC and all stock option and restricted stock awards in respect of McJunkin Red Man common stock held by such executive would be forfeited. As of December 31, 2010, all stock options held by Messrs. Underhill, Wagstaff, Ittner, Hutchinson, Isaac and Lake were unvested, all restricted stock held by Mr. Lane was unvested, and 75% of options held by Mr. Lane were unvested. As of December 31, 2010, profit units held by Messrs. Underhill, Ittner, Hutchinson and Isaac were one-third vested and all profits units held by Mr. Lake were unvested. The fully vested accounts in the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan held by Messrs. Underhill, Ittner, Hutchinson and Isaac would become payable (subject to the requirements of Section 409A). In addition, each named executive officer and additional executive officer would be paid the value of any accrued but unused vacation time as of December 31, 2010.

Name	Accrued Obligations (\$(1))	Deferred Compensation Account Balance (\$)	Total (\$)
Andrew R. Lane	75,385	—	75,385
James F. Underhill	57,692	147,814	205,506
Neil P. Wagstaff	15,308	—	15,308
Gary A. Ittner	50,481	126,698	177,179
Scott A. Hutchinson	39,808	84,464	124,272
Rory M. Isaac	43,269	126,698	169,967
Stephen W. Lake	27,404	—	27,404

(1) These amounts represent accrued but unused vacation time as of December 31, 2010.

### *Termination Not for Cause and Termination for Good Reason*

The employment agreements to which Messrs. Lane, Underhill, Wagstaff and Lake are parties provide that if their employment is terminated other than for “Cause” or “Disability” (as such terms are defined in the agreements) or if they resign for “Good Reason” (as such term is defined in the agreements), they are entitled to the following severance payment and benefits:

- All accrued, but unpaid, obligations (including, but not limited to, salary, bonus, expense reimbursement and vacation pay);
- In the case of Messrs. Lane and Wagstaff, monthly payments equal to  $\frac{1}{12}$  of base salary at the rate in effect immediately prior to termination and  $\frac{1}{12}$  target annual bonus for 18 months following termination. In the case of Messrs. Underhill and Lake, continuation of base salary for 12 months following termination, at the rate in effect immediately prior to termination;
- Continuation of medical benefits for 18 months for Messrs. Lane and Wagstaff and 12 months for Messrs. Underhill and Lake or, in each case (except in the case of Mr. Wagstaff), until such earlier time as the executive becomes eligible for medical benefits from a subsequent employer;

- A pro-rata annual bonus for the fiscal year in which termination occurs, based on actual performance through the end of the fiscal year; and
- Solely in the case of Mr. Lane, a pro-rata portion of the stock options granted to him, which are currently held by Andy & Cindy Lane Family, L.P., would become vested. However, the restricted stock granted to Mr. Lane, which is currently held by Andy & Cindy Lane Family, L.P., would be forfeited.

The payments and the provision of benefits described in this paragraph are generally subject to the execution of a release and compliance with restrictive covenants prohibiting competition, solicitation of employees and interference with business relationships during employment and thereafter during the applicable restriction period. These restrictions apply to each of Messrs. Lane, Underhill, Wagstaff and Lake during their employment and for 18 months following termination for Messrs. Lane and Wagstaff, and for 12 months following termination for Messrs. Underhill and Lake. In addition, Messrs. Lane, Underhill, Lake and Wagstaff are subject to perpetual restrictive covenants regarding confidentiality, non-disparagement and proprietary rights.

As of December 31, 2010, all stock options held by Messrs. Underhill, Wagstaff, Ittner, Hutchinson, Isaac and Lake were unvested, all restricted stock held by Mr. Lane was unvested and 75% of options held by Mr. Lane were unvested. As of December 31, 2010, profits units held by Messrs. Underhill, Ittner, Hutchinson and Isaac were one-third vested and all profits units held by Mr. Lake were unvested. The vesting schedules of these profits units, stock options and shares of restricted stock are described in the narrative following the table titled “Outstanding Equity Awards at 2010 Fiscal Year End.” In the event of a termination of employment by us without Cause (as defined in their respective agreements) or upon an executive’s resignation for Good Reason (as defined in their respective agreements), the profits units held by Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake that are currently unvested would be forfeited pursuant to the PVF LLC Agreement.

The fully vested account in the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan held by certain named executive officers and additional executive officers would become payable (subject to the requirements of Section 409A) upon a termination by us of such executive officer’s employment other than for Cause or a termination of employment by such executive officer for Good Reason.

In addition, each named executive officer and additional executive officers would also be paid the value of any accrued but unused vacation time as of December 31, 2010.

	Accrued Obligations (S)(1)	Base Salary Continuation (S)	Pro Rata Incentive (S)(2)	Value of Medical Benefits (S)	Value of Accelerated Vesting of Equity (S)(3)	Deferred Compensation Account Balance (S)	Total (S)
Andrew R. Lane	75,385	1,050,000	399,000	28,062	0	—	1,552,447
James F. Underhill	57,692	500,000	285,000	18,708	0	147,814	1,009,214
Neil P. Wagstaff	15,308	497,536	189,064	5,122	0	—	707,030
Gary A. Ittner	50,481	—	213,750	—	0	126,698	390,929
Scott A. Hutchinson	39,808	—	196,650	—	0	84,464	320,922
Rory M. Isaac	43,269	—	210,000	—	0	126,698	379,967
Stephen W. Lake	27,404	375,000	213,750	18,708	0	—	634,862

- (1) These amounts represent accrued but unused vacation time as of December 31, 2010.
- (2) Each of the named executive officers and additional executive officers has an annual target bonus of 100% of annual base salary in effect at the beginning of the relevant fiscal year. Assuming a termination date of December 31, 2010, each of Messrs. Lane, Underhill, Wagstaff, Ittner, Hutchinson and Lake would be entitled to receive 57% of his target annual incentive bonus and Mr. Isaac would be entitled to receive 56% of his target annual bonus.
- (3) In the case of Mr. Lane, the amount in this column represents the value of the pro-rata acceleration of the vesting of his stock options. Because the exercise price of these options is \$12.48 per share, which was above the per share value of the company’s stock as of December 31, 2010, which was \$7.51, there would be no value realized upon this accelerated vesting. The restricted stock award granted to Mr. Lane would not be subject to accelerated vesting under these circumstances. In the case of Messrs. Underhill, Ittner, Hutchinson, Isaac and

Lake, all of their unvested profits units held as of December 31, 2010 would be forfeited as of such date. Additionally, because the exercise price of awarded options is \$11.42 for Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake and \$11.44 for Mr. Wagstaff, there would be no value realized upon this accelerated vesting.

#### ***Termination by Us for Cause***

Upon a termination by us for Cause (as defined in the stock option plan), pursuant to the applicable award agreements, stock options held by Messrs. Lane, Underhill, Wagstaff, Ittner, Hutchinson, Isaac and Lake and restricted stock held by Mr. Lane, whether vested or unvested, would in each case be forfeited immediately for no consideration. Under these circumstances, the profits units held by Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake whether or not vested, would also be forfeited immediately for no consideration.

In addition, as described in the narrative above following the table titled “Nonqualified Deferred Compensation for 2010,” the fully vested accounts in the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan would become payable (subject to the requirements of Section 409A).

Each named executive officer and additional executive officer would also be paid the value of any accrued but unused vacation time as of December 31, 2010.

Name	Accrued Obligations (S)(1)	Deferred Compensation Account Balance (\$)	Total (\$)
Andrew R. Lane	75,385	—	75,385
James F. Underhill	57,692	147,814	205,506
Neil P. Wagstaff	15,308	—	15,308
Gary A. Ittner	50,481	126,698	177,179
Scott A. Hutchinson	39,808	84,464	124,272
Rory M. Isaac	43,269	126,698	169,967
Stephen W. Lake	27,404	—	27,404

(1) These amounts represent accrued but unused vacation time as of December 31, 2010.

#### ***Termination due to Death or Disability***

Pursuant to the employment agreements with Messrs. Lane, Underhill, Wagstaff and Lake, upon a termination of employment due to death or disability, they (or their beneficiaries) would be entitled to receive a pro-rata portion of the annual bonus for the fiscal year in which termination occurs, based on actual performance through the end of the fiscal year.

Pursuant to the applicable award agreements, all unvested stock options and restricted stock awards granted to the named executive officers and additional executive officers would become fully vested in the event of a termination due to death or Disability (as defined in the applicable plan). Pursuant to the PVF LLC Agreement, all unvested profits units held by Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake would become fully vested and nonforfeitable in the event of a termination due to death or Disability (as defined in the PVF LLC Agreement). In the event of termination due to death or Permanent Disability (as such term is defined in the McJunkin Red Man Nonqualified Deferred Compensation Plan), the full amount of each account, whether or not vested, would be payable. Each named executive officer and additional executive officer (or their beneficiaries) would also be paid the value of any accrued but unused vacation time as of December 31, 2010.



Name	Accrued Obligations (S)(1)	Value of Accelerated Vesting of Equity (S)(2)	Deferred Compensation Account Balance (S)	Total (S)
Andrew R. Lane	75,385	375,500	—	450,885
James F. Underhill	57,692	1,343,490	147,814	1,548,996
Neil P. Wagstaff	15,308	—	—	15,308
Gary A. Ittner	50,481	857,543	126,698	1,034,722
Scott A. Hutchinson	39,808	371,561	84,464	495,833
Rory M. Isaac	43,269	857,543	126,698	1,027,510
Stephen W. Lake	27,404	428,738	—	456,142

- (1) These amounts represent accrued but unused vacation time as of December 31, 2010.
- (2) In the case of Mr. Lane, the amount in this column includes the value of the pro-rata acceleration of the vesting of his unvested stock options and the full acceleration of vesting of his entire restricted stock award. Because the exercise price of his options is \$12.48 per share, which was above the per share value of the company's stock as of December 31, 2010, which was \$7.51, there would be no value realized upon this accelerated vesting. The value of the accelerated vesting of Mr. Lane's restricted stock is based on the per share value of the company's stock as of December 31, 2010, which was \$7.51. In the case of Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake, all of their profits units and stock options, and in the case of Mr. Wagstaff, stock options, held as of December 31, 2010 would become fully vested as of such date. With respect to profits units, the value realized upon such acceleration is based on the value of profits units in PVF Holdings LLC as of December 31, 2010, which was \$3,373.23 per unit. With respect to options, because the exercise price of their options is \$11.42 per share for Messrs. Underhill, Ittner, Hutchinson, Isaac and Lake, and \$11.44 per share for Mr. Wagstaff, which was above the per share value of the company's stock as of December 31, 2010, which was \$7.51, there would be no value realized upon this accelerated vesting.

### ***Change in Control***

The PVF LLC Agreement provides that in the event of a Transaction (as defined in the PVF LLC Agreement), profits units will become fully vested and nonforfeitable. This accelerated vesting of the profits units was negotiated as part of the PVF LLC Agreement in connection with overall negotiations relating to the GS Acquisition. The PVF LLC Agreement defines "Transaction" as (i) any event which results in the GSCP Members (as defined in the PVF LLC Agreement) and its or their Affiliates (as defined in the PVF LLC Agreement) ceasing to directly or indirectly beneficially own, in the aggregate, at least 35% of the equity interests of McJunkin Red Man Corporation that they beneficially owned directly or indirectly as of January 31, 2007; or (ii) in a single transaction or a series of related transactions, the occurrence of the following event: a majority of the outstanding voting power of PVF Holdings LLC, McJunkin Red Man Holding Corporation or McJunkin Red Man Corporation, or substantially all of the assets of McJunkin Red Man Corporation, shall have been acquired or otherwise become beneficially owned, directly or indirectly, by any Person (as defined in the PVF LLC Agreement) (other than any Member (as defined in the PVF LLC Agreement) on the effective date of the PVF LLC Agreement or any of its or their affiliates, or PVF Holdings LLC or any of its affiliates) or any two or more Persons (other than any Member on the date of the PVF LLC Agreement or any of its or their affiliates, or McJunkin Red Man Corporation or any of its affiliates) acting as a partnership, limited partnership, syndicate or other group, entity or association acting in concert for the purpose of voting, acquiring, holding or disposing of the voting power of PVF Holdings LLC, McJunkin Red Man Holding Corporation or McJunkin Red Man Corporation; it being understood that, for this purpose, the acquisition or beneficial ownership of voting securities by the public shall not be an acquisition or constitute beneficial ownership by any Person or Persons acting in concert. The table below assumes that a Transaction as so defined has occurred.

The McJ Holding Corporation 2007 Stock Option Plan and the McJ Holding Corporation 2007 Restricted Stock Plan, pursuant to which stock options and restricted stock have been granted to our named executive officers and additional executive officers, provide that in the event of a Transaction (as defined in the applicable plan), outstanding stock options and restricted stock shall become fully vested (and exercisable in the case of options). The

definition of “Transaction” in each of the plans is the same as that set forth in the PVF LLC Agreement. The table below assumes that a Transaction as so defined has occurred.

Pursuant to the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan, the full amount of a participant’s account becomes vested to the extent not already vested upon a Change in Control and shall be paid within thirty days of such Change in Control. The plan defines “Change in Control” as, in a single transaction or a series of related transactions, the occurrence of the following event: a majority of the outstanding voting power of PVF Holdings LLC, McJunkin Red Man Holding Corporation or McJunkin Red Man Corporation, or substantially all of the assets of McJunkin Red Man Corporation, shall have been acquired or otherwise become beneficially owned, directly or indirectly, by any Person (as defined in the plan) (other than any Member (as defined in the PVF LLC Agreement) or any of its or their affiliates, or PVF Holdings LLC or any of its affiliates) or any two or more Persons (other than any Member or any of its or their affiliates, or PVF Holdings LLC or any of its affiliates) acting as a partnership, limited partnership, syndicate or other group, entity or association acting in concert for the purpose of voting, acquiring, holding or disposing of the voting power of PVF Holdings LLC, McJunkin Red Man Holding Corporation or McJunkin Red Man Corporation; it being understood that, for this purpose, the acquisition or beneficial ownership of voting securities by the public shall not be an acquisition or constitute beneficial ownership by any Person or Persons acting in concert. The table below assumes that a Change in Control as so defined has occurred. The accelerated vesting of accounts under the McJunkin Red Man Corporation Nonqualified Deferred Compensation Plan in the event of a Change in Control does not provide an extra benefit to the named executive officers with accounts because each of their accounts was fully vested as of the effective date of the plan, which was December 31, 2007.

Name	Accrued Obligations (S)(1)	Value of Accelerated Vesting of Equity (S)(2)	Deferred Compensation Account Balance (S)	Total (S)
Andrew R. Lane	75,385	375,500	—	450,885
James F. Underhill	57,692	1,343,490	147,814	1,548,996
Neil P. Wagstaff	15,308	—	—	15,308
Gary A. Ittner	50,481	857,543	126,698	1,034,722
Scott A. Hutchinson	39,808	371,561	84,464	495,833
Rory M. Isaac	43,269	857,543	126,698	1,027,510
Stephen W. Lake	27,404	428,738	—	456,142

- (1) These amounts represent accrued but unused vacation time as of December 31, 2010.
- (2) In the case of Mr. Lane, all restricted stock and unvested stock options he held as of December 31, 2010 would become fully vested as of such date. Because the exercise price of his options is \$12.48 per share, which was above the per share value of the company’s stock as of December 31, 2010, which was \$7.51, there would be no value realized upon this accelerated vesting. The value of the accelerated vesting of Mr. Lane’s restricted stock is based on the per share value of the company’s stock as of December 31, 2010, which was \$7.51. In the case of Messrs. Underhill, Wagstaff, Ittner, Hutchinson, Isaac and Lake, all of the profits units and stock options they held as of December 31, 2010 would become fully vested as of such date. With respect to profits units, the value realized upon such acceleration is based on the value of profits units in PVF Holdings LLC as of December 31, 2010, which was \$3,373.23 per unit. With respect to options, because the exercise price of their options is \$11.42 per share, which was above the per share value of the company’s stock as of December 31, 2010, which was \$7.51, there would be no value realized upon this accelerated vesting.

#### Non-Employee Director Compensation

As compensation for their services on our board of directors, each non-employee director is paid an annual cash fee of \$100,000. No additional cash fees are paid in respect of service on board committees. In addition, many of our directors have received equity compensation awards at the time of their appointment to our board of directors and at such other times as the Committee and the board of directors has deemed appropriate. All directors are also

reimbursed for travel expenses and other out-of-pocket costs incurred in connection with their attendance at meetings.

### Director Compensation for 2010

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Leonard M. Anthony	100,000	—	14,510	—	114,510
Rhys J. Best	100,000	—	14,510	—	114,510
Peter C. Boylan, III	50,000	—	—	—	50,000
Henry Cornell(2)	—	—	—	—	—
Christopher A.S. Crampton(2)	—	—	—	—	—
John F. Daly(2)	—	—	—	—	—
Harry K. Hornish, Jr.	100,000	—	—	—	100,000
Craig Ketchum	100,000	—	—	—	100,000
Gerard P. Krans	100,000	—	14,510	—	114,510
Dr. Cornelis A. Linse	75,000	—	29,017	—	104,017
John A. Perkins	100,000	—	—	—	100,000
Sam B. Rovit	100,000	—	—	—	100,000
H.B. Wehrle, III	100,000	—	—	—	100,000

(1) The following table indicates the aggregate number of shares of our common stock subject to outstanding option awards and the number of stock awards held by our non-employee directors as of December 31, 2010:

Name	Stock Options #(a)	Stock Awards (#)
Leonard M. Anthony	22,415	7,300(b)
Rhys J. Best	43,525	—
Peter C. Boylan, III	38,131	—
Craig Ketchum	—	381.31(c)
Gerard P. Krans	5,394	—
Dr. Cornelis A. Linse	10,787	—
John A. Perkins	8,741	—
Sam B. Rovit	34,497	—
H.B. Wehrle, III	—	381.31(c)

- (a) All stock options held by directors were granted pursuant to the McJ Holding Stock Option Plan. Stock options held by directors vest in equal increments on each of the third, fourth and fifth anniversaries of the date of grant or in equal increments on each of the second, third, fourth and fifth anniversaries of the date of grant. Vesting of all options is conditioned on continued service and subject to accelerated vesting under certain circumstances, including termination of service by reason of death or disability or the occurrence of a Transaction (as defined in the plan).
- (b) The restricted stock held by Mr. Anthony was granted pursuant to the McJ Holding Restricted Stock Plan and will vest on the fifth anniversary of the date of grant, conditioned on continued service and subject to accelerated vesting under certain circumstances including termination of service by reason of death or disability or the occurrence of a Transaction (as defined in the plan).
- (c) Reflects profits units in PVF Holdings LLC held by Messrs. Ketchum and Wehrle. Pursuant to the PVF LLC Agreement, these profits units generally become vested in one-third increments on each of the third, fourth and fifth anniversaries of the date of grant. Also, in the event of a Transaction (as defined in the PVF LLC Agreement), all unvested profits units will become vested and nonforfeitable. In addition, the letter

agreements entered into between Mr. Ketchum and McJunkin Red Man on December 22, 2008 and between Mr. Wehrle and McJunkin Red Man Holding Corporation on September 24, 2008 provide for accelerated vesting in additional circumstances. Pursuant to Mr. Ketchum's letter, his profits units will become fully vested and no longer subject to forfeiture in the event that his service as Chairman of the Issuer's board of directors and as a member of the Issuer's board of directors is terminated for any reason. Pursuant to Mr. Wehrle's letter, his profits units will become fully vested and no longer subject to forfeiture in the event of the termination of his service as Chairman of the board of directors of PVF Holdings LLC and as a member of the Issuer's board of directors for any reason.

- (2) Each of these directors served on our board of directors during 2010, but generally did not receive any cash compensation for such services.

#### **Compensation Committee Interlocks and Insider Participation**

Our compensation committee is comprised of Rhys J. Best, Peter C. Boylan, III, Christopher A.S. Crampton and John F. Daly. Mr. Daly is a managing director in the Principal Investment Area of Goldman Sachs & Co. and Mr. Crampton is a vice president in the Principal Investment Area of Goldman Sachs & Co.. For a description of our company's transactions with Goldman Sachs & Co. and certain of its affiliates, see Item 13, "Certain Relationships and Related Party Transactions — Transactions with the Goldman Sachs Funds". No interlocking relationship exists between our board or compensation committee and the board of directors or compensation committee of any other company.

## PRINCIPAL STOCKHOLDERS

The following table presents, as of March 1, 2011, information regarding beneficial ownership of common stock of McJunkin Red Man Holding Corporation by:

- each director of McJunkin Red Man Holding Corporation;
- each named executive officer of McJunkin Red Man Holding Corporation;
- each stockholder known by us to beneficially hold five percent or more of the common stock of McJunkin Red Man Holding Corporation; and
- all of the executive officers and directors as a group.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power with respect to securities. Unless indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Except as otherwise indicated, the business address for each of our beneficial owners is c/o McJunkin Red Man Holding Corporation, 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010.

Name and Address	Shares Beneficially Owned	
	Number	Percent
PVF Holdings LLC(1)	168,428,052	99.7%
The Goldman Sachs Group, Inc.(1) 200 West Street New York, New York 10282	168,428,052	99.7%
Andrew R. Lane(2)	220,218	*
James F. Underhill(3)	—	—
Stephen W. Lake(4)	—	—
Gary A. Ittner(5)	—	—
Rory M. Isaac(6)	—	—
Scott A. Hutchinson(7)	—	—
Neil P. Wagstaff(8)	—	—
Leonard M. Anthony(9)	35,669	*
Rhys J. Best(10)	—	—
Peter C. Boylan III(11)	—	—
Henry Cornell(1)	168,428,052	99.7%
Christopher A.S. Crampton(1)	—	—
John F. Daly(1)	168,428,052	99.7%
Craig Ketchum(12)	—	—
Gerard P. Krans(13)	—	—
Dr. Cornelis A. Linse(14)	21,575	*
John A. Perkins(15)	43,706	*
H.B. Wehrle, III(16)	—	—
All directors and executive officers, as a group (20 persons)(17)	168,749,220	99.8%

\* Less than 1%.

(1) PVF Holdings LLC directly owns 168,428,052 shares of common stock. GS Capital Partners V Fund, L.P., GS Capital Partners V Offshore Fund, L.P., GS Capital Partners V GmbH & Co. KG, GS Capital Partners V

Institutional, L.P., GS Capital Partners VI Fund, L.P., GS Capital Partners VI Offshore Fund, L.P., GS Capital Partners VI Parallel, L.P., and GS Capital Partners VI GmbH & Co. KG (collectively, the “Goldman Sachs Funds”) are members of PVF Holdings LLC and own common units of PVF Holdings LLC. The Goldman Sachs Funds’ common units in PVF Holdings LLC correspond to 102,386,912 shares of common stock. The Goldman Sachs Group, Inc., and Goldman, Sachs & Co. may be deemed to beneficially own indirectly, in the aggregate, all of the common stock owned by PVF Holdings LLC because (i) affiliates of Goldman, Sachs & Co. and The Goldman Sachs Group, Inc. are the general partner, managing general partner, managing partner, managing member or member of the Goldman Sachs Funds and (ii) the Goldman Sachs Funds control PVF Holdings LLC and have the power to vote or dispose of all of the common stock of the company owned by PVF Holdings LLC. Goldman, Sachs & Co. is a direct and indirect wholly owned subsidiary of The Goldman Sachs Group, Inc. Goldman, Sachs & Co. is the investment manager of certain of the Goldman Sachs Funds. Shares of common stock that may be deemed to be beneficially owned by the Goldman Sachs Funds that correspond to the Goldman Sachs Funds’ common units of PVF Holdings LLC consist of: (1) 28,820,018 shares of common stock deemed to be beneficially owned by GS Capital Partners V Fund, L.P. and its general partner, GSCP V Advisors, L.L.C., (2) 14,887,217 shares of common stock deemed to be beneficially owned by GS Capital Partners V Offshore Fund, L.P. and its general partner, GSCP V Offshore Advisors, L.L.C., (3) 9,882,779 shares of common stock deemed to be beneficially owned by GS Capital Partners V Institutional, L.P. and its general partner, GS Advisors V, L.L.C., (4) 1,142,616 shares of common stock deemed to be beneficially owned by GS Capital Partners V GmbH & Co. KG and its managing limited partner, GS Advisors V, L.L.C., (5) 22,244,574 shares of common stock deemed to be beneficially owned by GS Capital Partners VI Fund, L.P. and its general partner, GSCP VI Advisors, L.L.C., (6) 18,502,254 shares of common stock deemed to be beneficially owned by GS Capital Partners VI Offshore Fund, L.P. and its general partner, GSCP VI Offshore Advisors, L.L.C., (7) 6,116,878 shares of common stock deemed to be beneficially owned by GS Capital Partners VI Parallel, L.P. and its general partner, GS Advisors VI, L.L.C., and (8) 790,572 shares of common stock deemed to be beneficially owned by GS Capital Partners VI GmbH & Co. KG and its managing limited partner, GS Advisors VI, L.L.C. Henry Cornell and John F. Daly are managing directors of Goldman, Sachs & Co. Mr. Cornell, Mr. Daly, The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. each disclaims beneficial ownership of the shares of common stock owned directly or indirectly by PVF Holdings LLC and the Goldman Sachs Funds, except to the extent of their pecuniary interest therein, if any.

- (2) Mr. Lane owns no shares of common stock directly. Mr. Lane owns 170,218 shares of common stock, 50,000 shares of restricted common stock and options to purchase 1,758,929 shares of our common stock at an exercise price of \$12.48 through a limited partnership. The options were granted to Mr. Lane on September 10, 2008 and will generally vest in one-fourth annual increments on the second, third, fourth and fifth anniversaries of the date of grant. The restricted common stock was granted to Mr. Lane on February 24, 2009 and will generally become fully vested on the fifth anniversary of the date of grant.
- (3) Mr. Underhill owns no shares of common stock directly. Mr. Underhill owns 25,706 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Underhill does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Underhill also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Underhill beneficial ownership of any shares of our common stock because they do not give Mr. Underhill the power to vote or dispose of any such shares. Mr. Underhill also owns options to purchase 43,706 shares of our common stock at an exercise price of \$11.42. The date of grant of Mr. Underhill’s options was December 3, 2009. These options will generally vest in equal increments on the third, fourth and fifth anniversaries of the date of grant.
- (4) Mr. Lake owns no shares of common stock directly. Mr. Lake owns 25,706 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Lake does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Lake also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Lake beneficial ownership of any shares of our common stock because they do not give Mr. Lake the power to vote or dispose of any such shares. Mr. Lake also owns options to purchase 87,413 shares of our common stock at an exercise price of \$11.42. The date of grant of Mr. Lake’s options was

December 3, 2009. These options will generally vest in equal increments on the third, fourth and fifth anniversaries of the date of grant.

- (5) Mr. Ittner owns no shares of common stock directly. Mr. Ittner owns 12,798 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Ittner does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Ittner also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Ittner beneficial ownership of any shares of our common stock because they do not give Mr. Ittner the power to vote or dispose of any such shares. Mr. Ittner also owns options to purchase 43,706 shares of our common stock at an exercise price of \$11.42. The date of grant of Mr. Ittner's options was December 3, 2009. These options will generally vest in equal increments on the third, fourth and fifth anniversaries of the date of grant.
- (6) Mr. Isaac owns no shares of common stock directly. Mr. Isaac owns 64,101 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Isaac does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Isaac also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Isaac beneficial ownership of any shares of our common stock because they do not give Mr. Isaac the power to vote or dispose of any such shares. Mr. Isaac also owns options to purchase 43,706 shares of our common stock at an exercise price of \$11.42. The date of grant of Mr. Isaac's options was December 3, 2009. These options will generally vest in equal increments on the third, fourth and fifth anniversaries of the date of grant.
- (7) Mr. Hutchinson owns no shares of common stock directly. Mr. Hutchinson owns 25,706 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Hutchinson does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Hutchinson also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Hutchinson beneficial ownership of any shares of our common stock because they do not give Mr. Hutchinson the power to vote or dispose of any such shares. Mr. Hutchinson also owns options to purchase 131,119 shares of our common stock at an exercise price of \$11.42. The date of grant of Mr. Hutchinson's options was December 3, 2009. These options will generally vest in equal increments on the third, fourth and fifth anniversaries of the date of grant.
- (8) Mr. Wagstaff owns no shares of common stock directly. Mr. Wagstaff owns 1,551,291 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Wagstaff does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Wagstaff also owns options to purchase 87,143 shares of our common stock at an exercise price of \$11.44. The date of grant of Mr. Wagstaff's options was April 1, 2010. These options will generally vest in equal increments on the third, fourth and fifth anniversaries of the date of grant.
- (9) Mr. Anthony owns 28,369 shares of common stock and 7,300 shares of restricted common stock directly. Mr. Anthony also owns options to purchase 17,021 shares of our common stock at an exercise price of \$12.48 and options to purchase 5,394 shares of our common stock at an exercise price of \$9.27. The dates of the grants of Mr. Anthony's options were October 3, 2008 and May 12, 2010, respectively. The options for 17,021 shares will generally vest in one-third annual increments on the third, fourth and fifth anniversaries of the date of grant. The options for 5,394 shares will generally vest in one-fourth annual increments on the second, third, fourth and fifth anniversaries of the date of grant. The date of grant of Mr. Anthony's restricted common stock was September 10, 2009. This restricted common stock will generally become vested on the fifth anniversary of the date of grant.
- (10) Mr. Best owns no shares of common stock directly. Mr. Best owns 63,991 shares indirectly due to his limited liability company's ownership of common units in PVF Holdings LLC. Mr. Best does not have the power to vote or dispose of shares of common stock that correspond to such limited liability company's ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Best also owns options to purchase 38,131 shares of our common stock at an exercise price of \$4.81 and options to purchase 5,394 shares of our common stock at an exercise price of \$9.27. The dates of the grants for the



options were December 24, 2007 and May 12, 2010, respectively. The options for 38,131 shares will generally vest in equal annual increments on each of December 1, 2010, 2011 and 2012. The options for 5,394 shares will generally vest in one-fourth annual increments on the second, third, fourth and fifth anniversaries of the date of grant.

- (11) Mr. Boylan owns no shares of common stock directly. Mr. Boylan owns 127,982 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Boylan does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Boylan also owns options to purchase 38,131 shares of our common stock at an exercise price of \$4.81. The date of grant for the options was December 24, 2007. The options will generally vest in one-third annual increments on the third, fourth and fifth anniversaries of the date of grant.
- (12) Mr. Ketchum owns no shares of common stock directly. Mr. Ketchum owns common units in PVF Holdings LLC both directly and through a limited liability company which correspond to 5,648,791 shares of common stock. Mr. Ketchum does not have the power to vote or dispose of shares of common stock that correspond to his ownership or his limited liability company's ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Ketchum also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Ketchum beneficial ownership of any shares of our common stock because they do not give Mr. Ketchum the power to vote or dispose of any such shares.
- (13) Mr. Krans owns no shares of common stock directly. Mr. Krans owns 10,600,489 shares indirectly through his ownership of common units in PVF Holdings LLC. Mr. Krans does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Krans also owns options to purchase 5,394 shares of our common stock at an exercise price of \$9.27. The date of grant of Mr. Krans' options was May 12, 2010. The options will generally vest in one-fourth annual increments on the second, third, fourth and fifth anniversaries of the date of grant.
- (14) Dr. Linse owns 21,575 shares of common stock directly. Dr. Linse also owns options to purchase 10,787 shares of our common stock at an exercise price of \$9.27. The date of grant of Dr. Linse's options was May 12, 2010. The options will generally vest in one-fourth annual increments on the second, third, fourth and fifth anniversaries of the date of grant.
- (15) Mr. Perkins owns 43,706 shares of common stock directly. Mr. Perkins also owns options to purchase 8,741 shares of our common stock at an exercise price of \$11.42. The date of grant of Mr. Perkins's options was December 3, 2009. These options will generally vest in one-fourth annual increments on the second, third, fourth and fifth anniversaries of the date of grant.
- (16) Mr. Wehrle owns no shares of common stock directly. Mr. Wehrle owns 2,607,138 shares through his ownership of common units in PVF Holdings LLC. Mr. Wehrle does not have the power to vote or dispose of shares of common stock that correspond to his ownership of common units in PVF Holdings LLC and thus does not have beneficial ownership of such shares. Mr. Wehrle also owns profits units in PVF Holdings LLC. These profits units do not give Mr. Wehrle beneficial ownership of any shares of our common stock because they do not give Mr. Wehrle the power to vote or dispose of any such shares.
- (17) The number of shares of common stock owned by all directors and executive officers, as a group, reflects (i) all shares of common stock directly owned by PVF Holdings LLC, with respect to which Henry Cornell and John F. Daly may be deemed to share beneficial ownership, (ii) 170,218 shares of unrestricted common stock and 50,000 shares of restricted common stock held indirectly by Andrew R. Lane, the chairman, president and chief executive officer and a director of McJunkin Red Man Holding Corporation through a limited partnership, (iii) 28,369 shares of unrestricted common stock and 7,300 shares of restricted common stock held directly by Leonard Anthony, a director of McJunkin Red Man Holding Corporation; (iv) 21,575 shares of unrestricted common stock held directly by Dr. Cornelis A. Linse, a director of McJunkin Red Man Holding Corporation; and (v) 43,706 shares of unrestricted common stock held directly by John Perkins, a director of McJunkin Red Man Holding Corporation.

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The following table sets forth, as of the date hereof, the number of common units and profits units of PVF Holdings LLC held by each of the directors, executive officers and beneficial owners of more than five percent of the common stock of McJunkin Red Man Holding Corporation.

<b>Name of Beneficial Owner</b>	<b>Common Units Owned Directly or Indirectly</b>	<b>Profits Units Owned Directly or Indirectly</b>
The Goldman Sachs Funds	203,365.2099	—
Andrew R. Lane	—	—
James F. Underhill	51.0592	597.3853
Stephen W. Lake	51.0592	127.1033
Gary A. Ittner	25.6386	381.3098
Rory M. Isaac	127.3212	381.3098
Scott A. Hutchinson	51.0592	165.2342
Neil P. Wagstaff	3,081.2400	—
Leonard M. Anthony	—	—
Rhys J. Best	127.1033	—
Peter C. Boylan III	254.2065	—
Henry Cornell	—	—
Christopher A.S. Crampton	—	—
John F. Daly	—	—
Craig Ketchum	11,219.8688	381.3098
Gerard P. Krans	21,055.1400	—
Dr. Cornelis A. Linse	—	—
John A. Perkins	—	—
H.B. Wehrle, III	5,128.1093	381.3098
The Goldman Sachs Funds and all of our directors and executive officers, as a group	244,537.0152	2,414.9620
Other holders of common units of PVF Holdings, LLC, as a group	90,001.8910	2,707.2994
Total	<u>334,538.9062</u>	<u>5,122.2614</u>

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

This section describes related party transactions between McJunkin Red Man Holding Corporation and its directors, executive officers and 5% stockholders and their immediate family members that occurred during the years ended December 31, 2008, December 31, 2009 and December 31, 2010.

### **Transactions with the Goldman Sachs Funds**

Certain affiliates of The Goldman Sachs Group, Inc., including GS Capital Partners V Fund, L.P., GS Capital Partners VI Fund, L.P. and related entities, or the Goldman Sachs Funds, are the majority owners of PVF Holdings LLC, our parent company.

### **May 2008 Dividend**

On May 22, 2008, McJunkin Red Man Corporation borrowed \$25 million in revolving loans under its revolving credit facility and distributed the proceeds of the loans to McJunkin Red Man Holding Corporation. On the same date, McJunkin Red Man Holding Corporation borrowed \$450 million in term loans under its term loan facility and distributed the proceeds of the term loans, together with the proceeds of the revolving loans, to its stockholders, including PVF Holdings LLC. PVF Holdings LLC used the proceeds from the dividend to fund distributions to members of PVF Holdings LLC in May 2008. The Goldman Sachs Funds were paid \$311,722,411.39 in such distribution.

### **LaBarge Acquisition**

On October 9, 2008, we acquired LaBarge Pipe & Steel Company. In connection with the LaBarge Acquisition, McJunkin Red Man Corporation paid an affiliate of the Goldman Sachs Funds a \$1.6 million merger and acquisition advisory fee.

### **Transmark Acquisition**

On October 30, 2009, we acquired Transmark Fcx Group B.V., now known as MRC Transmark Group B.V. ("Transmark"). In connection with the acquisition of Transmark, McJunkin Red Man Corporation agreed to pay to an affiliate of the Goldman Sachs Funds a €4.0 (US\$6.0) million merger and acquisition advisory fee.

### ***Revolving Credit Facilities***

Goldman Sachs Credit Partners L.P., an affiliate of Goldman, Sachs & Co., or Goldman Sachs, is one of the lenders under our Revolving Credit Facility and was a lender under our Term Loan Facility and Junior Term Loan Facility. Goldman Sachs Credit Partners is also a co-lead arranger and joint bookrunner under our Revolving Credit Facility and was a co-lead arranger and joint bookrunner under our Term Loan Facility and Junior Term Loan Facility and was also the syndication agent under the Term Loan Facility and the Junior Term Loan Facility.

We paid a \$4.4 million fee to Goldman Sachs Credit Partners in May 2008 in connection with the Junior Term Loan Facility, a fee of \$0.5 million to Goldman Sachs Credit Partners in June 2008 in connection with the \$50 million upsizing of our Revolving Credit Facility and a fee of \$2 million to Goldman Sachs Credit Partners in October 2008 in connection with the \$100 million upsizing of our Revolving Credit Facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Description of Our Indebtedness".

### ***Notes Offerings***

Goldman Sachs was a joint book-running manager for our December 2009 and February 2010 notes offerings and received fees of \$9.5 million in connection with serving in this capacity.

### ***Transactions with USI Southwest***

In January 2010, we engaged Anco Insurance Services of Houston, Inc. (doing business as USI Southwest), an affiliate of the Goldman Sachs Funds, to provide insurance brokerage services to McJunkin Red Man Holding

Corporation and its subsidiaries. During the year ended December 31, 2010, we paid USA Southwest \$2.2 million for these services.

#### ***Transactions with Kinder Morgan Energy Partners, L.P.***

On September 1, 2009, we entered into a Supply Agreement with Kinder Morgan Energy Partners, L.P., an affiliate of the Goldman Sachs Funds, pursuant to which we have agreed to provide maintenance, repair and operating supplies and related products for an initial term expiring on December 31, 2014. In connection with services provided to Kinder prior to the entry of the Supply Agreement, we received \$40.9 million in the year ended December 31, 2008, \$15.5 million in the year ended December 31, 2009 and \$13.7 million in the year ended December 31, 2010.

#### ***Transactions with Cobalt, Coffeyville, Energy Future Holdings and CCS***

Cobalt International Energy LP (“Cobalt”), Coffeyville Resources Refining & Marketing, LLC (“Coffeyville”), Luminant Generation Company LLC, Luminant Mining Company LLC and Oncor Electric Delivery Company LLC (together with Luminant Generation Company LLC and Luminant Mining Company LLC, “Energy Future Holdings”), and CCS Corporation (“CCS”), affiliates of the Goldman Sachs Funds, are customers of our company. Our sales to Cobalt were \$0.5 million in 2008, \$1.3 million in 2009 and \$6.1 million in 2010. Our sales to Coffeyville were \$0.5 million in 2008, \$0.1 million in 2009 and \$0.2 million in 2010. Our sales to Energy Future Holdings were \$0.3 million in 2008, \$0.5 million in 2009 and \$4.1 million in 2010. Our sales to CCS were \$0.5 million in 2008, \$0.5 million in 2009 and \$0.4 million in 2010.

#### ***Transactions with Prideco***

We lease certain equipment and buildings from Prideco, LLC, an entity owned by Craig Ketchum (a member of our board of directors and our former president and chief executive officer) and certain of his immediate family members. Craig Ketchum owns a 25% interest in Prideco, LLC. We paid Prideco, LLC an aggregate rental amount of approximately \$3.3 million in the year ended December 31, 2008, \$2.4 million in the year ended December 31, 2009, and \$1.5 million in the year ended December 31, 2010.

Under four separate real property leases, we lease office and warehouse space for the wholesale distribution of pipe, valves and fittings from Prideco, LLC. The total rental amount under these leases was approximately \$0.1 million in the year ended December 31, 2008, \$0.1 million in the year ended December 31, 2009, and \$0.1 million in the year ended December 31, 2010. The location of the leased property, monthly rent in 2010, term, expiration date, square footage of the leased premises and renewal option for each of these leases are included in the table below:

Location	Monthly 2010	Term	Expiration	Square Feet	Renewal Option
	Rent				
Artesia, NM	\$ 2,200	5 years	May 31, 2013	8,750	One five-year renewal option
Lovington, NM	\$ 2,350	3 years	September 30, 2012	6,000	Open option to renew
Tulsa, OK	\$ 3,000	3 years	March 31, 2012	7,980	One five-year renewal option
Woodward, OK	\$ 3,500	5 years	July 31, 2012	6,000	None

Additionally, under one master lease, Prideco, LLC leases approximately 430 trucks, cars and sports utility vehicles to us. All of these vehicles are used in our operations. Under the master lease, most vehicles are leased for a term of 36 months. The total rental amount under this lease was approximately \$3.1 million in the year ended December 31, 2008, \$2.3 million in the year ended December 31, 2009 and \$1.4 million in the year ended December 31, 2010.

We believe the rental amounts under our leases with Prideco, LLC are generally comparable to market rates negotiable among unrelated third parties.

### Transactions with Hansford Associates Limited Partnership

McJunkin Red Man Corporation leases certain land and buildings from Hansford Associates Limited Partnership, a limited partnership in which H. B. Wehrle, III (a member of the board of directors of McJunkin Red Man Holding Corporation), E. Gaines Wehrle (a former member of the board of directors of McJunkin Red Man Holding Corporation), Stephen D. Wehrle (a former executive officer of McJunkin Red Man Holding Corporation) and certain of their immediate family members are limited partners. Together, these three persons and their immediate family members have a 50% ownership interest in the limited partnership. McJunkin Red Man Corporation paid Hansford Associates Limited Partnership an aggregate rental amount of approximately \$2.5 million in the year ended December 31, 2008, \$2.5 million in the year ended December 31, 2009 and \$2.5 million in the year ended December 31, 2010.

We believe that the rental amounts under McJunkin Red Man Corporation's leases with Hansford Associates Limited Partnership are generally comparable to market rates negotiable among unrelated third parties.

### Transactions with Appalachian Leasing Company

McJunkin Red Man Corporation leases certain land and buildings from Appalachian Leasing Company, an entity in which David Fox, III, a former executive officer of McJunkin Red Man Holding Corporation, and certain of Mr. Fox's immediate family members have an ownership interest. Mr. Fox and his immediate family members have a 67.5% ownership interest in Appalachian Leasing Company. McJunkin Red Man Corporation paid Appalachian Leasing Company an aggregate rental amount of approximately \$0.2 million in the year ended December 31, 2008, \$0.2 million in the year ended December 31, 2009 and \$0.2 million in the year ended December 31, 2010. Under two separate leases, McJunkin Red Man Corporation leases office and warehouse space for the wholesale distribution of pipe, valves and fittings from Appalachian Leasing Company. The location of the leased property, monthly rent as of December 2010, term, expiration date, square footage of the leases premises and renewal option for each of these leases are included in the table below:

Location	Monthly Rent as of December 2010	Term	Expiration	Square Feet	Renewal Option
Hurricane, WV					Four three-year renewal options
	\$ 10,005	3 years	December 31, 2013	17,350	
Corbin, KY	\$ 4,473	3 years	May 31, 2012	8,000	None

We believe that the rental amounts under McJunkin Red Man Corporation's leases with Appalachian Leasing Company are generally comparable to market rates negotiable among unrelated third parties.

### Transactions with Executive Officers and Directors

Under the terms of the merger agreement for the GS Acquisition, McJunkin Red Man Corporation is required to use its commercially reasonable efforts promptly following the closing of the merger to sell certain of its assets (the "Non-Core Assets") for cash and to distribute 95% of the net proceeds of such sales, less 40% of taxable gains, to McJunkin Red Man Corporation's shareholders of record immediately prior to the merger, including H.B. Wehrle, III. The remaining Non-Core Asset that has not yet been sold is certain real property located in Charleston, West Virginia, including a building. At December 31, 2010, this asset had a net book value of approximately \$1.4 million. McJunkin Red Man Corporation is currently in the process of selling this remaining Non-Core Asset.

In connection with the GS Acquisition, on December 4, 2006 we entered into an indemnity agreement with certain former shareholders of McJunkin Red Man Corporation, including H.B. Wehrle, III and Stephen D. Wehrle. Under the indemnity agreement, certain former shareholders of McJunkin Red Man Corporation agreed to jointly and severally indemnify (i) McJunkin Red Man Corporation, (ii) McJunkin Red Man Holding Corporation and (iii) the wholly owned subsidiary of McJunkin Red Man Holding Corporation which merged with and into McJunkin Red Man Corporation in connection with the GS Acquisition, and their respective shareholders, members, partners, officers, directors, employees, attorneys, accountants, affiliates, agents, other advisors and successors, from and against all costs incurred by such indemnified parties relating to the holding and disposition of certain of the Non-Core Assets, and the distribution of net proceeds with respect to such disposition, to the extent the costs for each Non-Core Asset exceeds the net proceeds received in the sale of such asset.

Additionally, the indemnity agreement provided that from and after the effective time of the merger that was consummated in connection with the GS Acquisition, the indemnifying shareholders would jointly and severally indemnify the indemnified parties for (i) any amounts paid or payable by McJunkin Red Man Corporation or any of its subsidiaries to any of its officers, directors or employees in excess of \$965,000 in the nature of any “stay-pay bonuses” as a result of the merger, other than payments to certain specific employees, and (ii) any failure to properly withhold any amounts required to be withheld by McJunkin Red Man Corporation or any of its subsidiaries relating to stay-pay bonuses or any similar such payments (which indemnity only applied to withholding obligations that arose before the effective time of the merger on January 31, 2007).

### **May 2008 Dividend**

Certain members of our management team and certain current and former members of our board of directors are members of PVF Holdings LLC and therefore participated in PVF Holdings LLC’s cash distributions to its members in May 2008. See “— Transactions with the Goldman Sachs Funds — May 2008 Dividend” above. The table below sets forth the proceeds of the distributions paid to the account of the profits units and common units held by our current and former executive officers and directors who are members of PVF Holdings LLC:

Name	Proceeds from Distributions Paid on Common Units	Proceeds from Distributions Paid on Profits Units	Total
Randy K. Adams	\$ 6,131.28	\$ 48,420.00	\$ 54,551.28
Rhys J. Best(1)	\$ 194,826.51	—	\$ 194,826.51
Peter C. Boylan, III(2)	\$ 389,653.01	—	\$ 389,653.01
David Fox, III(3)	\$ 1,975,013.20	—	\$ 1,975,013.20
Ken Hayes	\$ 82,772.33	\$ 16,140.00	\$ 98,912.33
Harry K. Hornish, Jr	\$ 584,479.57	—	\$ 584,479.57
Scott A. Hutchinson	\$ 78,264.60	\$ 20,982.00	\$ 99,246.60
Rory M. Isaac	\$ 195,160.51	\$ 48,420.00	\$ 243,580.51
Russell L. Isaacs	\$ 137,300.00	—	\$ 137,300.00
Gary A. Ittner	\$ 39,299.30	\$ 48,420.00	\$ 87,719.30
Craig Ketchum(4)	\$ 17,198,047.58	\$ 48,420.00	\$ 17,246,467.58
Kent Ketchum(5)	\$ 6,878,317.54	\$ 24,210.00	\$ 6,902,527.54
Stephen W. Lake	\$ 78,264.59	\$ 16,140.00	\$ 94,404.59
Jeffrey Lang	\$ 38,965.30	\$ 48,420.00	\$ 87,385.30
Diana D. Morris	\$ 19,482.65	—	\$ 19,482.65
Dennis Niver	\$ 333.99	\$ 32,280.00	\$ 32,613.99
Dee Paige	\$ 77,930.60	\$ 72,630.00	\$ 150,560.60
James F. Underhill	\$ 78,264.60	\$ 75,858.00	\$ 154,122.60
E. Gaines Wehrle(6)	\$ 7,306,083.68	—	\$ 7,306,083.68
H.B. Wehrle, III	\$ 7,860,472.35	\$ 48,420.00	\$ 7,908,892.35
Stephen D. Wehrle	\$ 6,627,379.72	\$ 24,210.00	\$ 6,651,589.72
Michael H. Wehrle	\$ 7,095,097.13	—	\$ 7,095,097.13
Martha G. Wehrle	\$ 870,319.63	—	\$ 870,319.63
Other Wehrle Family Members(7)	\$ 34,345,051.67	—	\$ 34,345,051.67
Other Ketchum Family Members(8)	\$ 19,238,151.48	—	\$ 19,238,151.48
All executive officers, directors and their immediate family members	\$ 111,395,062.82	\$ 572,970.00	\$ 111,968,032.82

(1) Mr. Best holds common units in PVF Holdings LLC through a limited liability company which he controls.

- (2) Mr. Boylan holds common units in PVF Holdings LLC through a limited liability company which he owns and controls.
- (3) The \$1,975,013.20 that is indicated as being distributed on account of Mr. Fox's common units (including common units) was distributed to a trust established by Mr. Fox. Of this sum, \$993,087.61 was distributed with respect to common units and \$81,345.60 was paid as a tax distribution with respect to restricted common units. The balance of this sum (\$900,579.99) relates to proceeds of the dividend distributed with respect to restricted common units which are being held by PVF Holdings LLC subject to vesting of the restricted common units.
- (4) Craig Ketchum was paid \$17,197,713.60 in proceeds with respect to common units held by a limited liability company which he controls. Craig Ketchum received \$333.99 in proceeds with respect to common units that he holds directly.
- (5) Kent Ketchum was paid \$6,877,983.55 in proceeds with respect to common units held by a limited liability company which he controls. Kent Ketchum received \$333.99 in proceeds with respect to common units that he holds directly.
- (6) The \$7,306,083.68 that is indicated as being distributed with respect to Mr. Wehrle's common units was distributed to a trust established by Mr. Wehrle.
- (7) As used in this table, "Other Wehrle Family Members" include the immediate family members of H.B. Wehrle, III, E. Gaines Wehrle, Stephen D. Wehrle and Michael H. Wehrle.
- (8) As used in this table, "Other Ketchum Family Members" include the immediate family members of Craig Ketchum and Kent Ketchum.

#### **Registration Rights Agreement**

Pursuant to the Amended and Restated Registration Rights Agreement, dated as of October 31, 2007, as amended, by and among PVF Holdings LLC, the Goldman Sachs Funds and certain holders of common units of PVF Holdings LLC, PVF Holdings LLC may be required to register the sale of common units held by the Goldman Sachs Funds. Under the Amended and Restated Registration Rights Agreement, the Goldman Sachs Funds have the right to request that PVF Holdings LLC use its reasonable best efforts to register the sale of common units held by the Goldman Sachs Funds on its behalf on up to five occasions. The Goldman Sachs Funds' right to demand registration is subject to certain limitations, including PVF Holdings LLC's right to decline to cause a registration statement for a demand registration to be declared effective within 180 days after the effective date of any of our other registration statements. In addition, the Goldman Sachs Funds and certain holders of common units of PVF Holdings LLC that are party to the Amended and Restated Registration Rights Agreement and their respective transferees, will have the ability to exercise certain piggyback registration rights. The Amended and Restated Registration Rights Agreement also includes provisions dealing with allocation of securities included in registration statements, registration procedures, indemnification, contribution and allocation of expenses.

#### **Management Stockholders Agreement**

Each holder of a stock option and/or restricted stock award, including the members of the board of directors of McJunkin Red Man Holding Corporation who have received awards, is a party to a management stockholders agreement. Employees or directors that purchase common stock of McJunkin Red Man Holding Corporation must also become a party to the management stockholders agreement. The management stockholders agreement sets forth the terms and conditions governing common stock of McJunkin Red Man Holding Corporation, including vested restricted stock and shares of common stock received upon the exercise of stock option awards.

The management stockholders agreement provides that upon the termination of a shareholder's employment with McJunkin Red Man Holding Corporation or its affiliates (including, in the case of a non-employee member of our board of directors, the termination of his or her service on our board), McJunkin Red Man Holding Corporation may exercise its right to purchase from shareholder (or his or her permitted transferee) all or a portion of the shareholder's vested restricted stock, common stock received upon the exercise of the shareholder's stock options, and/or common stock purchased by the shareholder. In the event of a termination by the company or its affiliates for cause (as defined in the management stockholders agreement), the call option price would be the lesser of (i) the fair market value on the date of repurchase (determined in accordance with the management stockholders agreement) or



(ii) the price paid for the stock by such shareholder. Under all other circumstances, the call option price would be the fair market value of the stock subject to the call option on the date of repurchase (determined in accordance with the management stockholders agreement). Prior to the consummation of an initial public offering of our common stock, if PVF Holdings LLC proposes to (i) transfer common stock to any person who is not its affiliate or (ii) effect an Exit Event (as defined in the management stockholders agreement), PVF Holdings LLC may require shareholders to transfer a proportionate number of their shares of common stock to such person. In such event, shareholders would receive the same price for their common stock as PVF Holdings LLC receives for its common stock and would be required to pay for a proportionate share of all transaction expenses.

Other than as described above in this section, the management stockholders agreement prohibits the transfer of any shares of common stock of McJunkin Red Man Holding Corporation (including vested shares restricted stock) by a shareholder, other than following the death of such holder pursuant to the terms of any trust or will of the deceased or by the laws of intestate succession.

Our directors hold various equity interests in respect of our shares of common stock. Andrew R. Lane, Leonard Anthony, Cornelis Linse and John Perkins hold shares of our common stock that they have purchased for fair market value; Andrew R. Lane and Leonard Anthony hold awards of restricted stock; and Andrew R. Lane, Leonard Anthony, Rhys Best, Peter C. Boylan III, Gerard P. Krans, John Perkins and Dr. Cornelis A. Linse hold stock options to purchase shares of our common stock. Accordingly, each of them is a party to the management stockholders agreement. Upon the consummation of an initial public offering of our common stock, none of Messrs. Lane, Anthony, Linse or Perkins will be a party to the management stockholders agreement in respect of common stock purchased by them, and neither Mr. Lane nor Mr. Anthony will be a party to the management stockholders agreement in respect of common stock acquired by them upon exercise of their stock options.

### **Related Party Transaction Policy**

We have in place a formal policy for the review, approval, ratification and disclosure of related party transactions. This policy applies to any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we were, are or will be a participant and the amount involved exceeds \$120,000, and in which any related party had or will have a direct or indirect material interest. The audit committee of the board of directors of McJunkin Red Man Holding Corporation must review, approve and ratify a related party transaction if such transaction is consistent with the Related Party Transaction Policy and is on terms, taken as a whole, which the audit committee believes are no less favorable to us than could be obtained in an arm's-length transaction with an unrelated third party, unless the audit committee otherwise determines that the transaction is not in our best interests. Any related party transaction or modification of such transaction which the board of directors of McJunkin Red Man Holding Corporation has approved or ratified by the affirmative vote of a majority of directors, who do not have a direct or indirect material interest in such transaction, does not need to be approved or ratified by the audit committee. In addition, related party transactions involving compensation will be approved by the compensation committee in lieu of our audit committee.

In addition we are bound by a provision in the PVF LLC Agreement which provides that neither we nor any of our subsidiaries may enter into any transactions with any of the Goldman Sachs Funds or any of their affiliates except for transactions which (i) are otherwise permitted or contemplated by the PVF LLC Agreement or (ii) are on fair and reasonable terms not materially less favorable to us than we would obtain in a hypothetical comparable arm's length transaction with a person that was not an affiliate of the Goldman Sachs Funds. Our credit facilities also contain covenants which, subject to certain exceptions, require us to conduct all transactions with any of our affiliates on terms that are substantially as favorable to us as we would obtain in a comparable arm's length transaction with a person that is not an affiliate.

### ***Board of Directors***

As a private company whose securities are not listed on any national securities exchange, McJunkin Red Man Holding Corporation is not required to have a majority of, or any, independent directors. Further, even if McJunkin Red Man Holding Corporation were listed on a national securities exchange, because Goldman, Sachs & Co. beneficially owns more than 50% of the membership interests of PVF Holdings LLC and PVF Holdings LLC owns

a substantial majority of the common stock of McJunkin Red Man Holding Corporation, McJunkin Red Man Holding Corporation would be deemed a “controlled company” under the rules of the NYSE and Nasdaq and, therefore, would not need to have a majority of independent directors or all-independent compensation and nominating committees. However, the rules of the SEC require us to disclose in this prospectus which of our directors would be considered independent within the meaning of the rules of a national securities exchange that we may choose. McJunkin Red Man Holding Corporation currently has five directors who would be considered independent within the definitions of either the NYSE or Nasdaq: Messrs. Leonard M. Anthony, Rhys J. Best, Peter C. Boylan III, Dr. Cornelis A. Linse and John A. Perkins.

## THE EXCHANGE OFFER

### Purpose of the Exchange Offer

In connection with the sale of the outstanding notes on December 21, 2009 and February 11, 2010, respectively, we, the guarantors and the initial purchasers entered into exchange and registration rights agreements. Pursuant to the exchange and registration rights agreements, we and the guarantors agreed to file with the SEC a registration statement on the appropriate form under the Securities Act with respect to publicly registered notes having identical terms to the outstanding notes. Upon the effectiveness of the exchange offer registration statement, we and the guarantors will, pursuant to the exchange offer, offer to the holders of outstanding notes who are able to make certain representations the opportunity to exchange their notes for the exchange notes.

If we and the guarantors fail to file the exchange offer registration statement within 470 days of the date of original issuance of the outstanding notes, or by April 5, 2011, if the exchange offer registration statement is not declared effective within 110 days of April 5, 2011, or July 24, 2011, if the exchange offer has not been completed within 30 business days of July 24, 2011, or September 6, 2011, or if the exchange offer registration statement is declared effective but thereafter ceases to be effective or usable in connection with resales or exchanges of the outstanding notes during the periods specified in the exchange and registration rights agreements, then we will pay additional interest to each holder of the outstanding notes, with respect to the first 90-day period immediately following the occurrence of the first registration default in an amount equal to one-quarter of one percent (0.25%) per annum on the principal amount of notes held by such holder. The amount of the additional interest will increase by an additional one-quarter of one percent (0.25%) per annum on the principal amount of notes with respect to each subsequent 90-day period until all registration defaults have been cured, up to a maximum amount of additional interest for all registration defaults of 1.0% per annum. There can exist only one registration default at any one time.

Each broker-dealer that receives the exchange notes for its own account in exchange for outstanding notes, where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See “Plan of Distribution.”

A copy of the registration rights agreement is attached as an exhibit to the registration statement of which this prospectus is a part.

### Terms of the Exchange Offer

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange outstanding notes, which are properly tendered on or before the expiration date and are not withdrawn as permitted below, for exchange notes. The expiration date for this exchange offer is 5:00 p.m., New York City time, on \_\_\_\_\_, 2011, or such later date and time to which we, in our sole discretion, extend the exchange offer.

The form and terms of the exchange notes are the same as the form and terms of the outstanding notes, except that:

- the exchange notes will have been registered under the Securities Act;
- the exchange notes will not bear the restrictive legends restricting their transfer under the Securities Act; and
- the exchange notes will not contain the registration rights and additional interest provisions contained in the outstanding notes.

Notes tendered in the exchange offer must be in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

We expressly reserve the right, in our sole discretion:

- to extend the expiration date;

- to delay accepting any outstanding notes due to an extension of the exchange offer;
- if the condition set forth below under “— Condition to the Exchange Offer” has not been satisfied, to terminate the exchange offer and not accept any outstanding notes for exchange; or
- to amend the exchange offer in any manner.

We will give oral or written notice of any extension, delay, non-acceptance, termination or amendment as promptly as practicable by a public announcement, and in the case of an extension, no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make a public announcement of any extension, delay, non-acceptance, termination or amendment, we shall have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency, which may be an agency controlled by us. Notwithstanding the foregoing, in the event of a material change in the exchange offer, including our waiver of a material condition, we will extend the exchange offer period if necessary so that at least five business days remain in the exchange offer following notice of the material change.

During an extension, all outstanding notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any outstanding notes not accepted for exchange for any reason will be returned without cost to the holder that tendered them promptly after the expiration or termination of the exchange offer.

### **How to Tender Outstanding Notes for Exchange**

When the holder of outstanding notes tenders, and we accept such notes for exchange pursuant to that tender, a binding agreement between us and the tendering holder is created, subject to the terms and conditions set forth in this prospectus and the accompanying letter of transmittal. Except as set forth below, a holder of outstanding notes who wishes to tender such notes for exchange must, on or prior to the expiration date:

- transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal, to U.S. Bank National Association, which will act as the exchange agent, at the address set forth below under the heading “— The Exchange Agent”;

- comply with DTC’s Automated Tender Offer Program, or ATOP, procedures described below; or

- if outstanding notes are tendered pursuant to the book-entry procedures set forth below, the tendering holder must transmit an agent’s message to the exchange agent as per DTC, Euroclear Bank S.A./N.V., as operator of the Euroclear system (“Euroclear”), or Clearstream Banking S.A. (“Clearstream”) (as appropriate) procedures.

In addition, either:

- the exchange agent must receive the certificates for the outstanding notes and the letter of transmittal;

- the exchange agent must receive, prior to the expiration date, a timely confirmation of the book-entry transfer of the outstanding notes being tendered, along with the letter of transmittal or an agent’s message; or

- the holder must comply with the guaranteed delivery procedures described below.

The term “agent’s message” means a message, transmitted to DTC, Euroclear or Clearstream, as appropriate, and received by the exchange agent and forming a part of a book-entry transfer, or “book-entry confirmation,” which states that DTC, Euroclear or Clearstream, as appropriate, has received an express acknowledgement that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such holder.

The method of delivery of the outstanding notes, the letters of transmittal and all other required documents is at the election and risk of the holders. If such delivery is by mail, we recommend registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letters of transmittal or outstanding notes should be sent directly to us.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an eligible institution unless the outstanding notes surrendered for exchange are tendered:

- by a registered holder of the outstanding notes; or
- for the account of an eligible institution.

An “eligible institution” is a firm which is a member of a registered national securities exchange or a member of the Financial Industry Regulatory Authority or a commercial bank or trust company having an office or correspondent in the United States.

If outstanding notes are registered in the name of a person other than the signer of the letter of transmittal, the outstanding notes surrendered for exchange must be endorsed by, or accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by us in our sole discretion, duly executed by the registered holder with the holder’s signature guaranteed by an eligible institution.

We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of outstanding notes tendered for exchange in our sole discretion. Our determination will be final and binding. We reserve the absolute right to:

- reject any and all tenders of any outstanding note improperly tendered;
- refuse to accept any outstanding note if, in our judgment or the judgment of our counsel, acceptance of the outstanding note may be deemed unlawful; and
- waive any defects or irregularities or conditions of the exchange offer as to any particular outstanding note based on the specific facts or circumstances presented either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender outstanding notes in the exchange offer.

Notwithstanding the foregoing, we do not expect to treat any holder of outstanding notes differently from other holders to the extent they present the same facts or circumstances.

Our interpretation of the terms and conditions of the exchange offer as to any particular outstanding notes either before or after the expiration date, including the letter of transmittal and the instructions to it, will be final and binding on all parties. Holders must cure any defects and irregularities in connection with tenders of notes for exchange within such reasonable period of time as we will determine, unless we waive such defects or irregularities. Neither we, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of outstanding notes for exchange, nor shall any of us incur any liability for failure to give such notification.

If a person or persons other than the registered holder or holders of the outstanding notes tendered for exchange signs the letter of transmittal, the tendered outstanding notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders that appear on the outstanding notes.

If trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity sign the letter of transmittal or any outstanding notes or any power of attorney, these persons should so indicate when signing, and you must submit proper evidence satisfactory to us of those persons’ authority to so act unless we waive this requirement.

By tendering, each holder will represent to us that: (i) it is not an “affiliate” of the Issuer, as defined in Rule 405 of the Securities Act, or if it is such an “affiliate,” it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable; (ii) it is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the exchange notes; (iii) it is acquiring the exchange notes in its ordinary course of business; (iv) if it is a broker-dealer that holds outstanding notes that were acquired for its own account as a result of market-making activities or other trading activities (other than outstanding notes acquired directly from the Issuer or any of our affiliates), it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the exchange notes

received by it in the exchange offer; (v) if it is a broker-dealer, that it did not purchase the outstanding notes to be exchanged in the exchange offer from the Issuer or any of its affiliates; and (vi) it is not acting on behalf of any person who could not truthfully and completely make the representation contained in the foregoing subclauses (i) through (v).

If any holder or any other person receiving exchange notes from such holder is an “affiliate,” as defined under Rule 405 of the Securities Act, of us, or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of the notes to be acquired in the exchange offer in violation of the provisions of the Securities Act, the holder or any other person:

- may not rely on applicable interpretations of the staff of the SEC; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its outstanding notes as a result of market-making activities or other trading activities, and thereafter receives exchange notes issued for its own account in the exchange offer, must acknowledge that it will deliver this prospectus in connection with any resale of such exchange notes issued in the exchange offer. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act. See “Plan of Distribution” for a discussion of the exchange and resale obligations of broker-dealers.

#### **Acceptance of Outstanding Notes for Exchange; Delivery of Exchange Notes Issued in the Exchange Offer**

Upon satisfaction or waiver of all the conditions to the exchange offer, we will accept, promptly after the expiration date, all outstanding notes properly tendered and will issue exchange notes registered under the Securities Act in exchange for the tendered outstanding notes. For purposes of the exchange offer, we shall be deemed to have accepted properly tendered outstanding notes for exchange when, as and if we have given oral or written notice to the exchange agent, with written confirmation of any oral notice to be given promptly thereafter, and complied with the applicable provisions of the exchange and registration rights agreements. See “— Condition to the Exchange Offer” for a discussion of the condition that must be satisfied before we accept any outstanding notes for exchange.

For each outstanding note accepted for exchange, the holder will receive an exchange note registered under the Securities Act having a principal amount equal to that of the surrendered outstanding note. Registered holders of exchange notes issued in the exchange offer on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid. Under the exchange and registration rights agreements, we may be required to make payments of additional interest to the holders of the outstanding notes under circumstances relating to the timing of the exchange offer.

In all cases, we will issue exchange notes for outstanding notes that are accepted for exchange only after the exchange agent timely receives:

- certificates for such outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent’s account at DTC, Euroclear or Clearstream, as appropriate;
- a properly completed and duly executed letter of transmittal or an agent’s message; and
- all other required documents.

If for any reason set forth in the terms and conditions of the exchange offer we do not accept any tendered outstanding notes, or if a holder submits outstanding notes for a greater principal amount than the holder desires to exchange, we will return such unaccepted or nonexchanged notes without cost to the tendering holder. In the case of outstanding notes tendered by book-entry transfer into the exchange agent’s account at DTC, Euroclear or Clearstream, the nonexchanged notes will be credited to an account maintained with DTC, Euroclear or Clearstream,. We will return the outstanding notes or have them credited to DTC, Euroclear or Clearstream accounts, as appropriate, promptly after the expiration or termination of the exchange offer.

## **Book-Entry Transfer**

The participant should transmit its acceptance to DTC, Euroclear or Clearstream, as the case may be, on or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC, Euroclear or Clearstream, as the case may be, will verify the acceptance and then send to the exchange agent confirmation of the book-entry transfer. The confirmation of the book-entry transfer will include an agent's message confirming that DTC, Euroclear or Clearstream, as the case may be, has received an express acknowledgment from the participant that the participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such participant. Delivery of exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC, Euroclear or Clearstream, as the case may be. However, the letter of transmittal or facsimile thereof or an agent's message, with any required signature guarantees and any other required documents, must:

be transmitted to and received by the exchange agent at the address set forth below under “— The Exchange Agent” on or prior to the expiration date; or

comply with the guaranteed delivery procedures described below.

DTC's ATOP program is the only method of processing exchange offers through DTC. To accept an exchange offer through ATOP, participants in DTC must send electronic instructions to DTC through DTC's communication system. In addition, such tendering participants should deliver a copy of the letter of transmittal to the exchange agent unless an agent's message is transmitted in lieu thereof. DTC is obligated to communicate those electronic instructions to the exchange agent through an agent's message. To tender outstanding notes through ATOP, the electronic instructions sent to DTC and transmitted by DTC to the exchange agent must contain the character by which the participant acknowledges its receipt of and agrees to be bound by the letter of transmittal. Any instruction through ATOP is at your risk and such instruction will be deemed made only when actually received by the exchange agent.

In order for an acceptance of an exchange offer through ATOP to be valid, an agent's message must be transmitted to and received by the exchange agent prior to the expiration date, or the guaranteed delivery procedures below must be complied with. Delivery of instructions to DTC does not constitute delivery to the exchange agent.

## **Guaranteed Delivery Procedures**

If a holder of outstanding notes desires to tender such notes and the holder's outstanding notes are not immediately available, or time will not permit the holder's outstanding notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if:

the holder tenders the outstanding notes through an eligible institution;

prior to the expiration date, the exchange agent receives from such eligible institution a properly completed and duly executed notice of guaranteed delivery, acceptable to us, by mail, hand delivery, overnight courier or facsimile transmission, setting forth the name and address of the holder of the outstanding notes tendered, the certificate number or numbers of such outstanding notes and the amount of the outstanding notes being tendered. The notice of guaranteed delivery shall state that the tender is being made and guarantee that within three New York Stock Exchange trading days after the expiration date, the certificates for all physically tendered outstanding notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal or agent's message with any required signature guarantees and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

the exchange agent receives the certificates for all physically tendered outstanding notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal or agent's message with any required signature guarantees and any other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.



## **Withdrawal Rights**

You may withdraw tenders of your outstanding notes at any time prior to the expiration of the offer.

For a withdrawal to be effective, you must send a written notice of withdrawal to the exchange agent at the address set forth below under “— The Exchange Agent.” Any such notice of withdrawal must:

specify the name of the person that has tendered the outstanding notes to be withdrawn;

identify the outstanding notes to be withdrawn, including the principal amount of such outstanding notes; and

where certificates for outstanding notes are transmitted, specify the name in which outstanding notes are registered, if different from that of the withdrawing holder.

If certificates for outstanding notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution. If outstanding notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC, Euroclear or Clearstream, as applicable, to be credited with the withdrawn notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility (including time of receipt) of notices of withdrawal and our determination will be final and binding on all parties. Any tendered notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any outstanding notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder. In the case of outstanding notes tendered by book-entry transfer into the exchange agent’s account at DTC, Euroclear or Clearstream, as applicable, the outstanding notes withdrawn will be unlocked with DTC, Euroclear or Clearstream, as applicable, for the outstanding notes. The outstanding notes will be returned promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn outstanding notes may be re-tendered by following one of the procedures described under “— How to Tender Outstanding Notes for Exchange” above at any time on or prior to 5:00 p.m., New York City time, on the expiration date.

## **Condition to the Exchange Offer**

Notwithstanding any other provisions of this exchange offer, we are not required to accept the outstanding notes in the exchange offer or to issue the exchange notes, and we may terminate or amend the exchange offer, if at any time before the expiration of the exchange offer that acceptance or issuance would violate any applicable law or any interpretations of the staff of the SEC.

The preceding condition is for our sole benefit, and we may assert it regardless of the circumstances giving rise to any such condition. We may waive the preceding condition in whole or in part at any time and from time to time in our sole discretion. Our failure at any time to exercise the foregoing right shall not be deemed a waiver of such right, and such right shall be deemed an ongoing right which we may assert at any time and from time to time.

The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered in the exchange.

### **The Exchange Agent**

U.S. Bank National Association has been appointed as our exchange agent for the exchange offer. All executed letters of transmittal should be directed to our exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent addressed as follows:

By registered mail, overnight carrier or hand delivery:

U.S. Bank National Association  
Corporate Trust Services  
Attn: Specialized Finance  
60 Livingston Avenue  
St. Paul, MN 55107-2292

Confirm by telephone:

(800) 934-6802

Delivery by facsimile:

(651) 495-8158

Originals of all documents sent by facsimile should be promptly sent to the exchange agent by mail, by hand or by overnight delivery service.

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF SUCH LETTER OF TRANSMITTAL VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF SUCH LETTER OF TRANSMITTAL.

### **Fees and Expenses**

We will not make any payment to brokers, dealers or others soliciting acceptance of the exchange offer except for reimbursement of mailing expenses.

The cash expenses to be incurred in connection with the exchange offer will be paid by us.

### **Transfer Taxes**

Holders who tender their outstanding notes for exchange notes will not be obligated to pay any transfer taxes in connection with the exchange. If, however, exchange notes issued in the exchange offer or substitute outstanding notes not tendered or exchanged are to be delivered to, or are to be issued in the name of, any person other than the holder of the outstanding notes tendered, or if a transfer tax is imposed for any reason other than the exchange of outstanding notes in connection with the exchange offer, then the holder must pay any applicable transfer taxes, whether imposed on the registered holder or on any other person. If satisfactory evidence of payment of, or exemption from, transfer taxes is not submitted with the letter of transmittal, the amount of the transfer taxes will be billed directly to the tendering holder.

### **Consequences of Failure to Exchange Outstanding Notes**

Holders who desire to tender their outstanding notes in exchange for exchange notes registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither the exchange agent nor we are under any duty to give notification of defects or irregularities with respect to the tenders of outstanding notes for exchange.

Outstanding notes that are not tendered or are tendered but not accepted will, following the consummation of the exchange offer, continue to accrue interest and to be subject to the provisions in the indenture regarding the transfer and exchange of the outstanding notes and the existing restrictions on transfer set forth in the legend on the outstanding notes and in the offering circulars dated December 16, 2009 and February 8, 2010, respectively, relating

to the outstanding notes. After completion of this exchange offer, we will have no further obligation to provide for the registration under the Securities Act of those outstanding notes except in limited circumstances with respect to specific types of holders of outstanding notes, and we do not intend to register the outstanding notes under the Securities Act. In general, outstanding notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Upon completion of the exchange offer, holders of any remaining outstanding notes will not be entitled to any further registration rights under the exchange and registration rights agreements, except under limited circumstances.

### **Exchanging Outstanding Notes**

Based on interpretations of the staff of the SEC, as set forth in no-action letters to third parties, we believe that the notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by holders of such notes, other than by any holder that is a broker-dealer who acquired outstanding notes for its own account as a result of market-making or other trading activities or by any holder which is an “affiliate” of us within the meaning of Rule 405 under the Securities Act. The exchange notes may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

the holder is not a broker-dealer tendering notes acquired directly from us;

the person acquiring the exchange notes in the exchange offer, whether or not that person is a holder, is acquiring them in the ordinary course of its business;

neither the holder nor that other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes issued in the exchange offer; and

the holder is not our affiliate.

However, the SEC has not considered the exchange offer in the context of a no-action letter, and we cannot guarantee that the staff of the SEC would make a similar determination with respect to the exchange offer as in these other circumstances.

Each holder must furnish a written representation, at our request, that:

it is not an affiliate of us or, if an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the exchange notes issued to be issued in the exchange offer;

it is acquiring the exchange notes in the ordinary course of its business

if it is a broker-dealer that hold outstanding notes that were acquired for its own account as a result of market-making activities or other trading activities (other than outstanding securities acquired directly from us or any of our affiliates), it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the exchange notes received by it in the exchange offer;

if it is a broker-dealer, that it did not purchase the outstanding notes to be exchanged in the exchange offer from us or any of our affiliates; and

it is not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

Each holder who cannot make such representations:

- will not be able to rely on the interpretations of the staff of the SEC in the above-mentioned interpretive letters;
- will not be permitted or entitled to tender outstanding notes in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of outstanding notes, unless the sale is made under an exemption from such requirements.

In addition, each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where such outstanding notes were acquired by that broker-dealer as a result of market-making or other trading activities, must acknowledge that it will deliver this prospectus in connection with any resale of such notes issued in the exchange offer. See “Plan of Distribution” for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

In addition, to comply with state securities laws of certain jurisdictions, the exchange notes may not be offered or sold in any state unless they have been registered or qualified for sale in such state or an exemption from registration or qualification is available and complied with by the holders selling the exchange notes. We have not agreed to register or qualify the exchange notes for offer or sale under state securities laws.

## DESCRIPTION OF EXCHANGE NOTES

The outstanding notes were issued, and the exchange notes will be issued, under an indenture (the “*indenture*”), dated December 21, 2009, among the Issuer, the Guarantors and U.S. Bank National Association, as trustee (the “*trustee*”). On December 21, 2009, the Issuer issued and sold \$1.0 billion of 9.50% senior secured notes due 2016 (“original first lien notes”). On February 11, 2010, the Issuer issued and sold \$50 million of 9.50% senior secured notes due 2016 (“additional first lien notes”). The original first lien notes and the additional first lien notes:

- are *pari passu* in right of payment;
- are secured equally and ratably;
- vote together on any matter submitted to the holders for a vote, including waivers and amendments; and
- are otherwise treated as a single class for all purposes under the indenture, including redemptions and offers to purchase.

Unless otherwise indicated, the exchange notes offered hereby, the original first lien notes and the additional first lien notes are collectively referred to herein as the “notes”. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended, which is referred to in this prospectus as the Trust Indenture Act, or TIA.

You can find the definitions of certain terms used in this description under “— Certain Definitions”. Certain defined terms used in this description but not defined below under the caption “— Certain Definitions” have the meanings assigned to them in the indenture, the collateral trust agreement, the intercreditor agreement and/or the exchange and registration rights agreements. In this description, the term “*Parent*” refers only to McJunkin Red Man Holding Corporation, a Delaware corporation, and not to any of its subsidiaries or direct or indirect equityholders, the term “*Issuer*” refers only to McJunkin Red Man Corporation, a West Virginia corporation and a Wholly Owned Restricted Subsidiary of Parent, and not to any of its subsidiaries, the term “*refinancing transactions*” means the issuance of the original first lien notes and the application of the use of proceeds therefrom, and the term “*current transactions*” means the issuance of the additional first lien notes and the application of the use of proceeds therefrom.

The following description is a summary of the material provisions of the indenture, the collateral trust agreement, the intercreditor agreement and the registration rights agreement. It does not restate those agreements in their entirety. We urge you to read the indenture, the collateral trust agreement, the intercreditor agreement and the exchange and registration rights agreements because they, and not this description, define your rights as a holder of the notes. Copies of the indenture, the collateral trust agreement, the intercreditor agreement and the exchange and registration rights agreements from the Issuer without charge upon request.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

### Brief Description of the Notes and the Note Guarantees

#### *The Notes*

The notes:

- are general senior secured obligations of the Issuer;
- share, equally and ratably with all obligations of the Issuer under any other Priority Lien Debt, in the benefits of Liens held by the collateral trustee on all Notes Priority Collateral from time to time owned by the Issuer, which Liens will be junior to all Permitted Prior Liens on the Notes Priority Collateral and senior to the Liens on the Notes Priority Collateral securing any future Subordinated Lien Obligations;
- share, equally and ratably with all obligations of the Issuer under any other Priority Lien Debt, in the benefits of the Liens held by the collateral trustee on the ABL Priority Collateral, which Liens will be junior to all Permitted Prior Liens on the ABL Priority Collateral, including Liens securing the ABL Debt Obligations,

and, consequently, the notes will be effectively junior to all ABL Debt Obligations to the extent of the value of the ABL Priority Collateral;

- are structurally subordinated to any existing and future Indebtedness and other liabilities of the Issuer's non-Guarantor Subsidiaries;
- are *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated;
- are senior in right of payment to any existing and future subordinated Indebtedness of the Issuer; and
- are guaranteed on a senior secured basis by the Subsidiary Guarantors, and on a senior unsecured basis by Parent, as described under the caption "— The Note Guarantees".

As of December 31, 2010, the Issuer would have had outstanding \$1.05 billion in aggregate principal amount of Priority Lien Debt (consisting solely of the notes) plus certain outstanding interest rate swap agreements that have been designated as Priority Lien Debt, approximately \$286 million in aggregate principal amount of drawn ABL Debt and outstanding letters of credit of approximately \$5 million (and \$360 million of available borrowings under the ABL Credit Facility) and no Subordinated Lien Debt. Pursuant to the indenture, the Issuer is permitted to incur additional Indebtedness as Priority Lien Debt in an amount not to exceed the Priority Lien Cap. The Issuer is also permitted to incur additional ABL Debt in an amount not to exceed the ABL Lien Cap and additional Subordinated Lien Debt in an amount not to exceed the Subordinated Lien Cap. Any future incurrence of Priority Lien Debt, ABL Debt or Subordinated Lien Debt will be subject to all of the covenants described below, including the covenants described under the captions "— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "— Certain Covenants — Liens".

### ***The Note Guarantees***

The notes are guaranteed by Parent and by all of the current and future Wholly Owned Domestic Subsidiaries of the Issuer (other than Excluded Subsidiaries) and any of the Issuer's future Restricted Subsidiaries that guarantee any Indebtedness of the Issuer or any Subsidiary Guarantor, including the ABL Credit Facility.

Each guarantee by a Subsidiary Guarantor of the notes:

- is a general senior secured obligation of that Subsidiary Guarantor;
- shares, equally and ratably with all obligations of that Subsidiary Guarantor under any other Priority Lien Debt, in the benefit of Liens on all Notes Priority Collateral from time to time owned by that Subsidiary Guarantor, which Liens will be junior to all Permitted Prior Liens on the Notes Priority Collateral and senior to the Liens on the Notes Priority Collateral securing any future Subordinated Lien Obligations;
- shares, equally and ratably with all obligations of that Subsidiary Guarantor under any other Priority Lien Debt, in the benefits of the Liens held by the collateral trustee on the ABL Priority Collateral of that Subsidiary Guarantor, which Liens will be junior to all Permitted Prior Liens on the ABL Priority Collateral, including Liens securing the ABL Debt Obligations, and, consequently, the Note Guarantees will be effectively junior to all ABL Debt Obligations to the extent of the value of the ABL Priority Collateral of that Subsidiary Guarantor;
- is *pari passu* in right of payment with all existing and future Indebtedness of that Subsidiary Guarantor that is not subordinated; and
- is senior in right of payment to any future subordinated Indebtedness of that Subsidiary Guarantor.

Not all of the Issuer's Subsidiaries guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer. As of December 31, 2010, the Issuer's non-Guarantor Subsidiaries had consolidated total liabilities (excluding intercompany liabilities of Subsidiaries that are not Guarantors) of approximately \$453 million, including trade payables, and consolidated total assets of \$505 million, which represented 16% of the Issuer's and its Subsidiaries'

consolidated total assets. In addition, for the fiscal year ended December 31, 2010, the Issuer's non-Guarantor subsidiaries had consolidated total revenue of \$727 million, which represented 19% of the Issuer's consolidated total revenue. See "Risk Factors — Risks Related to the Exchange Notes — Your Right to Receive Payment on the Exchange Notes Will Be Structurally Subordinated to the Liabilities of Our Non-Guarantor Subsidiaries".

The guarantee by Parent of the notes is a general senior unsecured obligation of Parent, is *pari passu* in right of payment with all existing and future Indebtedness of Parent that is not subordinated, is senior in right of payment to any future subordinated Indebtedness of Parent and is effectively subordinated to any future secured Indebtedness of Parent and structurally subordinated to any Indebtedness of the Issuer and its Subsidiaries. Parent has no significant assets other than its interest in the Issuer, and has no income from operations independent of the Issuer and its Subsidiaries.

If the Issuer or any of its Restricted Subsidiaries acquires or creates another Wholly Owned Domestic Subsidiary (other than an Excluded Subsidiary), such Wholly Owned Domestic Subsidiary must become a Subsidiary Guarantor, execute a supplemental indenture and deliver an Opinion of Counsel to the trustee. In addition, any Restricted Subsidiary of the Issuer that guarantees any Indebtedness of the Issuer or any Subsidiary Guarantor, including the ABL Credit Facility, must become a Subsidiary Guarantor, execute a supplemental indenture and deliver an Opinion of Counsel to the trustee.

The Note Guarantee of a Guarantor will be released under specified circumstances, including, in the case of a Subsidiary Guarantor, in connection with a disposition of the Subsidiary Guarantor's Capital Stock if various conditions are satisfied. See "— Certain Covenants — Guarantees".

As of the date the Issuer issued the notes, all of the Issuer's Subsidiaries were "Restricted Subsidiaries". However, under the circumstances described below under the caption

"— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries", the Issuer is permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". Any Unrestricted Subsidiaries will not be subject to any of the covenants in the indenture and will not guarantee the notes. The notes are not guaranteed by PVF Holdings LLC, which is the direct parent of Parent and the indirect parent of the Issuer.

#### **Principal, Maturity and Interest**

The indenture provides for the issuance by the Issuer of notes with an unlimited principal amount. The Issuer may issue additional notes (the "*additional notes*") from time to time after this offering. Any offering of additional notes is subject to the covenants described below under the captions "— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "— Certain Covenants — Liens". The original first lien notes, the additional first lien notes, the exchange notes and any additional notes subsequently issued under the indenture would be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. We intend to take the position that the additional first lien notes will be fungible with the original first lien notes for U.S. federal income tax purposes. See "Certain Material United States Federal Tax Considerations — Qualified Reopening". However, any additional notes may not be fungible with the additional first lien notes and the original first lien notes for U.S. federal income tax purposes. Any additional notes, if any, will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The notes will mature on December 15, 2016.

Interest on the notes accrues at the rate of 9.50% per annum and is payable semi-annually in arrears on June 15 and December 15, having commenced on June 15, 2010. The Issuer will make each interest payment to the holders of record on the immediately preceding June 1 and December 1, respectively.

Interest on the additional first lien notes will be deemed to accrue from December 21, 2009. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

#### **Methods of Receiving Payments on the Notes**

If a holder has given wire transfer instructions to the Issuer, the Issuer will pay all principal, interest and premium on that holder's notes in accordance with those instructions. All other payments on the notes will be made



at the office or agency of the paying agent and registrar within the City and State of New York unless the Issuer elects to make interest payments by check mailed to the holders at their addresses set forth in the register of holders.

#### **Paying Agent and Registrar for the Notes**

The trustee currently acts as paying agent and registrar. The Issuer may change the paying agent or registrar without prior notice to the holders, and the Issuer or any of its Subsidiaries may act as paying agent or registrar.

#### **Transfer and Exchange**

A holder may transfer or exchange notes in accordance with the indenture and the procedures described in “Notice to Investors”. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a holder to pay any taxes and fees required by law or permitted by the indenture. The Issuer is not required to transfer or exchange any note selected for redemption. Also, the Issuer is not required to transfer or exchange any note (1) for a period of 15 days before a selection of notes to be redeemed or (2) tendered and not withdrawn in connection with a Change of Control Offer or an Asset Sale Offer.

#### **Security**

The obligations of the Issuer with respect to the notes, the obligations of the Subsidiary Guarantors under the Note Guarantees, all other existing and future Priority Lien Obligations and the performance of all other obligations of the Issuer and the Subsidiary Guarantors under the note documents are secured by Liens held by the collateral trustee on the Notes Priority Collateral and the ABL Priority Collateral. The Liens on the Notes Priority Collateral securing the notes are senior to the Liens on the Notes Priority Collateral securing any future Subordinated Lien Obligations. The Liens on the ABL Priority Collateral securing the notes are junior to the Liens on the ABL Priority Collateral securing the ABL Debt Obligations, but senior to the Liens on the ABL Priority Collateral securing any future Subordinated Lien Obligations. All such Liens are subject to Permitted Prior Liens.

On December 21, 2009, the Issuer and the Subsidiary Guarantors entered into a collateral trust agreement with the collateral trustee and the trustee. The collateral trust agreement sets forth the terms on which the collateral trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all Liens upon all Collateral owned by the Issuer or any Subsidiary Guarantor for the benefit of all present and future holders of Priority Lien Obligations and all future holders of Subordinated Lien Obligations (if any). The Priority Lien Obligations and the Subordinated Lien Obligations are collectively referred to as the “*Secured Obligations*”.

#### ***Collateral Trustee***

The collateral trustee acts for the benefit of the holders of:

- the notes;
- all other Priority Lien Obligations outstanding from time to time; and
- all Subordinated Lien Obligations outstanding from time to time, if any.

U.S. Bank National Association currently acts as collateral trustee under the collateral trust agreement. Neither the Issuer nor any of its Affiliates may act as collateral trustee. No Secured Debt Representative may serve as collateral trustee; provided that the trustee may serve as collateral trustee if the notes are the only Secured Obligations outstanding (other than Hedging Obligations).

The collateral trustee holds (directly or through co-trustees or agents), and is entitled to enforce on behalf of the holders of Priority Lien Obligations and Subordinated Lien Obligations, if any, all Liens on the Collateral created by the security documents for their benefit, subject to the provisions of the intercreditor agreement and the collateral trust agreement, in each case as described below.

Except as provided in the collateral trust agreement or as directed by an Act of Required Debtholders in accordance with the collateral trust agreement, the collateral trustee is not obligated:

- (1) to act upon directions purported to be delivered to it by any Person;
- (2) to foreclose upon or otherwise enforce any Lien; or
- (3) to take any other action whatsoever with regard to any or all of the security documents, the Liens created thereby or the Collateral.

The Issuer will deliver to each Secured Debt Representative copies of all security documents delivered to the collateral trustee.

On December 21, 2009, the collateral trustee entered into an intercreditor agreement (the “*intercreditor agreement*”) with the Issuer, the Subsidiary Guarantors, the trustee, and The CIT Group/ Business Credit Inc. and Bank of America, N.A., each as co-collateral agent under the ABL Credit Facility (collectively in such capacity, and together with any other collateral agent, collateral trustee or other representative of lenders or holders of ABL Debt Obligations that becomes party to the intercreditor agreement upon the refinancing or replacement of the ABL Credit Facility, or any successor representative acting in such capacity, the “*ABL Collateral Agent*”), to provide for, among other things, the junior nature of the Liens on the ABL Priority Collateral securing the Priority Lien Obligations. The Liens held by the collateral trustee on the Notes Priority Collateral securing Priority Lien Obligations are senior to the Liens securing any future Subordinated Lien Obligations. The Liens held by the collateral trustee on the ABL Priority Collateral securing Priority Lien Obligations are junior to the Liens held by the ABL Collateral Agent on the ABL Priority Collateral securing the ABL Debt Obligations, but senior to the Liens on the ABL Priority Collateral securing any future Subordinated Lien Obligations. All such Liens are subject to Permitted Prior Liens.

### ***Collateral***

The Notes Priority Collateral comprises substantially all of the tangible and intangible assets of the Issuer and the Subsidiary Guarantors, other than the ABL Priority Collateral and Excluded Assets.

The ABL Priority Collateral comprises substantially all accounts, inventory or documents of title, customs receipts, insurance certificates, shipping documents and other written materials related to the purchase or import of any inventory, all letter of credit rights, chattel paper, instruments, investment property and general intangibles pertaining to the foregoing, deposit accounts (other than the Net Available Cash Account, to the extent that it constitutes a deposit account) and securities accounts (other than the Net Available Cash Account, to the extent it constitutes a securities account), including all cash, marketable securities, securities entitlements, financial assets and other funds held in or on deposit in any of the foregoing, all records, “supporting obligations” (as defined in Article 9 of the UCC) and related letters of credit, commercial tort claims or other claims and causes of action, in each case, to the extent not primarily related to the Notes Priority Collateral and, to the extent not otherwise included, all substitutions, replacements, accessions, products and proceeds (including, without limitation, insurance proceeds, investment property, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing, in each case held by the Issuer and the Subsidiary Guarantors, other than the Excluded ABL Assets.

### ***ABL Debt***

As of December 31, 2010, the Issuer had approximately \$286 million in aggregate principal amount of drawn ABL Debt outstanding, all of which consisted of borrowings under the ABL Credit Facility, and outstanding letters of credit of approximately \$5 million. As of December 31, 2010, the Issuer had approximately \$360 million available for borrowing under the ABL Credit Facility. The indenture and the security documents provide that the Issuer and the Subsidiary Guarantors may incur additional ABL Debt, in an amount not to exceed the ABL Lien Cap. Any additional ABL Debt would be secured by Liens on the ABL Priority Collateral that would be effectively senior to the Liens on the ABL Priority Collateral securing the notes and other Priority Lien Debt. Additional ABL Debt will only be permitted if such Indebtedness and the related Liens are permitted to be incurred under the

covenants described below under the captions “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “— Certain Covenants — Liens”.

#### ***Additional Priority Lien Debt***

The indenture and the security documents provide that the Issuer may incur additional Priority Lien Debt, in an amount not to exceed the Priority Lien Cap, by issuing additional notes under the indenture or under one or more additional indentures, incurring additional Indebtedness under Credit Facilities (other than the ABL Credit Facility) or otherwise issuing or increasing a new Series of Secured Debt secured by Priority Liens on the Notes Priority Collateral and junior Liens on the ABL Priority Collateral. All additional Priority Lien Debt will be *pari passu* in right of payment with the notes, will be guaranteed on a *pari passu* basis by each Subsidiary Guarantor and will be secured equally and ratably with the notes by Liens on the Collateral held by the collateral trustee for as long as the notes and the Note Guarantees are secured by the Collateral, subject to the covenants contained in the indenture. The collateral trustee under the collateral trust agreement holds all Priority Liens in trust for the benefit of the holders of the notes, any future Priority Lien Debt and all other Priority Lien Obligations. Additional Priority Lien Debt will only be permitted to be secured by the Collateral if such Indebtedness and the related Liens are permitted to be incurred under the covenants described below under the captions “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “— Certain Covenants — Liens”.

#### ***Future Subordinated Lien Debt***

The indenture and the security documents provide that the Issuer and the Guarantors may incur Subordinated Lien Debt in the future, in an amount not to exceed the Subordinated Lien Cap, by issuing notes under one or more new indentures, incurring additional Indebtedness under other Credit Facilities (other than the ABL Credit Facility) or otherwise issuing or increasing a new Series of Secured Debt secured by Subordinated Liens on the Collateral. Subordinated Lien Debt will be permitted to be secured by the Collateral only if such Subordinated Lien Debt and the related Subordinated Liens are permitted to be incurred under the covenants described below under the captions “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “— Certain Covenants — Liens”. The collateral trustee under the collateral trust agreement holds all Subordinated Liens in trust for the benefit of the holders of any future Subordinated Lien Debt and all other Subordinated Lien Obligations. The Liens on the Notes Priority Collateral securing any future Subordinated Lien Obligations will be junior to the Liens on the Notes Priority Collateral held by the collateral trustee securing the Priority Lien Obligations and the Liens on the Notes Priority Collateral held by the ABL Collateral Agent securing the ABL Debt Obligations. The Liens on the ABL Priority Collateral securing any future Subordinated Lien Obligations will be junior to the Liens on the ABL Priority Collateral securing the ABL Debt Obligations and the Liens securing the Priority Lien Obligations. All such Liens will be subject to Permitted Prior Liens.

#### **The Intercreditor Agreement**

On December 21, 2009, the collateral trustee, on behalf of all current and future holders of Priority Lien Obligations and all future holders of Subordinated Lien Obligations, entered into the intercreditor agreement with the Issuer, the Subsidiary Guarantors and the ABL Collateral Agent to provide for, among other things, the junior nature of the Liens on the ABL Priority Collateral securing the Priority Lien Obligations. The intercreditor agreement includes certain intercreditor arrangements relating to the rights of the collateral trustee in the ABL Priority Collateral.

The intercreditor agreement permits the ABL Debt Obligations, the Priority Lien Obligations and the Subordinated Lien Obligations to be refunded, refinanced or replaced by certain permitted replacement facilities without affecting the lien priorities set forth in the intercreditor agreement, in each case without the consent of any holder of ABL Debt Obligations, Priority Lien Obligations (including holders of the notes) or Subordinated Lien Obligations.

#### ***Certain Definitions Used in the Intercreditor Agreement***

“*ABL Default*” means an “Event of Default” (as defined in the ABL Credit Facility).

**“Collateral Trustee Standstill Period”** means a period of at least 180 days since the earlier of: (x) the date of the commencement of any Insolvency or Liquidation Proceeding by or against the Issuer or any Subsidiary Guarantor that has not been dismissed, or (y) the date on which the Collateral Trustee first declares the existence of a Priority Lien Default or a Subordinated Lien Default, as applicable, demands the repayment of all the principal amount of any Priority Lien Obligations or Subordinated Lien Obligations, as applicable, and the ABL Collateral Agent has received notice from the Collateral Trustee of such declaration of a Priority Lien Default or Subordinated Lien Default, as applicable.

**“Discharge of Subordinated Lien Obligations”** means the occurrence of all of the following:

- (1) termination or expiration of all commitments to extend credit that would constitute Subordinated Lien Debt;
- (2) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not such interest would be allowed in such Insolvency or Liquidation Proceeding) on all Indebtedness outstanding under the Subordinated Lien Documents and constituting Subordinated Lien Debt;
- (3) termination or cash collateralization (in an amount and manner required by the Subordinated Lien Documents or otherwise reasonably satisfactory to the trustee, agent or other representative under the relevant Subordinated Lien Documents, but in no event greater than 105% of the aggregate undrawn face amount) of all letters of credit issued under the Subordinated Lien Documents and constituting Subordinated Lien Debt; and
- (4) payment in full in cash of all other Subordinated Lien Obligations that are outstanding and unpaid at the time the Subordinated Lien Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

**“Enforcement”** means collectively or individually for the ABL Collateral Agent or the Collateral Trustee when an ABL Default, a Priority Lien Default or a Subordinated Lien Default, as the case may be, has occurred and is continuing, any action taken by such Person to repossess, or exercise any remedies with respect to, any material amount of Collateral or commence the judicial enforcement of any of the rights and remedies with respect to any Collateral under the ABL Debt Documents, the Priority Lien Documents, the Subordinated Lien Documents or under any applicable law, but in all cases excluding (i) the demand of the repayment of all the principal amount of any of the Obligations, (ii) the imposition of a default rate or late fee, (iii) the collection and application of, or the delivery of any activation notice with respect to, accounts or other proceeds of ABL Priority Collateral deposited from time to time in deposit accounts or securities accounts against the ABL Debt Obligations; provided, however, the foregoing exclusion set forth in clause (iii) shall immediately cease to apply upon the earlier of (x) the ABL Collateral Agent’s delivery of written notice to the Issuer that such exclusion no longer applies and (y) the termination of the commitments under the ABL Credit Facility, and (iv) the collection and application of, or the delivery of any activation notice with respect to, proceeds of Notes Priority Collateral or Subordinated Lien Collateral deposited from time to time in deposit accounts or securities accounts against the Priority Lien Obligations or Subordinated Lien Obligations, as applicable.

**“Enforcement Notice”** means a written notice delivered at a time when an ABL Default, a Priority Lien Default or a Subordinated Lien Default has occurred and is continuing, by either the ABL Collateral Agent or the Collateral Trustee to the other such Person announcing that an Enforcement Period has commenced, specifying the relevant event of default, stating the current balance of the ABL Debt Obligations, the current balance owing with respect to the Priority Lien Obligations or the current balance owing with respect to the Subordinated Lien Obligations, as the case may be, and requesting the payment of the current balance owing of the ABL Debt Obligations, the Priority Lien Obligations or the Subordinated Lien Obligations, as the case may be.

**“Enforcement Period”** means the period of time following the receipt by either the ABL Collateral Agent or the Collateral Trustee of an Enforcement Notice from the other until one of (i) in the case of an Enforcement Period commenced by the Collateral Trustee, the Discharge of Priority Lien Obligations or the Discharge of Subordinated Lien Obligations, as the case may be, (ii) in the case of an Enforcement Period commenced by the ABL Collateral

Agent, the Discharge of ABL Debt Obligations, or (iii) the ABL Collateral Agent or the Collateral Trustee (as applicable) agree in writing to terminate the Enforcement Period.

**“Net Available Cash Account”** means any deposit account or securities account established by the Issuer or any Guarantor in accordance with the requirements of the covenant set forth in Section 15 of the ABL Credit Facility and which does not contain proceeds of Loans (as defined in the ABL Credit Facility) or ABL Priority Collateral and which has been identified to the ABL Collateral Agent as such at the time that proceeds from any sale of Priority Lien Collateral or Subordinated Lien Collateral shall be deposited pending final application in accordance with such covenant.

**“Priority Lien Default”** means an “Event of Default” (as defined in any of the Priority Lien Documents).

**“Subordinated Lien Default”** means an “Event of Default” (as defined in any of the Subordinated Lien Documents).

#### ***Relative Lien Priorities***

The intercreditor agreement provides that, notwithstanding the date, time, method, manner or order of grant, attachment or perfection of any Liens securing the Priority Lien Obligations granted on the Collateral, of any Liens securing the Subordinated Lien Obligations granted on the Collateral or of any Liens securing the ABL Debt Obligations granted on the Collateral and notwithstanding any provision of any UCC, or any other applicable law or the relevant other documents or any defect or deficiencies in, or failure to perfect, the relevant Liens or any other circumstance whatsoever, any Lien of the ABL Collateral Agent on the ABL Priority Collateral, shall be senior in all respects and prior to any Lien on the ABL Priority Collateral securing any Priority Lien Obligations or Subordinated Lien Obligations.

#### ***Prohibition on Contesting Liens***

The intercreditor agreement provides that the ABL Collateral Agent, the Collateral Trustee, and each holder of ABL Debt Obligations, Priority Lien Obligations and Subordinated Lien Obligations will not (and will waive any right to) contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any holder of ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations in all or any part of the Collateral, or the provisions of the intercreditor agreement. The intercreditor agreement provides that nothing therein can be construed to prevent or impair the rights of the ABL Collateral Agent, the Collateral Trustee, or any holder of ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations to enforce the intercreditor agreement.

#### ***Enforcement***

The intercreditor agreement provides that, except as provided below in this paragraph, until the Discharge of ABL Debt Obligations, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Issuer or any Guarantor, neither the Collateral Trustee nor any holder of any Priority Lien Obligations or Subordinated Lien Obligations will:

(1) exercise or seek to exercise any rights or remedies with respect to any ABL Priority Collateral (including the exercise of any right of setoff or any right under any lockbox, pledged or blocked account agreement, securities account control agreement, armored car agreement, credit card processing agreement or any similar agreement among the Collateral Trustee and/or the ABL Collateral Agent and the Issuer or a Guarantor and the relevant service provider, depository or securities intermediary, landlord waiver or bailee’s letter or similar arrangement to which the Collateral Trustee or any holder of Priority Lien Obligations or Subordinated Lien Obligations is a party) or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure), until after the passage of the Collateral Trustee Standstill Period, *provided* that the Collateral Trustee, each holder of Priority Lien Obligations and each holder of Subordinated Lien Obligations shall not exercise any rights or remedies with respect to the ABL Priority Collateral if, notwithstanding the expiration of the Collateral Trustee Standstill Period, the ABL Collateral

Agent or the holders of ABL Debt Obligations shall have commenced and be diligently pursuing the exercise of their rights and remedies with respect to all or any material portion of the ABL Priority Collateral;

(2) contest, protest or object to any foreclosure proceeding or action brought by the ABL Collateral Agent or any holder of ABL Debt Obligations or any other exercise by such Persons of any rights and remedies relating to the ABL Priority Collateral, whether under the ABL Debt Documents or otherwise; and

(3) subject to their rights under clause (1) above and except as may be permitted in clauses (1) through (7) of the third paragraph of this subsection, object to the forbearance by the ABL Collateral Agent or any holder of ABL Debt Obligations from bringing or pursuing any Enforcement.

Until the Discharge of ABL Debt Obligations (whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Issuer or any Guarantor), the ABL Collateral Agent and the holders of ABL Debt Obligations have the right to enforce rights, exercise remedies (including set-off and the right to credit bid their debt) and, in connection therewith (including voluntary dispositions of ABL Priority Collateral by the respective Subsidiary Guarantors after an ABL Default), make determinations regarding the release, disposition or restrictions with respect to the ABL Priority Collateral without any consultation with or the consent of the Collateral Trustee or any holder of Priority Lien Obligations or Subordinated Lien Obligations, *provided* that the Liens securing the Priority Lien Obligations and the Subordinated Lien obligations shall remain on the proceeds (other than those properly applied to the ABL Debt Obligations) of such Collateral released or disposed of subject to the relative priorities described in the intercreditor agreement.

Notwithstanding the preceding paragraph, the Collateral Trustee and any holder of Priority Lien Obligations and any holder of Subordinated Lien Obligations may:

(1) file a claim or statement of interest with respect to the Priority Lien Obligations or Subordinated Lien Obligations, as applicable; *provided* that an Insolvency or Liquidation Proceeding has been commenced by or against the Issuer or a Subsidiary Guarantor;

(2) take any action (not adverse to the priority status of the Liens on the ABL Priority Collateral, or the rights of the ABL Collateral Agent or any holder of ABL Debt Obligations to exercise remedies in respect thereof) in order to create, perfect, preserve or protect its Lien on any of the Collateral;

(3) file any necessary responsive or defensive pleadings in opposition to any motion, claim or other pleading objecting to or otherwise seeking the disallowance of the claims of the holders of Priority Lien Obligations or Subordinated Lien Obligations, if any, in each case, in accordance with the terms of the intercreditor agreement;

(4) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Issuer or the Subsidiary Guarantors arising under either any Insolvency or Liquidation Proceeding or applicable non-bankruptcy law, in each case not prohibited by the terms of the intercreditor agreement;

(5) vote on any plan of reorganization, file any proof of claim, make other filings and make any arguments and motions that are, in each case, not prohibited by the terms of the intercreditor agreement, with respect to the Priority Lien Obligations or the Subordinated Lien Obligations;

(6) exercise any of its rights or remedies with respect to any of the ABL Priority Collateral after the termination of the Collateral Trustee Standstill Period to the extent permitted by the intercreditor agreement; and

(7) make a cash bid on all or any portion of the ABL Priority Collateral in any foreclosure proceeding or action.

The Collateral Trustee, on behalf of itself and each holder of Priority Lien Obligations and each holder of Subordinated Lien Obligations, has agreed that it will not take or receive any ABL Priority Collateral or any proceeds of such ABL Priority Collateral in connection with the exercise of any right or remedy (including set-off) with respect to any such ABL Priority Collateral in its capacity as a creditor in violation of the intercreditor agreement. Unless and until the Discharge of ABL Debt Obligations, except as expressly provided in the provisions



set forth in the first and third paragraph under the caption “— Enforcement”, and the provisions under the caption “— Agreements With Respect to Insolvency or Liquidation Proceedings” as they relate to adequate protection, the sole right of the Collateral Trustee, the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations with respect to the ABL Priority Collateral will be to hold a Lien (if any) on such Collateral pursuant to the respective Priority Lien Documents or Subordinated Lien Documents, as applicable, for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of ABL Debt Obligations.

Subject to the provisions set forth in the first and third paragraph under the caption “— Enforcement”, and the provisions under the caption “— Agreements With Respect to Insolvency or Liquidation Proceedings” as they relate to adequate protection,

(1) the Collateral Trustee, on behalf of itself, the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations, has agreed that such Persons will not take any action that would hinder any exercise of remedies under the ABL Credit Documents or that is otherwise prohibited under the intercreditor agreement, including any sale, lease, exchange, transfer or other disposition of the ABL Priority Collateral, whether by foreclosure or otherwise;

(2) the Collateral Trustee, on behalf of itself, the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations, has agreed to waive any and all rights such Persons may have as a junior lien creditor or otherwise to object to the manner in which the ABL Collateral Agent or the holders of ABL Debt Obligations seek to enforce or collect the ABL Debt Obligations or the Liens securing the ABL Debt Obligations granted in any of the ABL Debt Documents or undertaken in accordance with the intercreditor agreement, regardless of whether any action or failure to act by or on behalf of the ABL Collateral Agent or the holders of ABL Debt Obligations is adverse to the interest of the holders of Priority Lien Obligations or Subordinated Lien Obligations; and

(3) the Collateral Trustee has acknowledged that no covenant, agreement or restriction contained in any Priority Lien Document or Subordinated Lien Document (in each case, other than the intercreditor agreement) shall be deemed to restrict in any way the rights and remedies of the ABL Collateral Agent or the holders of ABL Debt Obligations with respect to the enforcement of the Liens on the ABL Priority Collateral as set forth in the intercreditor agreement and the ABL Debt Documents.

Except as otherwise set forth under the first paragraph under the caption “— Enforcement”, the fourth paragraph under the caption “— Enforcement”, and the provisions related to set-off and priorities of proceeds of Collateral as set forth in the intercreditor agreement, the Collateral Trustee and the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations may exercise rights and remedies as unsecured creditors against the Issuer or any Guarantor that has guaranteed or granted Liens to secure the Priority Lien Obligations or the Subordinated Lien Obligations, as applicable, and the Collateral Trustee may exercise rights and remedies with respect to the Notes Priority Collateral in accordance with the terms of the Priority Lien Documents and Subordinated Lien Documents, as applicable, and applicable law; *provided, however*, that in the event that the Collateral Trustee or any holder of Priority Lien Obligations or Subordinated Lien Obligations becomes a judgment Lien creditor in respect of ABL Priority Collateral as a result of its enforcement of such rights as an unsecured creditor with respect to the Priority Lien Obligations or Subordinated Lien Obligations, as applicable, such judgment Lien shall be subject to the terms of the intercreditor agreement for all purposes (including in relation to the ABL Debt Obligations) as the other Liens securing the Priority Lien Obligations and Subordinated Lien Obligations are subject to the intercreditor agreement.

#### ***Collateral Access Rights***

The intercreditor agreement provides that the ABL Collateral Agent and the Collateral Trustee will not commence Enforcement until the earlier of the date on which (a) an Enforcement Notice has been given to the Collateral Trustee or the ABL Collateral Agent, as the case may be, or (b) any Insolvency or Liquidation Proceeding is commenced by or against the Issuer or any Subsidiary Guarantor that has not been dismissed. Subject to the provisions under the caption “— Enforcement”, the Collateral Trustee may, to the extent permitted by applicable law, join in any judicial proceedings commenced by the ABL Collateral Agent to enforce Liens on the Collateral,



*provided* that neither the Collateral Trustee, nor any holder of Priority Lien Obligations or Subordinated Lien Obligations shall interfere with the Enforcement actions of the ABL Collateral Agent with respect to the ABL Priority Collateral.

If the Collateral Trustee, or any of its agents or representatives, or any third party pursuant to any Enforcement undertaken by the Collateral Trustee or any receiver, shall obtain possession or physical control of any real estate assets that are part of the Collateral, the Collateral Trustee shall notify the ABL Collateral Agent of such possession or physical control. The ABL Collateral Agent will be permitted, upon notice to the Collateral Trustee within at least 10 business days thereafter, to exercise access rights under the intercreditor agreement, at which time the parties shall confer in good faith to coordinate with respect to the ABL Collateral Agent's exercise of such access rights. After delivery of such notice to the Collateral Trustee, the ABL Collateral Agent will have a nonexclusive rent free access right to use such property for a period of approximately 180 days, subject to certain adjustments (the "*Access Period*") for the purposes specified in the intercreditor agreement. The intercreditor agreement provides that if the Collateral Trustee shall foreclose or otherwise sell any of the Notes Priority Collateral, the Collateral Trustee will notify the buyer thereof that the buyer is acquiring such Notes Priority Collateral subject to the terms of the intercreditor agreement.

The intercreditor agreement also addresses the relative rights of the ABL Collateral Agent and the Collateral Trustee to use the Issuer's and the Subsidiary Guarantor's intellectual property rights and equipment and agreements with landlords in connection with enforcement or exercise of remedies with respect to the Collateral.

#### ***Application of Proceeds***

The intercreditor agreement provides that, subject to the provisions related to reorganization securities under the caption "*— Insolvency or Liquidation Proceedings*", so long as the Discharge of ABL Debt Obligations has not occurred, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Issuer or any Guarantor, all ABL Priority Collateral or proceeds thereof received in connection with the sale or other disposition of, or collection on, such Collateral upon the exercise of remedies by the ABL Collateral Agent or the holders of ABL Debt Obligations, shall be applied by the ABL Collateral Agent to the ABL Debt Obligations in such order as specified in the relevant ABL Debt Documents. Upon the Discharge of ABL Debt Obligations, the ABL Collateral Agent will deliver to the Collateral Trustee any Collateral and proceeds of Collateral held by it or as a court of competent jurisdiction may otherwise direct to be applied by the Collateral Trustee in such order as specified in the Priority Lien Documents and Subordinated Lien Documents.

#### ***Payments Over in Violation of Intercreditor Agreement***

The intercreditor agreement provides that, whether or not any Insolvency or Liquidation Proceeding has been commenced by or against the Issuer or any Guarantor, any Collateral or proceeds thereof received by any holder of ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations in connection with the exercise of any right or remedy (including set-off) relating to the Collateral in contravention of the intercreditor agreement shall be segregated and held in trust and forthwith paid over to the ABL Collateral Agent or the Collateral Trustee, as appropriate, in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. The Collateral Trustee and the ABL Collateral Agent will each be irrevocably authorized to make any such endorsements as agent for the other Person.

#### ***Releases***

The intercreditor agreement provides that if, in connection with the exercise of the ABL Collateral Agent's remedies in respect of any Collateral as provided for under the caption "*— Enforcement*", the ABL Collateral Agent, for itself and/or on behalf of any holder of ABL Debt Obligations, releases its Liens on any part of the ABL Priority Collateral, then the Liens, if any, of the Collateral Trustee, the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations, on the Collateral sold or disposed of in connection with such exercise, shall be automatically, unconditionally and simultaneously released.

The intercreditor agreement provides that if, in connection with any sale, lease, exchange, transfer or other disposition of any Collateral (collectively, a "*Disposition*") permitted under the terms of the ABL Debt Documents,

the Priority Lien Documents and the Subordinated Lien Documents (including voluntary Dispositions of ABL Priority Collateral by the Issuer or the respective Guarantors after an ABL Default, voluntary Dispositions of Notes Priority Collateral by the Issuer or the respective Guarantors after a Priority Lien Default and voluntary Dispositions of Notes Priority Collateral by the Issuer or the respective Guarantors after a Subordinated Lien Default), the ABL Collateral Agent, for itself and/or on behalf of any holder of ABL Debt Obligations, releases any of its Liens on any part of the ABL Priority Collateral (in each case other than in connection with the Discharge of ABL Debt Obligations or after the occurrence and during the continuance of a Priority Lien Default or a Subordinated Lien Default) then the Liens, if any, of the Collateral Trustee, for itself and/or on behalf of any of the holders of Priority Lien Obligations or any of the holders of Subordinated Lien Obligations, on such Collateral shall be automatically, unconditionally and simultaneously released.

### ***Insurance***

The intercreditor agreement provides that unless and until the Discharge of ABL Debt Obligations has occurred and subject to the terms of, and the rights of the Issuer and the Guarantors under, the ABL Debt Documents:

(1) the ABL Collateral Agent and the holders of ABL Debt Obligations shall have the sole and exclusive right to adjust settlement for any insurance policy covering the ABL Priority Collateral or the Liens with respect thereto in the event of any loss thereunder or with respect thereto and to approve any award granted in any condemnation or similar proceeding (or any deed in lieu of condemnation) affecting such Collateral; and

(2) all proceeds of any such policy and any such award (or any payments with respect to a deed in lieu of condemnation) if in respect to such ABL Priority Collateral and to the extent required by the ABL Debt Documents shall be paid to the ABL Collateral Agent for the benefit of the holders of ABL Debt Obligations pursuant to the terms of the ABL Debt Documents (including, without limitation, for purposes of cash collateralization of letters of credit) and thereafter, to the extent no ABL Debt Obligations are outstanding, and subject to the terms of, and the rights of the Issuer and the Guarantors under, the Priority Lien Documents or Subordinated Lien Documents, as applicable, to the Collateral Trustee for the benefit of the holders of Priority Lien Obligations or the holders of Subordinated Lien Obligations, as applicable, to the extent required under the Priority Lien Documents or Subordinated Lien Documents, as applicable, and then, to the extent no Priority Lien Obligations or Subordinated Lien Obligations which were secured by such Collateral are outstanding, to the owner of the subject property, such other Person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct.

The ABL Collateral Agent and Collateral Trustee have each received separate lender's loss payable endorsements naming themselves as loss payee and additional insured, as their interests may appear, with respect to policies which insure the Collateral. To the extent any proceeds are received for business interruption or for any liability or indemnification and those proceeds are not compensation for a casualty loss with respect to the Notes Priority Collateral or Subordinated Lien Collateral, such proceeds shall (subject to the rights of the Issuer and the Guarantors) first be applied to repay the ABL Debt Obligations and then be applied, to the extent required by the Priority Lien Documents or the Subordinated Lien Documents, to the Priority Lien Obligations or Subordinated Lien Obligations, as applicable.

### ***Bailees for Perfection***

The intercreditor agreement provides that the ABL Collateral Agent will:

(1) agree to hold that part of the Collateral that is in its (or its agents' or bailees') possession or control to the extent that possession or control thereof is taken to perfect a Lien thereon under the UCC (such Collateral being the "*Pledged Collateral*") as collateral agent for the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations and as bailee for the Collateral Trustee and any assignee solely for the purpose of perfecting the security interest granted under the Priority Lien Documents and the Subordinated Lien Documents, subject to the terms and conditions under this caption "*Bailees for Perfection*";

(2) have no obligation whatsoever to any other Person to ensure that the Pledged Collateral is genuine or owned by the Issuer or any of the Guarantors or to preserve rights or benefits of any Person except as expressly set forth under this caption “— Bailees for Perfection”;

(3) not have a fiduciary relationship with any other Person with respect to such acts; and

(4) upon the Discharge of ABL Debt Obligations, deliver the remaining Pledged Collateral (if any) together with any necessary endorsements, first, to the Collateral Trustee to the extent the Priority Lien Obligations or the Subordinated Lien Obligations which are secured by such Pledged Collateral remain outstanding, and second, to the Issuer or the applicable Guarantor.

The duties or responsibilities of the ABL Collateral Agent described under this caption “— Bailees for Perfection” will be limited solely to holding the Pledged Collateral as bailee in accordance therewith and delivering the Pledged Collateral upon a Discharge of ABL Debt Obligations as provided in the paragraph above, so that, subject to the terms of the intercreditor agreement, until a Discharge of ABL Debt Obligations, the ABL Collateral Agent will be entitled to deal with the Pledged Collateral or ABL Priority Collateral within its “control” in accordance with the terms of the intercreditor agreement and other ABL Debt Documents as if the Liens (if any) of the Collateral Trustee did not exist.

#### ***Agreements With Respect to Insolvency or Liquidation Proceedings***

Until the Discharge of ABL Debt Obligations has occurred, if the Issuer or any Subsidiary Guarantor shall be subject to any Insolvency or Liquidation Proceeding and the ABL Collateral Agent shall, acting in accordance with the ABL Credit Facility, agree to permit the use of “Cash Collateral” (as such term is defined in Section 363(a) of the Bankruptcy Code) other than the identifiable cash proceeds of any Priority Lien Collateral or Subordinated Lien Collateral, in each case, on which a Lien has been granted to the ABL Collateral Agent pursuant to the ABL Debt Documents, or to the Issuer or any Subsidiary Guarantor to obtain financing, whether from the holders of ABL Debt Obligations or any other Person under Section 364 of the Bankruptcy Code or any similar Bankruptcy Law ( “DIP Financing”); *provided* that, the aggregate principal amount of the DIP Financing plus the aggregate outstanding principal amount of ABL Debt Obligations plus the aggregate face amount of any letters of credit issued and not reimbursed under the ABL Credit Facility does not exceed the ABL Lien Cap, then each holder of Priority Lien Obligations and each holder of Subordinated Lien Obligations will agree that it will raise no objection to or contest such Cash Collateral use or DIP Financing so long as such Cash Collateral use or DIP Financing meet the following requirements:

(1) it is on commercially reasonable terms; and

(2) the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations retain the right to object to any ancillary agreements or arrangements regarding the Cash Collateral use or the DIP Financing that are materially prejudicial to their perfected interests in the Notes Priority Collateral or Subordinated Lien Collateral, as applicable.

To the extent the Liens securing the ABL Debt Obligations are subordinated to or *pari passu* with such DIP Financing which meets the requirements of clauses (1) and (2) above, the Collateral Trustee will agree (a) to subordinate any Liens in the ABL Priority Collateral to the Liens securing such DIP Financing (and all Obligations relating thereto) and will not request adequate protection or any other relief in connection therewith (except, as expressly agreed by the ABL Collateral Agent or to the extent permitted by terms of the intercreditor agreement), and (b) to permit a sale of the ABL Priority Collateral free and clear of Liens or other claims, under Section 363 of the Bankruptcy Code or otherwise, then each holder of Priority Lien Obligations and each holder of Subordinated Lien Obligations will agree that it will not raise any objection to or contest such sale or request adequate protection or any other relief in connection therewith (it being understood that the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations will still, but subject to the intercreditor agreement, have rights with respect to the proceeds of such Collateral).

Until the Discharge of ABL Debt Obligations has occurred, the Collateral Trustee, each holder of Priority Lien Obligations and each holder of Subordinated Lien Obligations, agrees not to seek (or support any other Person seeking) relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of

the ABL Priority Collateral, without the prior written consent of the ABL Collateral Agent, and until both the Discharge of Priority Lien Obligations and the Discharge of Subordinated Lien Obligations have occurred, the ABL Collateral Agent, on behalf of itself and the holders of ABL Debt Obligations, will not seek (or support any other Person seeking) relief from the automatic stay or any other stay in any Insolvency or Liquidation Proceeding in respect of the Notes Priority Collateral and Subordinated Lien Collateral (other than to the extent such relief is required to exercise its rights as set forth under the captions “— Collateral Access Rights” or with respect to the provisions of the intercreditor agreement regarding intellectual property rights, access to information or use of equipment, without the prior written consent of the Collateral Trustee).

The Collateral Trustee, each holder of Priority Lien Obligations and each holder of Subordinated Lien Obligations, agrees not to contest (or support any other Person contesting): (a) any request by the ABL Collateral Agent for adequate protection with respect to the ABL Priority Collateral or (b) any objection by the ABL Collateral Agent to any motion, relief, action or proceeding based on the ABL Collateral Agent or the holders of ABL Debt Obligations claiming a lack of adequate protection with respect to the ABL Priority Collateral.

Notwithstanding the foregoing paragraph, in any Insolvency or Liquidation Proceeding, (i) if the holders of ABL Debt Obligations (or any subset thereof) are granted adequate protection in the form of additional collateral (even if such collateral is not of a type which would otherwise have constituted ABL Priority Collateral) in connection with any Cash Collateral use or DIP Financing, then the Collateral Trustee, on behalf of itself, any of the holders of Priority Lien Obligations or any of the holders of Subordinated Lien Obligations, may seek or request adequate protection with respect to its interests in such Collateral in the form of a Lien on the same additional collateral, which Lien will be subordinated (except to the extent that the Collateral Trustee already had a Lien on such Collateral (in which case the priorities set forth in the intercreditor agreement shall apply)) to the Liens securing the ABL Debt Obligations and such Cash Collateral use or DIP Financing (and all Obligations relating thereto) on the same basis as the other Liens of the Collateral Trustee on the ABL Priority Collateral and (ii) in the event the Collateral Trustee, on behalf of itself, any of the holders of Priority Lien Obligations or any of the holders of Subordinated Lien Obligations, seeks or requests adequate protection of their respective interest in the ABL Priority Collateral and such adequate protection is granted in the form of additional collateral, then the Collateral Trustee, on behalf of itself, any of the holders of Priority Lien Obligations or any of the holders of Subordinated Lien Obligations, will agree that it will not oppose any request by the ABL Collateral Agent for adequate protection in the form of a Lien on such additional collateral as security for the ABL Debt Obligations and for any Cash Collateral use or DIP Financing provided by the holders of the ABL Debt Obligations and that any Lien on such additional collateral securing the Priority Lien Obligations and/or Subordinated Lien Obligations shall be subordinated to the Lien on such collateral securing the ABL Debt Obligations and any such DIP Financing provided by the holders of ABL Debt Obligations (and all obligations relating thereto) and to any other Liens granted to the holders of ABL Debt Obligations as adequate protection on the same basis as the other Liens securing the Priority Lien Obligations and the Subordinated Lien Obligations are so subordinated to such ABL Debt Obligations under the intercreditor agreement.

The intercreditor agreement provides that:

(1) except as otherwise expressly set forth in the first paragraph under the caption “— Agreements With Respect to Insolvency or Liquidation Proceedings” or in connection with the exercise of remedies with respect to the ABL Priority Collateral, nothing in the intercreditor agreement will limit the rights of any holder of Priority Lien Obligations or any holder of Subordinated Lien Obligations from seeking adequate protection with respect to their rights in the Collateral in any Insolvency or Liquidation Proceeding (including adequate protection in the form of a cash payment, periodic cash payments or otherwise);

(2) if any holder of ABL Debt Obligations, any holder of Priority Lien Obligations or any holder of Subordinated Lien Obligations is required in any Insolvency or Liquidation Proceeding or otherwise to turn over or otherwise pay to the estate of the Issuer or any Guarantor any amount paid in respect of ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations, as the case may be (a “*Recovery*”), then such Person shall be entitled to a reinstatement of ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations, as the case may be, with respect to all such recovered amounts and, if the intercreditor agreement is terminated prior to such Recovery, the intercreditor agreement will be reinstated in

full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties to the intercreditor agreement from such date of reinstatement;

(3) if, in any Insolvency or Liquidation Proceeding,

(a) the holders of Priority Lien Obligations or the holders of Subordinated Lien Obligations receive pursuant to a plan of reorganization or similar dispositive restructuring plan a distribution of debt obligations ("*Junior Lien Reorganization Securities*") in whole or in part on account of their junior Liens on the ABL Priority Collateral (such Collateral, the "*Applicable Junior Collateral*") that are secured by Liens on such Applicable Junior Collateral, and

(b) the holders of ABL Debt Obligations receive pursuant to such plan of reorganization or similar dispositive restructuring plan a distribution of debt obligations ("*Senior Lien Reorganization Securities*") in whole or in part on account of their ABL Debt Obligations that are secured by Liens on such Applicable Junior Collateral, then the holders of Priority Lien Obligations and holders of Subordinated Lien Obligations, as applicable, shall be entitled to retain their Junior Lien Reorganization Securities and shall not be obligated to turnover the same to any or all of the holders of ABL Debt Obligations, and, to the extent the Junior Lien Reorganization Securities and the Senior Lien Reorganization Securities are secured by Liens upon the same Applicable Junior Collateral, the provisions of the intercreditor agreement will survive the distribution of such Junior Lien Reorganization Securities and Senior Lien Reorganization Securities and will apply with like effect to the Junior Lien Reorganization Securities and Senior Lien Reorganization Securities, to such Liens securing such Junior Lien Reorganization Securities and Senior Lien Reorganization Securities and to the distribution of proceeds of such Applicable Junior Collateral;

(4) the holders of ABL Debt Obligations, the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations acknowledge and agree that (i) the grants of Liens pursuant to the ABL Debt Documents, the Priority Lien Documents and the Subordinated Lien Documents constitute three separate and distinct grants of Liens and (ii) because of, among other things, their differing rights in the Collateral, the Priority Lien Obligations, the Subordinated Lien Obligations and the ABL Debt Obligations are fundamentally different from each other and must be separately classified in any plan of reorganization proposed or adopted in an Insolvency or Liquidation Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the holders of ABL Debt Obligations, the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the holders of ABL Debt Obligations shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest, fees, costs and other charges, irrespective of whether a claim for such amounts is allowed or allowable in such Insolvency or Liquidation Proceeding, before any distribution from, or in respect of, any Collateral is made in respect of the claims held by the holders of Priority Lien Obligations or the holders of Subordinated Lien Obligations, with the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations agreeing to turn over to the holders of ABL Debt Obligations amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the claim or recovery of the holders of Priority Lien Obligations or the holders of Subordinated Lien Obligations;

(5) neither the Collateral Trustee nor any holder of Priority Lien Obligations or any holder of Subordinated Lien Obligations will oppose or seek to challenge any claim by the ABL Collateral Agent or any holder of ABL Debt Obligations for allowance in any Insolvency or Liquidation Proceeding of ABL Debt Obligations consisting of post-petition interest, fees or expenses to the extent of the value of the Lien securing any holder of ABL Debt Obligation's claim, without regard to the existence of the Lien of the Collateral Trustee on behalf of the holders of Priority Lien Obligations and the holders of Subordinated Lien Obligations on the Collateral; and

(6) neither the ABL Collateral Agent nor any holder of ABL Debt Obligations shall oppose or seek to challenge any claim by the Collateral Trustee, any holder of Priority Lien Obligations or any holder of

Subordinated Lien Obligations for allowance in any Insolvency or Liquidation Proceeding of Priority Lien Obligations or Subordinated Lien Obligations, as applicable, consisting of post-petition interest, fees or expenses to the extent of the value of the Lien securing any holder of Priority Lien Obligation's or holder of Subordinated Lien Obligation's, as applicable, claim, without regard to the existence of the Lien of the ABL Collateral Agent on behalf of the holders of ABL Debt Obligations on the Collateral.

### ***Notice Requirements and Procedural Provisions***

The intercreditor agreement also provides for various advance notice requirements and other procedural provisions typical for agreements of this type, including procedural provisions to allow any successor ABL Collateral Agent to become a party to the intercreditor agreement (without the consent of any holder of ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations) upon the refinancing or replacement of the ABL Debt Obligations, Priority Lien Obligations or Subordinated Lien Obligations as permitted by the applicable ABL Debt Documents, Priority Lien Documents and Subordinated Lien Documents.

### **The Collateral Trust Agreement**

On December 21, 2009, the Issuer and the Subsidiary Guarantors entered into a collateral trust agreement with the collateral trustee and the trustee. The collateral trust agreement sets forth the terms on which the collateral trustee will receive, hold, administer, maintain, enforce and distribute the proceeds of all Liens on all Collateral owned by the Issuer or any Subsidiary Guarantor for the benefit of all present and future holders of Priority Lien Obligations and all future holders of Subordinated Lien Obligations (if any).

### ***Enforcement of Liens***

If the collateral trustee at any time receives written notice stating that any event has occurred that constitutes a default under any Secured Debt Document entitling the collateral trustee to foreclose upon, collect or otherwise enforce its Liens thereunder, it will promptly deliver written notice thereof to each Secured Debt Representative. Thereafter, the collateral trustee may await direction by an Act of Required Debtholders and will act, or decline to act, as directed by an Act of Required Debtholders, in the exercise and enforcement of the collateral trustee's interests, rights, powers and remedies in respect of the Collateral or under the security documents or applicable law and, following the initiation of such exercise of remedies, the collateral trustee will act, or decline to act, with respect to the manner of such exercise of remedies as directed by an Act of Required Debtholders, subject to the limitations set forth in the intercreditor agreement with respect to the rights of the collateral trustee in the ABL Priority Collateral. Unless it has been directed to the contrary by an Act of Required Debtholders, the collateral trustee in any event may (but will not be obligated to) take or refrain from taking such action with respect to any default under any Secured Debt Document as it may deem advisable and in the best interest of the holders of Secured Obligations, subject in all cases to the limitations in the intercreditor agreement.

Until the Discharge of Priority Lien Obligations, the holders of the notes and the holders of other future Priority Lien Obligations will have, subject to the intercreditor agreement and the exceptions set forth below in clauses (1) through (4) and the provisions described below under the caption “— Provisions of the Indenture Relating to Security — Relative Rights”, and subject to the rights of the holders of Permitted Prior Liens, the exclusive right to authorize and direct the collateral trustee with respect to the Collateral (including, without limitation, the exclusive right to authorize or direct the collateral trustee to enforce, collect or realize on any Collateral or exercise any other right or remedy with respect to the Collateral) and the provisions of the security documents relating thereto, and no Subordinated Lien Representative or holder of Subordinated Lien Obligations may authorize or direct the collateral trustee with respect to such matters. Notwithstanding the foregoing, the holders of Subordinated Lien Obligations may, subject to the rights of the holders of Permitted Prior Liens and subject to the limitations set forth in the intercreditor agreement, direct the collateral trustee with respect to Collateral:

- (1) without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations;
- (2) as necessary to redeem any Collateral in a creditor's redemption permitted by law or to deliver any notice or demand necessary to enforce (subject to the prior Discharge of Priority Lien Obligations) any right to



claim, take or receive proceeds of Collateral remaining after the Discharge of Priority Lien Obligations in the event of foreclosure or other enforcement of any Permitted Prior Lien;

(3) as necessary to perfect or establish the priority (subject to the priority of the Liens securing Priority Lien Obligations, Liens securing ABL Debt Obligations and Permitted Prior Liens) of the Subordinated Liens upon any Collateral; *provided* that, unless otherwise agreed to by the collateral trustee in the security documents, the holders of Subordinated Lien Obligations may not require the collateral trustee to take any action to perfect any Subordinated Liens on any Collateral through possession or control; or

(4) as necessary to create, prove, preserve or protect (but not enforce) the Subordinated Liens upon any Collateral.

Subject to the intercreditor agreement and the provisions described below under the caption “— Provisions of the Indenture Relating to Security — Relative Rights”, both before and during an Insolvency or Liquidation Proceeding, until the Discharge of Priority Lien Obligations, none of the holders of Subordinated Lien Obligations, the collateral trustee (unless acting pursuant to an Act of Required Debtholders) or any Subordinated Lien Representative will be permitted to:

(1) request judicial relief, in an Insolvency or Liquidation Proceeding or in any other court, that would hinder, delay, limit or prohibit the lawful exercise or enforcement of any right or remedy otherwise available to the holders of Priority Lien Obligations in respect of the Priority Liens or that would limit, invalidate, avoid or set aside any Priority Lien or subordinate the Priority Liens to the Subordinated Liens or grant the Subordinated Liens equal ranking to the Priority Liens;

(2) oppose or otherwise contest any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement of Priority Liens made by any holder of Priority Lien Obligations or any Priority Lien Representative in any Insolvency or Liquidation Proceeding;

(3) oppose or otherwise contest any lawful exercise by any holder of Priority Lien Obligations or any Priority Lien Representative of the right to credit bid Priority Lien Debt at any sale of Collateral in foreclosure of Priority Liens;

(4) oppose or otherwise contest any other request for judicial relief made in any court by any holder of Priority Lien Obligations or any Priority Lien Representative relating to the lawful enforcement of any Priority Lien; or

(5) challenge the validity, enforceability, perfection or priority of the Priority Liens.

Notwithstanding the foregoing and subject to the terms of the intercreditor agreement, both before and during an Insolvency or Liquidation Proceeding, the holders of Subordinated Lien Obligations or Subordinated Lien Representatives may take any actions and exercise any and all rights that would be available to a holder of unsecured claims, including, without limitation, the commencement of an Insolvency or Liquidation Proceeding against the Issuer or any Guarantor in accordance with applicable law; *provided* the applicable Secured Debt Documents will provide that no holder of Subordinated Lien Obligations or Subordinated Lien Representative will be permitted to take any action prohibited by the intercreditor agreement or any of the actions prohibited by the provisions described in clauses (1) through (5) of the immediately preceding paragraph or oppose or contest any order that it has agreed not to oppose or contest under the provisions described below under the caption “— Insolvency or Liquidation Proceedings”.

The collateral trust agreement provides that, at any time prior to the Discharge of Priority Lien Obligations and after:

(1) the commencement of any Insolvency or Liquidation Proceeding in respect of the Issuer or any Guarantor; or



(2) the collateral trustee and each Subordinated Lien Representative have received written notice from any Priority Lien Representative that:

(a) any Series of Priority Lien Debt has become due and payable in full (whether at maturity, upon acceleration or otherwise), or

(b) the holders of Priority Liens securing one or more Series of Priority Lien Debt have become entitled under any Priority Lien Document to and desire to enforce any or all of the Priority Liens by reason of a default under such Priority Lien Documents, no payment of money (or the equivalent of money) will be made from the proceeds of Collateral by the Issuer or any Subsidiary Guarantor to the collateral trustee (other than distributions to the collateral trustee for the benefit of the holders of Priority Lien Obligations), any Subordinated Lien Representative or any holder of Subordinated Lien Obligations (including, without limitation, payments and prepayments made for application to Subordinated Lien Obligations).

All proceeds of Collateral received by the collateral trustee, any Subordinated Lien Representative or any holder of Subordinated Lien Obligations in violation of the provisions described in the immediately preceding paragraph will be held by such Person for the account of, prior to the Discharge of Priority Lien Obligations, the holders of Priority Liens and remitted to any Priority Lien Representative upon demand by such Priority Lien Representative. The Subordinated Liens will remain attached to and, subject to the provisions described under the caption “— Provisions of the Indenture Relating to Security — Ranking of Subordinated Liens”, enforceable against all proceeds so held or remitted. All proceeds of Collateral received by the collateral trustee, any Subordinated Lien Representative or any holder of Subordinated Lien Obligations not in violation of the immediately preceding paragraph will be received by such Person free from the Priority Liens and all other Liens except Subordinated Liens and Permitted Prior Liens, subject to the terms of the intercreditor agreement.

#### ***Waiver of Right of Marshalling***

The collateral trust agreement provides that, prior to the Discharge of Priority Lien Obligations, the holders of Subordinated Lien Obligations, each Subordinated Lien Representative and the collateral trustee may not assert or enforce any right of marshalling accorded to a junior lienholder, as against the holders of Priority Lien Obligations or the Priority Lien Representatives (in their capacity as priority lienholders) with respect to the Collateral. Following the Discharge of Priority Lien Obligations, the holders of Subordinated Lien Obligations and any Subordinated Lien Representative may assert their right under the Uniform Commercial Code or otherwise to any proceeds remaining following a sale or other disposition of Collateral by, or on behalf of, the holders of Priority Lien Obligations, subject to the terms of the intercreditor agreement.

#### ***Insolvency or Liquidation Proceedings***

The collateral trust agreement provides that, if in any Insolvency or Liquidation Proceeding and prior to the Discharge of Priority Lien Obligations, the holders of Priority Lien Obligations or any Priority Lien Representative consent to any order:

(1) for use of cash collateral;

(2) approving a debtor-in-possession financing secured by a Lien that is senior to or on a parity with all Priority Liens upon any property of the estate in such Insolvency or Liquidation Proceeding;

(3) granting any relief on account of Priority Lien Obligations as adequate protection (or its equivalent) for the benefit of the holders of Priority Lien Obligations in the Collateral; or

(4) relating to a sale of assets of the Issuer or any Subsidiary Guarantor that provides, to the extent the Collateral sold is to be free and clear of Liens, that all Priority Liens and Subordinated Liens will attach to the proceeds of the sale;

then, the holders of Subordinated Lien Obligations and the Subordinated Lien Representatives, in their capacity as holders or representatives of secured claims, will not oppose or otherwise contest the entry of such order, so long as none of the holders of Priority Lien Obligations or any Priority Lien Representative opposes or otherwise contests

any request made by the holders of Subordinated Lien Obligations or a Subordinated Lien Representative for the grant to the collateral trustee, for the benefit of the holders of Subordinated Lien Obligations and the Subordinated Lien Representatives, of a junior Lien upon any property on which a Lien is (or is to be) granted under such order to secure the Priority Lien Obligations, co-extensive in all respects with, but subordinated to, such Lien and all Priority Liens on such property.

Notwithstanding the foregoing and subject to the terms of the intercreditor agreement, both before and during an Insolvency or Liquidation Proceeding, the holders of Subordinated Lien Obligations and the Subordinated Lien Representatives may take any actions and exercise any and all rights that would be available to a holder of unsecured claims, including, without limitation, the commencement of Insolvency or Liquidation Proceedings against the Issuer or any Guarantor in accordance with applicable law; *provided* that the applicable Secured Debt Documents will provide that no holder of Subordinated Lien Obligations or Subordinated Lien Representative will be permitted to take any action prohibited by the intercreditor agreement or any of the actions prohibited by the provisions described in clauses (1) through (5) of the third paragraph under the caption “— Enforcement of Liens”, or oppose or contest any order that it has agreed not to oppose or contest under the provisions described in clauses (1) through (4) of the immediately preceding paragraph.

The holders of Subordinated Lien Obligations or any Subordinated Lien Representative will not file or prosecute in any Insolvency or Liquidation Proceeding any motion for adequate protection (or any comparable request for relief) based upon their interest in the Collateral under the Subordinated Liens, except that, subject to the provisions of the intercreditor agreement:

- (1) they may freely seek and obtain relief: (a) granting a junior Lien co-extensive in all respects with, but subordinated to, all Liens granted in the Insolvency or Liquidation Proceeding to, or for the benefit of, the holders of Priority Lien Obligations; or (b) in connection with the confirmation of any plan of reorganization or similar dispositive restructuring plan; and
- (2) they may freely seek and obtain any relief upon a motion for adequate protection (or any comparable relief), without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations.

### ***Order of Application***

The collateral trust agreement provides that if any Collateral is sold or otherwise realized upon by the collateral trustee in connection with any foreclosure, collection or other enforcement of Priority Liens granted to the collateral trustee in the security documents, the proceeds received by the collateral trustee from such foreclosure, collection or other enforcement will be distributed by the collateral trustee, subject to the provisions of the intercreditor agreement, in the following order of application:

FIRST, to the payment of all amounts payable under the collateral trust agreement on account of the collateral trustee’s fees and any reasonable legal fees, costs and expenses or other liabilities of any kind incurred by the collateral trustee or any co-trustee or agent of the collateral trustee in connection with any security document;

SECOND, to the repayment of Indebtedness and other obligations (other than Secured Debt Obligations) secured by a Permitted Prior Lien on the Collateral sold or realized upon, to the extent that such other Indebtedness or obligation is (or is required) to be discharged in connection with such sale or other realization;

THIRD, to the respective Priority Lien Representatives for application to the payment of all outstanding notes and other Priority Lien Debt and any other Priority Lien Obligations that are then due and payable in such order as may be provided in the Priority Lien Documents in an amount sufficient to pay in full in cash all outstanding notes and other Priority Lien Debt and all other Priority Lien Obligations that are then due and payable (including all interest accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, specified in the Priority Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the

percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit constituting Priority Lien Debt);

FOURTH, to the respective Subordinated Lien Representatives for application to the payment of all outstanding Subordinated Lien Debt and any other Subordinated Lien Obligations that are then due and payable in such order as may be provided in the Subordinated Lien Documents in an amount sufficient to pay in full in cash all outstanding Subordinated Lien Debt and all other Subordinated Lien Obligations that are then due and payable (including all interest accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, specified in the Subordinated Lien Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding, and including the discharge or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Subordinated Lien Document) of all outstanding letters of credit, if any, constituting Subordinated Lien Debt); and

FIFTH, any surplus remaining after the payment in full in cash of the amounts described in the preceding clauses will be paid to the Issuer or the applicable Guarantor, as the case may be, or its successors or assigns, or as a court of competent jurisdiction may direct.

If any Subordinated Lien Representative or any holder of a Subordinated Lien Obligation collects or receives any proceeds with respect to Subordinated Lien Obligations of such foreclosure, collection or other enforcement that should have been applied to the payment of the Priority Lien Obligations in accordance with the provisions described in the immediately preceding paragraph, whether after the commencement of an Insolvency or Liquidation Proceeding or otherwise, such Subordinated Lien Representative or such holder of a Subordinated Lien Obligation, as the case may be, will forthwith deliver the same to the collateral trustee, for the account of the holders of the Priority Lien Obligations to be applied in accordance with the provisions described in the immediately preceding paragraph. Until so delivered, such proceeds will be held by that Subordinated Lien Representative or that holder of a Subordinated Lien Obligation, as the case may be, for the benefit of the holders of the Priority Lien Obligations. These provisions will not apply to payments received by any holder of Subordinated Lien Obligations if such payments are not proceeds of realization upon Collateral.

The provisions described above under the caption “— Order of Application” are intended for the benefit of, and will be enforceable by, each present and future holder of Secured Obligations, each present and future Secured Debt Representative and the collateral trustee, as holder of Priority Liens and Subordinated Liens, in each case, as a party to the collateral trust agreement or as a third party beneficiary thereof. The Secured Debt Representative of each future Series of Secured Debt will be required to deliver a Lien Sharing and Priority Confirmation to the collateral trustee and each other Secured Debt Representative at the time of incurrence of such Series of Secured Debt.

No appraisal of the fair market value of the Collateral has been made in connection with this offering of the exchange notes or was made at the time of the offering of the original first lien notes or the additional first lien notes, and the value of the Collateral will depend on market and economic conditions, the availability of buyers and other factors. As a result, liquidating the Collateral may not produce proceeds in an amount sufficient to pay any amounts due on the notes. There can be no assurance that the value of the Collateral or that the net proceeds received upon a sale of the Collateral would be sufficient to repay all, or would not be substantially less than, amounts due on the notes following a foreclosure upon the Collateral (and any payments in respect of Permitted Prior Liens) or a liquidation of the Issuer’s assets or the assets of the Subsidiary Guarantors. See “Risk Factors — Risks Related to the Collateral and the Guarantees — The Value of the Collateral Securing the Exchange Notes May Not Be Sufficient to Satisfy Our Obligations Under the Exchange Notes.”

#### ***Release of Liens on Collateral***

The collateral trust agreement provides that the collateral trustee’s Liens on the Collateral will be released:

(1) in whole, upon (a) payment in full and discharge of all outstanding Secured Debt and all other Secured Obligations that are outstanding, due and payable at the time all of the Secured Debt is paid in full and

discharged and (b) termination or expiration of all commitments to extend credit under all Secured Debt Documents and the cancellation or termination or cash collateralization (at the lower of (1) 105% of the aggregate undrawn amount and (2) the percentage of the aggregate undrawn amount required for release of Liens under the terms of the applicable Secured Debt Documents) of all outstanding letters of credit issued pursuant to any Secured Debt Documents;

(2) as to any Collateral that is sold, transferred or otherwise disposed of by the Issuer or any Subsidiary Guarantor (including indirectly, by way of a sale or other disposition of Capital Stock of a Subsidiary Guarantor) to a Person that is not (either before or after such sale, transfer or disposition) the Issuer or a Restricted Subsidiary of the Issuer in a transaction or other circumstance that is not prohibited by either the “Asset Sale” provisions of the indenture or by the terms of any applicable Secured Debt Documents, at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of; *provided* that the collateral trustee’s Liens upon the Collateral will not be released if the sale or disposition is subject to the covenant described below under the caption “— Certain Covenants — Merger, Consolidation or Sale of Assets”;

(3) upon completion of any Asset Sale Offer conducted in compliance with the provision of the indenture described below under the caption “— Repurchase at the Option of Holders — Asset Sales”, to the extent any Net Proceeds constituted Excess Proceeds with respect to such Asset Sale Offer and remain unexpended following the consummation of such Asset Sale Offer;

(4) as to less than all or substantially all of the Collateral, if consent to the release of all Priority Liens (or, at any time after the Discharge of Priority Lien Obligations, consent to the release of all Subordinated Liens) on such Collateral has been given by an Act of Required Debtholders;

(5) as to all or substantially all of the Collateral, if (a) release of that Collateral is permitted under each Series of Secured Debt at the time outstanding as provided for in the applicable Secured Debt Documents, and (b) the Issuer has delivered an Officers’ Certificate to the collateral trustee certifying that all requirements for such release have been complied with;

(6) if and to the extent (a) required by all Series of Secured Debt at the time outstanding or (b) upon request of the Issuer, if such release is permitted for all Series of Secured Debt at the time outstanding without the consent of the holders thereof, in each case as provided for in the applicable Secured Debt Documents; or

(7) if and to the extent required by the provisions of the intercreditor agreement described above under the caption “— The Intercreditor Agreement — Releases”, and, in each such case, upon request of the Issuer, the collateral trustee will execute (with such acknowledgements and/or notarizations as are required) and deliver evidence of such release to the Issuer; *provided, however*, to the extent the Issuer requests the collateral trustee to deliver evidence of the release of Collateral in accordance with this paragraph, the Issuer will deliver to the collateral trustee an Officers’ Certificate to the effect that such release of Collateral pursuant to the provisions described in this paragraph did not violate the terms of any applicable Secured Debt Document.

The security documents provide that the Liens securing the Secured Debt will extend to the proceeds of any sale of Collateral. As a result, the collateral trustee’s Liens will apply to the proceeds of any such Collateral received in connection with any sale or other disposition of assets described in the immediately preceding paragraph, subject to the provisions of the intercreditor agreement.

#### ***Release of Liens in Respect of Notes***

The indenture and the collateral trust agreement provide that the collateral trustee’s Liens upon the Collateral will no longer secure the notes outstanding under the indenture or any other Obligations under the indenture, and the right of the holders of the notes and such Obligations to the benefits and proceeds of the collateral trustee’s Liens on the Collateral will terminate and be discharged:

(1) upon satisfaction and discharge of the indenture as described under the caption “— Satisfaction and Discharge”;

(2) upon a Legal Defeasance or Covenant Defeasance of the notes as described under the caption “— Legal Defeasance and Covenant Defeasance”;

(3) upon payment in full and discharge of all notes outstanding under the indenture and all Obligations that are outstanding, due and payable under the indenture at the time the notes are paid in full and discharged;

(4) in whole or in part, with the consent of the holders of the requisite percentage of notes in accordance with the provisions described below under the caption “— Amendment, Supplement and Waiver”; or

(5) if and to the extent required by the provisions of the intercreditor agreement described above under the caption “— The Intercreditor Agreement — Releases”.

#### ***Amendment of Security Documents***

The collateral trust agreement provides that:

(1) no amendment or supplement to the provisions of any security document will be effective without the approval of the collateral trustee acting as directed by an Act of Required Debtholders, except that any amendment or supplement that has the effect solely of (a) adding or maintaining Collateral, securing additional Secured Debt that was otherwise permitted by the terms of the Secured Debt Documents to be secured by the Collateral or preserving, perfecting or establishing the priority of the Liens thereon or the rights of the collateral trustee therein; (b) curing any ambiguity, defect, mistake, omission or inconsistency; (c) providing for the assumption of the Issuer’s or any Subsidiary Guarantor’s obligations under any security document in the case of a merger or consolidation or sale of all or substantially all of the assets of the Issuer or such Guarantor, as applicable; (d) making any change that would provide any additional rights or benefits to the secured parties or the collateral trustee or that does not adversely affect in any material respect the legal rights under the indenture or any other Secured Debt Document of any holder of notes, any other secured party or the collateral trustee; (e) conforming the text of any security document to any provision of this Description of Exchange Notes to the extent that such provision in this Description of Exchange Notes was intended to be a verbatim recitation of any security document; or (f) complying with any requirement of the Commission, will, in each case, become effective when executed and delivered by the Issuer and any applicable Subsidiary Guarantor party thereto and the collateral trustee;

(2) no amendment or supplement to the provisions of any security document that

(a) reduces, impairs or adversely affects the right of any holder of Secured Obligations:

(i) to vote its outstanding Secured Debt as to any matter described as subject to an Act of Required Debtholders or direction by the Required Priority Lien Debtholders,

(ii) to share in the order of application described above under “— Order of Application” in the proceeds of enforcement of or realization after default on any Collateral that has not been released in accordance with the provisions described above under “— Release of Liens on Collateral”, or

(iii) to require that Liens securing Secured Obligations be released only as set forth in the provisions described above under the caption “— Release of Liens on Collateral”, or

(b) amends the provisions described in this clause (2) or the definition of “Act of Required Debtholders”, “Required Priority Lien Debtholders” or “Required Subordinated Lien Debtholders”, will become effective without the consent of the requisite percentage or number of holders of each Series of Secured Debt so affected as specified under the applicable Secured Debt Documents; and

(3) no amendment or supplement to the provisions of any security document that imposes any obligation upon the collateral trustee or any Secured Debt Representative or adversely affects the rights of the collateral trustee or any Secured Debt Representative, in its individual capacity as such will become effective without the consent of the collateral trustee or such Secured Debt Representative, as applicable.

Any amendment or supplement to the provisions of the security documents that releases Collateral will be effective only if such release is granted in accordance with the applicable Secured Debt Document in compliance

with each then outstanding Series of Secured Debt, except as specified in the next sentence. Any amendment or supplement that results in the collateral trustee's Liens upon all or substantially all of the Collateral no longer securing the notes and all related Obligations under the note documents may only be effected in accordance with the provisions described above under the caption "— Release of Liens in Respect of Notes".

The collateral trust agreement provides that, notwithstanding anything to the contrary in the provisions described under the caption "— Amendment of Security Documents", but subject to the provisions described in clauses (2) and (3) of the first paragraph under that caption, any amendment or waiver of, or any consent under, any provision of the collateral trust agreement or any other security document that secures Priority Lien Obligations will apply automatically to any comparable provision of any comparable Subordinated Lien Document without the consent of or notice to any Subordinated Lien Representative or holder of Subordinated Lien Obligations and without any action by the Issuer, any Subsidiary Guarantor, any holder of notes or other Priority Lien Obligations or any Subordinated Lien Representative or holder of Subordinated Lien Obligations.

### ***Voting***

In connection with any matter under the collateral trust agreement requiring a vote of holders of Secured Debt, each Series of Secured Debt will cast its votes in accordance with the Secured Debt Documents governing such Series of Secured Debt. The amount of Secured Debt to be voted by a Series of Secured Debt will equal (1) the aggregate principal amount of Secured Debt held by such Series of Secured Debt (including outstanding letters of credit whether or not then available or drawn), *plus* (2) other than in connection with an exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Indebtedness of such Series of Secured Debt. Following and in accordance with the outcome of the applicable vote under its Secured Debt Documents, the Secured Debt Representative of each applicable Series of Secured Debt will vote the total amount of Secured Debt under that Series of Secured Debt as a block in respect of any vote under the collateral trust agreement. See "Act of Required Debtholders".

### **Provisions of the Indenture Relating to Security**

#### ***Equal and Ratable Sharing of Collateral by Holders of Priority Lien Debt***

The indenture provides that, notwithstanding:

- (1) anything to the contrary contained in the security documents;
- (2) the time of incurrence of any Series of Priority Lien Debt;
- (3) the order or method of attachment or perfection of any Lien securing any Series of Priority Lien Debt;
- (4) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Liens securing any Series of Priority Lien Debt;
- (5) the time of taking possession or control over any Collateral securing any Series of Priority Lien Debt;
- (6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or
- (7) the rules for determining priority under any law governing relative priorities of Liens, all Priority Liens granted at any time by the Issuer or any Subsidiary Guarantor will secure, equally and ratably, all present and future Priority Lien Obligations of the Issuer or such Subsidiary Guarantor, as the case may be.

The provisions described in the immediately preceding paragraph are intended for the benefit of, and will be enforceable by, each present and future holder of Priority Lien Obligations, each present and future Priority Lien Representative and the collateral trustee, as holder of Priority Liens, in each case, as a party to the collateral trust agreement or as a third party beneficiary thereof. The Priority Lien Representative of each future Series of Priority Lien Debt will be required to deliver a Lien Sharing and Priority Confirmation to the collateral trustee and the trustee at the time of incurrence of such Series of Priority Lien Debt.



### ***Ranking of Subordinated Liens***

The indenture requires the Subordinated Lien Documents, if any, to provide that, notwithstanding:

- (1) anything to the contrary contained in the security documents;
- (2) the time of incurrence of any Series of Secured Debt;
- (3) the order or method of attachment or perfection of any Liens securing any Series of Secured Debt;
- (4) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral;
- (5) the time of taking possession or control over any Collateral;
- (6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien;
- (7) the rules for determining priority under any law governing relative priorities of Liens; or
- (8) all Subordinated Liens at any time granted by the Issuer or any Subsidiary Guarantor will be subject and subordinate to all Priority Liens securing all present and future Priority Lien Obligations of the Issuer or such Subsidiary Guarantor, as the case may be.

The indenture also requires the Subordinated Lien Documents, if any, to provide that the provisions described in the foregoing clauses (1) through (8) are intended for the benefit of, and will be enforceable by, each present and future holder of Priority Lien Obligations, each present and future Priority Lien Representative and the collateral trustee as holder of Priority Liens, in each case, as a party to the collateral trust agreement or as a third party beneficiary thereof. The Subordinated Lien Representative of each future Series of Subordinated Lien Debt will be required to deliver a Lien Sharing and Priority Confirmation to the collateral trustee at the time of incurrence of such Series of Subordinated Lien Debt.

### ***Relative Rights***

Nothing in the note documents will:

- (1) impair, as between the Issuer and the holders of the notes, the obligation of the Issuer to pay principal, interest, premium, if any, or Special Interest, if any, on the notes in accordance with their terms or any other obligation of the Issuer or any Guarantor under the note documents;
- (2) affect the relative rights of holders of notes as against any other creditors of the Issuer or any Guarantor (other than as expressly specified in the intercreditor agreement or the collateral trust agreement);
- (3) restrict the right of any holder of notes to sue for payments that are then due and owing (but not the right to enforce any judgment in respect thereof against any Collateral to the extent specifically prohibited by the provisions of the intercreditor agreement or the collateral trust agreement, as generally described above under the captions “— The Intercreditor Agreement” and “— The Collateral Trust Agreement”;
- (4) restrict or prevent any holder of notes or other Priority Lien Obligations, the trustee, the collateral trustee or any other person from exercising any of its rights or remedies upon a Default or Event of Default not specifically restricted or prohibited by the provisions of the intercreditor agreement or the collateral trust agreement, as generally described above under the captions “— The Intercreditor Agreement” and “— The Collateral Trust Agreement”; or
- (5) restrict or prevent any holder of notes or other Priority Lien Obligations, the trustee, the collateral trustee or any other person from taking any lawful action in an Insolvency or Liquidation Proceeding not specifically restricted or prohibited by the provisions of the intercreditor agreement or the collateral trust agreement, as generally described above under the captions “— The Intercreditor Agreement” and “— The Collateral Trust Agreement”.



### ***Further Assurances***

The indenture provides that the Issuer and each of the Subsidiary Guarantors will do or cause to be done all acts and things that may be reasonably required, or that the collateral trustee from time to time may reasonably request, to assure and confirm that the collateral trustee holds, for the benefit of the holders of Obligations under the notes documents, duly created and enforceable and perfected Liens upon the Collateral (including any property or assets that are acquired or otherwise become Collateral), in each case, as and to the extent contemplated by, and with the Lien priority required under, the Secured Debt Documents.

The collateral trust agreement provides that, upon the reasonable request of the collateral trustee or any Secured Debt Representative at any time and from time to time, the Issuer and each of the Subsidiary Guarantors will promptly execute, acknowledge and deliver such security documents, instruments, certificates, notices and other documents, and take such other actions as may be reasonably required, or that the collateral trustee may reasonably request, to create, perfect, protect, assure or enforce the Liens and benefits intended to be conferred, in each case as and to the extent contemplated by the Secured Debt Documents for the benefit of the holders of Secured Obligations.

### ***Insurance***

The indenture requires that the Issuer and the Subsidiary Guarantors:

- (1) keep their properties insured and maintain such general liability, automobile liability, workers' compensation/employers' liability, property casualty insurance and any excess umbrella coverage related to any of the foregoing as is customary for companies in the same or similar businesses operating in the same or similar locations;
- (2) maintain such other insurance as may be required by law; and
- (3) maintain such other insurance as may be required by the security documents relating to the Notes.

The indenture provides that upon the request of the trustee or the collateral trustee, the Issuer and the Subsidiary Guarantors will furnish to the trustee or collateral trustee full information as to their property and liability insurance carriers. The indenture requires that the Issuer (x) provide the trustee and the collateral trustee with notice of cancellation or modification with respect to its property and casualty policies before the effective date of such cancellation or modification and (y) name the trustee or collateral trustee as a co-loss payee on property and casualty policies and as an additional insured as its interests may appear on the liability policies listed in clause (1) above.

### ***Compliance with the Trust Indenture Act***

The indenture has been qualified under and is subject to and governed by the Trust Indenture Act. To the extent applicable, the indenture requires the Issuer to comply with the provisions of TIA § 314 and to cause TIA § 313(b), relating to reports, and TIA § 314(d), relating to the release of property or securities or relating to the substitution therefor of any property or securities to be subjected to the Lien of the security documents, to be complied with. Any certificate or opinion required by TIA § 314(d) may be made by an officer of the Issuer except in cases where TIA § 314(d) requires that such certificate or opinion be made by an independent Person, which Person will be an independent engineer, appraiser or other expert selected by or reasonably satisfactory to the trustee.

Notwithstanding anything to the contrary in the preceding paragraph, the Issuer will not be required to comply with all or any portion of TIA § 314(d) if the Issuer determines, in good faith, that under the terms of TIA § 314(d) and/or any interpretation or guidance as to the meaning thereof of the Commission and its staff, including "no action" letters or exemptive orders, all or any portion of TIA § 314(d) is inapplicable to released collateral. The Issuer and the Guarantors may, subject to the provisions of the indenture, among other things, without any release or consent by the trustee or the collateral trustee or any holder of Priority Lien Obligations, conduct ordinary course activities with respect to the Collateral.

## Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the notes.

## Optional Redemption

At any time prior to December 15, 2012, the Issuer may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of notes issued under the indenture (including the exchange notes offered hereby, the original first lien notes, the additional first lien notes and any additional notes) at a redemption price of 109.50% of the principal amount thereof, *plus* accrued and unpaid interest and Special Interest (if any) thereon to the applicable redemption date, with all or a portion of the net cash proceeds of one or more Qualified Equity Offerings; *provided* that:

(1) at least 65% of the aggregate principal amount of notes issued under the indenture (including any additional notes) remains outstanding immediately after the occurrence of such redemption (excluding notes held by the Issuer and its Subsidiaries); and

(2) the redemption must occur within 90 days of the date of the closing of such Qualified Equity Offering.

At any time prior to December 15, 2012, the Issuer may, on any one or more occasions, redeem all or a part of the notes, upon not less than 15 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, *plus* the Applicable Premium as of, and accrued and unpaid interest and Special Interest (if any) to, the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the two preceding paragraphs, the notes will not be redeemable at the Issuer's option prior to December 15, 2012.

On or after December 15, 2012, the Issuer may redeem all or a part of the notes upon not less than 15 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest and Special Interest, if any, thereon, to the applicable redemption date, if redeemed during the 12-month period beginning on December 15 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2012	107.125%
2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption on a *pro rata* basis (or, in the case of notes issued in global form as discussed under "— Book-Entry, Delivery and Form", based on a method that most nearly approximates a *pro rata* selection as the trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depositary requirements.

No notes of \$2,000 or less shall be redeemed in part. Notices of redemption shall be sent electronically or mailed by first class mail or as otherwise provided in accordance with the procedures of DTC at least 15 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may be given prior to the completion thereof, and any redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the Qualified Equity Offering.

If any note is to be redeemed in part only, the notice of redemption that relates to that note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer

defaults in the payment of the redemption price, interest ceases to accrue on notes or portions of them called for redemption.

The Issuer or its Affiliates may acquire notes by means other than a redemption from time to time, including through open market purchases, privately negotiated transactions, tender offers, exchange offers or otherwise so long as the acquisition does not otherwise violate the terms of the indenture, upon such terms and at such prices as the Issuer or its Affiliates may determine which may be more or less than the consideration for which the notes offered hereby are being sold and could be for cash or other consideration.

#### **Repurchase at the Option of Holders**

##### ***Change of Control***

If a Change of Control occurs, each holder of notes will have the right to require the Issuer to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that holder's notes pursuant to a Change of Control Offer on the terms set forth in the indenture. In the Change of Control Offer, the Issuer will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased *plus* accrued and unpaid interest and Special Interest (if any) thereon, to the date of purchase, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control (or prior to the Change of Control if a definitive agreement is in place for the Change of Control), the Issuer will send a notice to each holder electronically or by first class mail at its registered address or otherwise in accordance with the procedures of DTC, describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions thereof properly tendered; and
- (3) deliver or cause to be delivered to the trustee the notes so accepted together with an Officers' Certificate of the Issuer stating the aggregate principal amount of notes or portions thereof being purchased by the Issuer.

The paying agent will promptly mail or wire transfer to each holder of notes properly tendered and so accepted the Change of Control Payment for such notes, and the trustee will promptly authenticate 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 the notes surrendered, if any; *provided* that each such new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. Any note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer in connection with a Change of Control will be applicable regardless of whether any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that the Issuer repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The Change of Control purchase feature of the notes may in certain circumstances make more difficult or discourage a sale or takeover of the Issuer and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Issuer and the initial purchasers.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes properly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption has been given for all of the notes pursuant to the indenture as described above under the caption “— Optional Redemption”, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, subject to one or more conditions precedent, including but not limited to the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The ABL Credit Facility provides that certain change of control events will constitute a default under the ABL Credit Facility. Credit agreements that the Issuer enters into in the future may contain similar provisions. Such defaults could result in amounts outstanding under the ABL Credit Facility and such other agreements being declared immediately due and payable or lending commitments being terminated. Additionally, the Issuer’s ability to pay cash to holders of notes following the occurrence of a Change of Control may be limited by its then existing financial resources; sufficient funds may not be available to the Issuer when necessary to make any required repurchases of notes. See “Risk Factors — Risks Related to the Exchange Notes — We May Not Have the Ability to Raise the Funds Necessary to Finance the Change of Control Offer or the Asset Sale Offer Required by the Indenture Governing the Notes”.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Issuer and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require the Issuer to repurchase such notes as a result of a sale, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Subsidiaries taken as a whole to another Person or group may be uncertain.

A Change of Control would be triggered at such time as a majority of the members of the Board of Directors of the Issuer or Parent are not Continuing Directors (defined as directors serving on December 21, 2009, nominated by directors a majority of whom were serving on December 21, 2009 or nominated or elected by our sponsor). You should note, however, that recent case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a Change of Control under a clause similar to the provision described in the prior sentence if the outgoing directors were to approve the new directors for the purpose of such Change of Control clause.

#### ***Asset Sales***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) the Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;
- (2) with respect to Asset Sales involving aggregate consideration in excess of \$25.0 million, such fair market value is determined in good faith by the Board of Directors of the Issuer or Parent; and
- (3) at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary is in the form of cash, Cash Equivalents or Replacement Assets or a combination of cash, Cash Equivalents or

Replacement Assets; *provided* that, for purposes of this provision, each of the following shall be deemed to be cash:

- (a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto), of the Issuer or any Restricted Subsidiary (other than contingent liabilities, Indebtedness that is by its terms contractually subordinated in right of payment to the notes or any Note Guarantee and liabilities to the extent owed to the Issuer or any Restricted Subsidiary of the Issuer) that are assumed by the transferee of any such assets or Equity Interests pursuant to an agreement that releases the Issuer or such Restricted Subsidiary, as the case may be, from further liability;
- (b) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary, as the case may be, from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days (to the extent of the cash or Cash Equivalents received in that conversion); and
- (c) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c) that is at the time outstanding, not to exceed the greater of (x) \$75.0 million and (y) 2.5% of the Issuer's Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration, with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale other than (1) a Sale of Notes Priority Collateral or (2) a Sale of a Subsidiary Guarantor, the Issuer or such Restricted Subsidiary may apply such Net Proceeds at its option and to the extent it so elects:

- (1) to repay, repurchase or redeem Priority Lien Obligations (including Priority Lien Obligations under the notes) or ABL Debt Obligations;
- (2) to repay any Indebtedness secured by a Permitted Prior Lien;
- (3) to repay Indebtedness and other obligations of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;
- (4) to repay other Indebtedness of the Issuer or any Subsidiary Guarantor (other than any Disqualified Stock or any Indebtedness that is contractually subordinated in right of payment to the notes), other than Indebtedness owed to Parent, the Issuer or a Restricted Subsidiary of the Issuer; *provided* that the Issuer shall equally and ratably redeem or repurchase the notes as described under the caption "— Optional Redemption", through open market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase the notes at 100% of the principal amount thereof, *plus* the amount of accrued but unpaid interest, if any, on the amount of notes that would otherwise be prepaid;
- (5) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Issuer;
- (6) to make an Investment in Replacement Assets or make a capital expenditure in or that is used or useful in a Permitted Business; or
- (7) any combination of the foregoing;

*provided* that the Issuer will be deemed to have complied with the provisions described in clauses (5) and (6) of this paragraph if and to the extent that, within 365 days after the Asset Sale that generated the Net Proceeds, the Issuer has entered into and not abandoned or rejected a binding agreement to acquire the assets or Capital Stock of a Permitted Business, make an Investment in Replacement Assets or make a capital expenditure in compliance with the provision described in clauses (5) and (6) of this paragraph, and that acquisition, purchase or capital expenditure is thereafter completed within 180 days after the end of such 365-day period. Pending the final application of any

such Net Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the indenture.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale that constitutes (1) a Sale of Notes Priority Collateral or (2) a Sale of a Subsidiary Guarantor, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply an amount equal to such Net Proceeds:

- (1) to make an Investment in other assets or property that would constitute Notes Priority Collateral;
- (2) to make an Investment in Capital Stock of another Permitted Business if, after giving effect to such Investment, the Permitted Business becomes a Subsidiary Guarantor or is merged into or consolidated with the Issuer or any Subsidiary Guarantor;
- (3) to make a capital expenditure with respect to assets that constitute Notes Priority Collateral;
- (4) to repay Indebtedness secured by a Permitted Prior Lien on any Notes Priority Collateral that was sold in such Asset Sale;
- (5) to repay, repurchase or redeem Priority Lien Obligations (including Priority Lien Obligations under the notes); *provided* that the Issuer shall equally and ratably redeem or repurchase the notes as described under the caption “— Optional Redemption”, through open market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all holders to purchase the notes at 100% of the principal amount thereof, *plus* the amount of accrued but unpaid interest, if any, on the amount of notes that would otherwise be prepaid; or
- (6) any combination of the foregoing;

*provided* that the Issuer will be deemed to have complied with the provision described in clauses (1), (2) and (3) of this paragraph if, and to the extent that, within 365 days after the Asset Sale that generated the Net Proceeds, the Issuer has entered into and not abandoned or rejected a binding agreement to make an Investment in assets or property that would constitute Notes Priority Collateral or make an Investment in Capital Stock of another Permitted Business or to make a capital expenditure with respect to assets that constitute Notes Priority Collateral in compliance with the provisions described in clauses (1), (2) and (3) of this paragraph, and that purchase or capital expenditure is thereafter completed within 180 days after the end of such 365-day period.

Any Net Proceeds from Asset Sales that are not applied or invested as described in the two preceding paragraphs will constitute “*Excess Proceeds*”. Within 10 business days after the aggregate amount of Excess Proceeds exceeds \$35.0 million, the Issuer will make an Asset Sale Offer to all holders of notes and all holders of other Priority Lien Debt containing provisions similar to those set forth in the indenture with respect to offers to purchase with the proceeds of sales of assets, to purchase the maximum principal amount of notes and such other Priority Lien Debt that may be purchased out of the Excess Proceeds. The offer price for the notes and any other Priority Lien Debt in any Asset Sale Offer will be equal to 100% of the principal amount of the notes and such other Priority Lien Debt purchased, *plus* accrued and unpaid interest and Special Interest (if any) on the notes and any other Priority Lien Debt to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use such Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and such other Priority Lien Debt tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the notes and such other Priority Lien Debt shall be purchased on a *pro rata* basis based on the principal amount of notes and such other Priority Lien Debt tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. The Issuer may satisfy the foregoing obligation with respect to any Net Proceeds prior to the expiration of the relevant 365 day period (as such period may be extended in accordance with the indenture) or with respect to Excess Proceeds of \$35.0 million or less.

The ABL Credit Facility provides that certain asset sales will constitute a default under the ABL Credit Facility. Credit agreements that the Issuer enters into in the future may contain similar provisions. Such defaults could result in amounts outstanding under the ABL Credit Facility and such other agreements being declared immediately due and payable or lending commitments being terminated. Additionally, the Issuer’s ability to pay cash to holders of notes following the occurrence of an Asset Sale may be limited by their then existing financial



resources; sufficient funds may not be available to the Issuer when necessary to make any required repurchases of notes. See “Risk Factors — Risks Related to the Exchange Notes — We May Not Have the Ability to Raise the Funds Necessary to Finance the Change of Control Offer or the Asset Sale Offer Required by the Indenture Governing the Exchange Notes”.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such compliance.

## **Certain Covenants**

### ***Effectiveness of Certain Covenants***

If on any date following December 21, 2009:

(1) the notes are rated Baa3 or better by Moody’s and BBB- or better by S&P (or, if either such entity ceases to rate the notes for reasons outside of the control of the Issuer, the equivalent investment grade credit rating from any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer as a replacement agency); and

(2) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this offering circular will be suspended:

- (1) “— Repurchase at the Option of Holders — Asset Sales”;
- (2) “— Certain Covenants — Restricted Payments”;
- (3) “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (4) “— Certain Covenants — Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (5) clause (3) of “— Certain Covenants — Merger, Consolidation or Sale of Assets”;
- (6) “— Certain Covenants — Transactions with Affiliates”;
- (7) “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries”;
- (8) “— Certain Covenants — Guarantees”; and
- (9) “— Certain Covenants — Reports”.

During any period that the foregoing covenants have been suspended, the Issuer’s or Parent’s Board of Directors may not designate any of the Issuer’s Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption “— Designation of Restricted and Unrestricted Subsidiaries”.

Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below Baa3 or BBB-, respectively, the foregoing covenants will be reinstituted as of and from the date of such rating decline. Calculations under the reinstated “Restricted Payments” covenant will be made as if the “Restricted Payments” covenant had been in effect since December 21, 2009 except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.



### ***Restricted Payments***

(A) The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions (a) payable in Equity Interests (other than Disqualified Stock) of the Issuer or to the Issuer or a Restricted Subsidiary of the Issuer or (b) payable by a Restricted Subsidiary so long as, in the case of any dividend, payment or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Restricted Subsidiary, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by Persons other than the Issuer or any Restricted Subsidiary of the Issuer;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any, Subordinated Lien Debt or any Indebtedness of the Issuer or any Subsidiary Guarantor that is unsecured or contractually subordinated to the notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries), except payments of (x) interest, (y) principal at the Stated Maturity thereof (or the satisfaction of a sinking fund obligation) or (z) principal and accrued interest, due within one year of the date of such payment, purchase, redemption, defeasance, acquisition or retirement; or

(4) make any Restricted Investment (all such restricted payments and other restricted actions set forth in clauses (1) through (4) above (other than any exceptions thereto) being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "— Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after December 21, 2009 permitted by the provisions described in clauses (1), (6), (7), (9), (10), (12), (18) and (19) of the next succeeding paragraph (B), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from the first day of the first fiscal quarter beginning after December 21, 2009 to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value of assets other than cash received by the Issuer since December 21, 2009 as a contribution to its equity capital or from the issue or sale of Equity Interests of the Issuer or from the issue or sale of Equity Interests of any direct or indirect parent of the Issuer to the extent such net cash proceeds are actually contributed to the Issuer as equity (other than Excluded Contributions, Refunding Capital Stock, Disqualified Stock and Designated Preferred Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Issuer that have been converted into or exchanged

for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Restricted Subsidiary of the Issuer), *plus*

(c) the net cash proceeds and the fair market value of assets other than cash received by the Issuer or any Restricted Subsidiary of the Issuer from (i) the disposition, sale, liquidation, retirement or redemption of all or any portion of any Restricted Investment made after December 21, 2009, net of disposition costs and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries, and (ii) the sale (other than to the Issuer or a Restricted Subsidiary of the Issuer) of the Capital Stock of an Unrestricted Subsidiary, *plus*

(d) without duplication, (i) to the extent that any Unrestricted Subsidiary of the Issuer that was designated as such after December 21, 2009 is redesignated as a Restricted Subsidiary, the fair market value of the Issuer's direct or indirect Investment in such Subsidiary as of the date of such redesignation, *plus* (ii) an amount equal to the net reduction in Investments in Unrestricted Subsidiaries resulting from payments of dividends, repayments of the principal of loans or advances or other transfers of assets from Unrestricted Subsidiaries of the Issuer to the Issuer or any Restricted Subsidiary of the Issuer after December 21, 2009, except, in each case, to the extent that any such Investment or net reduction in Investment is included in the calculation of Consolidated Net Income, *plus*

(e) without duplication, in the event the Issuer or any Restricted Subsidiary of the Issuer makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary of the Issuer, an amount equal to the fair market value of the existing Investment in such Person that was previously treated as a Restricted Payment.

(B) The preceding provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration thereof or the giving of a redemption notice related thereto, as the case may be, if at said date of declaration or notice such payment would have complied with the provisions of the indenture;

(2) (a) the making of any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale of, Equity Interests of the Issuer or any direct or indirect parent of the Issuer (other than any Disqualified Stock or any Equity Interests sold to a Restricted Subsidiary of the Issuer or to an employee stock ownership plan or any trust established by the Issuer) or from substantially concurrent contributions to the equity capital of the Issuer (collectively, including any such contributions, "*Refunding Capital Stock*"); *provided*, that for the purposes hereof, Restricted Payments will be deemed to be made substantially concurrent with any such sale or contributions if the Restricted Payment occurs within 45 days of such sale or contribution; and

(b) the declaration and payment of accrued dividends on any Equity Interests redeemed, repurchased, retired, defeased or acquired out of the proceeds of the sale of Refunding Capital Stock within 45 days of such sale;

*provided* that the amount of any such proceeds or contributions that are utilized for any Restricted Payment pursuant to this clause (2) shall be excluded from the amount described in clause (3)(b) of the preceding paragraph (A) and clause (4) of this paragraph (B) and shall not constitute Excluded Contributions;

(3) the payment, defeasance, redemption, repurchase, retirement or other acquisition of (a) Indebtedness of the Issuer or any Subsidiary Guarantor that is contractually subordinated to the notes or to any Note Guarantee or (b) any Subordinated Lien Debt or (c) any Indebtedness of the Issuer or any Subsidiary Guarantor that is unsecured or (d) Disqualified Stock of the Issuer or any Restricted Subsidiary thereof, in each such case of (a) through (d) in exchange for, or out of the net cash proceeds from, an incurrence of Permitted Refinancing Indebtedness;

(4) Restricted Investments acquired (a) as a capital contribution to, or out of the net cash proceeds of substantially concurrent contributions to, the equity capital of the Issuer or (b) from the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Issuer or to an employee stock

ownership plan or any trust established by the Issuer) of, or in exchange for, Equity Interests of the Issuer (other than Disqualified Stock); *provided*, that for the purposes hereof, Restricted Investments will be deemed to be acquired substantially concurrent with such contribution or the sale of any such Equity Interests if the acquisition occurs within 45 days of such contribution or sale; *provided, further*, that the amount of any such net cash proceeds that are utilized for any such acquisition and the fair market value of any assets so acquired or exchanged shall be excluded from the amount described in clause (3)(b) of the preceding paragraph (A) and clause (2) of this paragraph (B) and shall not constitute Excluded Contributions;

(5) the repurchase of Equity Interests deemed to occur (i) upon the exercise of options or warrants if such Equity Interests represent all or a portion of the exercise price thereof and (ii) in connection with the withholding of a portion of the Equity Interests granted or awarded to a director or an employee to pay for the taxes payable by such director or employee upon such grant or award;

(6) the payment of dividends on the Issuer's common stock (or the payment of dividends to Parent or any other direct or indirect parent of the Issuer to fund the payment of dividends on its common stock) following any public offering of common stock of the Issuer or Parent or any other direct or indirect parent of the Issuer, in an aggregate amount of up to 6.0% per annum of the net proceeds received by the Issuer (or by Parent or any other direct or indirect parent of the Issuer and contributed to the Issuer) from such public offering; *provided, however* that the aggregate amount of all such dividends pursuant to this clause (6) since December 21, 2009 shall not exceed the aggregate amount of net proceeds received by the Issuer (or by a direct or indirect parent of the Issuer and contributed to the Issuer) from such public offering;

(7) the purchase, redemption, retirement or other acquisition for value of any Equity Interests of the Issuer, Parent or any other direct or indirect parent of the Issuer held by any current, future or former director, officer, consultant or employee of the Issuer, Parent or any other direct or indirect parent of the Issuer or any Restricted Subsidiary of the Issuer, or their estates or the beneficiaries of such estates (including the payment of dividends and distributions to Parent to enable Parent to repurchase Equity Interests owned by Parent's parent at the same time as Parent's parent repurchases Equity Interests from their directors, officers, consultants and employees), in an amount not to exceed \$10.0 million in any calendar year prior to a Qualified Equity Offering (and \$15.0 million in any calendar year following a Qualified Equity Offering); *provided* that the Issuer may carry over and make in subsequent calendar years, in addition to the amounts permitted for such calendar year, the amount of purchases, redemptions, acquisitions or retirements for value permitted to have been but not made in any preceding calendar year up to a maximum of \$20.0 million in any calendar year prior to a Qualified Equity Offering (and \$25.0 million in any calendar year following a Qualified Equity Offering), *provided, further*, that such amounts will be increased by (a) the cash proceeds from the sale after December 21, 2009 of Equity Interests of the Issuer or, to the extent contributed to the Issuer, Equity Interests of Parent or any other direct or indirect parent of the Issuer, in each case to directors, officers, consultants or employees of the Issuer, Parent or any other direct or indirect parent of the Issuer or any Restricted Subsidiary of the Issuer after December 21, 2009, plus (b) the cash proceeds of key man life insurance policies received by the Issuer, its Restricted Subsidiaries, Parent or any other direct or indirect parent of the Issuer and contributed to the Issuer after December 21, 2009, in the case of each of clauses (a) and (b), to the extent such net cash proceeds are not otherwise applied to make or increase the amounts available for Restricted Payments pursuant to clause (3)(b) of the preceding paragraph (A) or clauses (2), (4) or (16) of this paragraph (B);

(8) the distribution, as a dividend or otherwise, of Equity Interests of, or Indebtedness owed to the Issuer or a Restricted Subsidiary thereof by, any Unrestricted Subsidiary;

(9) upon the occurrence of a Change of Control (or similarly defined term in other Indebtedness) and within 90 days after completion of the offer to repurchase notes and other Priority Lien Obligations pursuant to the covenant described above under the caption "— Repurchase at the Option of Holders — Change of Control" (including the purchase of all notes tendered), any repayment, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Lien Debt or any Indebtedness of the Issuer or any Subsidiary Guarantor that is unsecured or contractually subordinated to the notes or to any Note Guarantee that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Change of

Control (or similarly defined term in other Indebtedness), at a purchase price not greater than 101% of the outstanding principal amount or liquidation preference thereof (*plus* accrued and unpaid interest and liquidated damages, if any);

(10) within 90 days after completion of any offer to repurchase notes or other Priority Lien Obligations pursuant to the covenant described above under the caption “— Repurchase at the Option of Holders — Asset Sales” (including the purchase of all notes tendered), any repayment, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Lien Debt or any Indebtedness of the Issuer or any Subsidiary Guarantor that is unsecured or contractually subordinated to the notes or to any Note Guarantee that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Asset Sale (or similarly defined term in such other Indebtedness), at a purchase price not greater than 100% of the outstanding principal amount or liquidation preference thereof (*plus* accrued and unpaid interest and liquidated damages, if any);

(11) payments or distributions, in the nature of satisfaction of dissenters’ rights, pursuant to or in connection with a consolidation, merger or transfer of assets that complies with the provisions of the indenture applicable to mergers, consolidations and transfers of all or substantially all the property and assets of the Issuer;

(12) the payment of cash in lieu of the issuance of fractional shares of Equity Interests upon exercise or conversion of securities exercisable or convertible into Equity Interests of the Issuer;

(13) the declaration and payment of dividends or distributions by the Issuer or any Restricted Subsidiary to, or the making of loans to, Parent or any other direct or indirect parent of the Issuer in amounts sufficient for Parent or any other direct or indirect parent of the Issuer to pay, in each case without duplication:

(a) franchise and excise taxes and other fees, taxes and expenses, in each case to the extent required to maintain their corporate existence, any taxes required to be withheld and paid by Parent or any other direct or indirect parent of the Issuer, and tax distributions pursuant to the limited liability company agreement of PVF Holdings LLC;

(b) federal, state, local and non-U.S. income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay taxes attributable to the income of such Unrestricted Subsidiaries, determined as if the Issuer and such Subsidiaries filed a separate consolidated, combined, unitary or affiliated tax return as a stand-alone group;

(c) (1) customary salary, bonus and other benefits payable to officers and employees of Parent or any other direct or indirect parent of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries and (2) any reasonable and customary indemnification claims made by directors or officers of the Issuer, Parent or any other direct or indirect parent of the Issuer;

(d) general corporate administrative, operating and overhead costs and expenses of Parent or any other direct or indirect parent of the Issuer to the extent such costs and expenses are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; and

(e) fees and expenses related to any equity or debt offering of Parent or such other parent entity (whether or not successful);

(14) dividends or distributions from the Issuer to Parent on December 21, 2009 in order to repay the Junior Term Loan Facility in connection with the refinancing transactions;

(15) Investments in Unrestricted Subsidiaries or joint ventures which, taken together with all other Restricted Payments made pursuant to the provision described in this clause (15), do not exceed the greater of \$30.0 million and 1.0% of the Issuer’s Consolidated Total Assets;

(16) Restricted Payments in an aggregate amount not to exceed the amount of all Excluded Contributions;

(17) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries and preferred stock of any Restricted Subsidiary issued or incurred in accordance with the covenant described under “— Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;

(18) the declaration and payment of dividends or distributions:

(a) to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of the Issuer issued after December 21, 2009;

(b) to Parent or any other direct or indirect parent of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of Parent or any other direct or indirect parent of the Issuer issued after December 21, 2009; *provided, however*, that the aggregate amount of dividends declared and paid pursuant to this clause (18)(b) does not exceed the net cash proceeds (other than net cash proceeds constituting Excluded Contributions) actually received by the Issuer from any such sale of Designated Preferred Stock; and

(c) on Refunding Capital Stock that is preferred stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

*provided, however*, in the case of each of (a), (b) and (c) of this clause (18), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is preferred stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(19) other Restricted Payments in an amount which, taken together with all other Restricted Payments made pursuant to the provision described in this clause (19), do not exceed the greater of \$50.0 million and 1.75% of the Issuer’s Consolidated Total Assets; or

(20) payments, dividends or distributions in an amount equal to the net cash proceeds of any disposition, sale, liquidation, retirement or redemption of Non-Core Assets for the purposes of complying with the requirements of that certain Agreement and Plan of Merger, dated as of December 4, 2006, among the Issuer, Parent and Hg Acquisition Corp., as amended through December 21, 2009, *provided that*, in the case of clauses (4), (7) through (11) and (16) above, no Default or Event of Default has occurred and is continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. In determining whether any Restricted Payment is permitted by the covenant described under the caption “— Restricted Payments”, the Issuer and its Restricted Subsidiaries may allocate all or any portion of such Restricted Payment among the categories described in clauses (1) through (20) of the immediately preceding paragraph or among such categories and the types of Restricted Payments described in the first paragraph under “— Restricted Payments” (including categorization as a Permitted Investment); *provided that*, at the time of such allocation, all such Restricted Payments, or allocated portions thereof, would be permitted under the various provisions of the covenant described under the caption “— Restricted Payments”; and *provided, further* that the Issuer and its Restricted Subsidiaries may reclassify all or a portion of such Restricted Payment or Permitted Investment in any manner that complies with this covenant, and following such reclassification such Restricted Payment or Permitted Investment shall be treated as having been made pursuant to only one of such clauses of this covenant.

#### ***Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt) or issue any shares of Disqualified Stock, and the Issuer will not permit any of its Restricted Subsidiaries to issue any preferred stock (other than in each case Disqualified Stock or preferred stock of Restricted Subsidiaries held by the Issuer or a Restricted Subsidiary, so long as so held); *provided, however*,

that (i) the Issuer or any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) and issue Disqualified Stock and (ii) any Restricted Subsidiary may issue preferred stock, if the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred, at the beginning of such four-quarter period; *provided, further*, that the amount of Indebtedness (excluding Acquired Debt not incurred in connection with or in contemplation of the applicable merger, acquisition or other similar transaction), Disqualified Stock and preferred stock that may be incurred or issued, as applicable, by Restricted Subsidiaries that are not Guarantors, pursuant to the foregoing, shall not exceed \$60.0 million at any one time outstanding.

The covenant described by the first paragraph under the caption “— Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” will not prohibit the incurrence or issuance of any of the following (collectively, “*Permitted Debt*”):

(1) Indebtedness incurred by the Issuer or any Subsidiary Guarantor under Credit Facilities (and the incurrence by the Subsidiary Guarantors of Guarantees thereof) in an aggregate principal amount at any one time outstanding under the provision described in this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and its Restricted Subsidiaries thereunder) not to exceed (as of any date of incurrence of Indebtedness under the provision described in this clause (1) and after giving *pro forma* effect to such incurrence and the application of the net proceeds therefrom) the greater of (a) \$1.25 billion and (b) the amount of the Borrowing Base as of the date of such incurrence;

(2) Indebtedness incurred by the Issuer and the Subsidiary Guarantors represented by the notes and the Note Guarantees issued on December 21, 2009 and the exchange notes and related exchange guarantees to be issued in exchange for the notes and the Note Guarantees pursuant to the exchange and registration rights agreement (other than any additional notes, but including exchange notes and related exchange guarantees to be issued in exchange for additional notes otherwise permitted to be incurred hereunder pursuant to a registration rights agreement);

(3) Existing Indebtedness;

(4) Indebtedness of the Issuer or any of its Restricted Subsidiaries (including without limitation Capital Lease Obligations, mortgage financings or purchase money obligations), Disqualified Stock issued by the Issuer or any Restricted Subsidiary and preferred stock issued by any Restricted Subsidiary, in each case incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation, repair or improvement of property (real or personal), plant or equipment or other fixed or capital assets used in the business of the Issuer or such Restricted Subsidiary or in a Permitted Business (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets (but no other material assets)), in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision described in this clause (4), not to exceed as of any date of incurrence the greater of (a) 1.0% of the Issuer's Consolidated Total Assets and (b) \$30.0 million;

(5) Permitted Refinancing Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries in exchange for, or the net proceeds of which are used to refund, refinance or replace, Indebtedness (other than intercompany Indebtedness) that was permitted by the indenture to be incurred or Disqualified Stock or Preferred Stock permitted to be issued under the provisions described in the first paragraph of this covenant or clauses (2), (3), (4), (5), (8), (9), (10), (15), (16) or (17) of this paragraph;



(6) intercompany Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries and owing to and held by the Issuer or any of its Restricted Subsidiaries; *provided, however*, that:

(a) if the Issuer or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, in the case of the Issuer, or the Note Guarantee, in the case of a Subsidiary Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by the provision described in this clause (6);

(7) (a) the Guarantee by the Issuer or any of the Subsidiary Guarantors of Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer that was permitted to be incurred by another provision of this covenant, (b) the Guarantee by any Foreign Subsidiary of Indebtedness of another Foreign Subsidiary of the Issuer that was permitted to be incurred by another provision of this covenant or (c) any Guarantee by a Restricted Subsidiary of Indebtedness of the Issuer (so long as such Restricted Subsidiary also guarantees the Notes if required pursuant to the covenant under the caption “— Guarantees”);

(8) (x) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any of its Restricted Subsidiaries incurred to finance an acquisition or (y) Acquired Debt; *provided* that, in either case, after giving effect to the transactions that result in the incurrence or issuance thereof, on a *pro forma* basis, either (a) the Issuer would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant or (b) the Fixed Charge Coverage Ratio for the Issuer would not be less than immediately prior to such transactions;

(9) preferred stock of a Restricted Subsidiary of the Issuer issued to the Issuer or another Restricted Subsidiary of the Issuer; *provided* that (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary thereof and (b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary thereof will be deemed, in each case, to constitute an issuance of such preferred stock that was not permitted by the provision described in this clause (9);

(10) additional Indebtedness of the Issuer or any of its Restricted Subsidiaries incurred in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision described in this clause (10), not to exceed as of any date of incurrence the greater of 4.0% of the Issuer’s Consolidated Total Assets and \$125.0 million;

(11) Indebtedness incurred by the Issuer or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the notes;

(12) Indebtedness of the Issuer or any Restricted Subsidiary consisting of obligations to pay insurance premiums or take-or-pay obligations contained in supply arrangements incurred in the ordinary course of business;

(13) Indebtedness in respect of any bankers’ acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities, and reinvestment obligations related thereto, entered into in the ordinary course of business;

(14) Guarantees (a) incurred in the ordinary course of business in respect of obligations of (or to) suppliers, customers, franchisees, lessors and licensees that, in each case, are non-Affiliates or (b) otherwise constituting Investments permitted under the indenture;



(15) (a) Indebtedness of Foreign Subsidiaries outstanding on December 21, 2009 and (b) additional Indebtedness of Foreign Subsidiaries incurred in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision described in this clause (15)(b), not to exceed as of any date of incurrence the greater of 4.0% of the Issuer's Consolidated Total Assets and \$125.0 million;

(16) Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to any current, future or former director, officer, consultant or employee of the Issuer, the direct or indirect parent of the Issuer or any Restricted Subsidiary of the Issuer (or any of their Affiliates), or their estates or the beneficiaries of such estates to finance the purchase, redemption, acquisition or retirement for value of Equity Interests permitted by clause (2) of the second paragraph of the covenant described under the caption "— Restricted Payments", in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision described in this clause (16), not to exceed \$5.0 million as of any date of incurrence;

(17) Contribution Indebtedness;

(18) (a) Indebtedness incurred in connection with any permitted Sale and Leaseback Transaction and (b) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (a) above, *provided* that, except to the extent otherwise permitted hereunder, the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension and the direct and contingent obligors with respect to such Indebtedness are not changed;

(b) Indebtedness in respect of overdraft facilities, employee credit card programs and other cash management arrangements in the ordinary course of business; and

(c) Indebtedness representing deferred compensation to employees of the Issuer (or any direct or indirect parent thereof) and its Restricted Subsidiaries incurred in the ordinary course of business; and

(19) cash management obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections and similar arrangements in each case in connection with deposit accounts.

For purposes of determining compliance with this covenant, in the event that any proposed Indebtedness or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred or issued pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will be permitted to divide and classify at the time of its incurrence or issuance, and may from time to time divide or reclassify, all or a portion of such item of Indebtedness or Disqualified Stock or preferred stock such that it will be deemed to have been incurred pursuant to another of such clauses or the first paragraph of this covenant to the extent that such reclassified Indebtedness could be incurred pursuant to such new clause or the first paragraph of this covenant at the time of such reclassification (including in part pursuant to one or more clauses and/or in part pursuant to the first paragraph of this covenant), *provided, however*, that Indebtedness under the ABL Credit Facility outstanding on December 21, 2009 will be deemed to have been incurred on that date in reliance on the exception provided by clause (1) of the definition of Permitted Debt.

For the purpose of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred or first committed (in the case of revolving credit debt); *provided* that if such Indebtedness denominated in a foreign currency is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the amount of any reasonable premium (including reasonable tender premiums), defeasance costs and any reasonable fees and expenses incurred in connection with the issuance of such new Indebtedness. The principal amount of any Indebtedness incurred to refinance other

Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be incurred pursuant to this covenant will not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies. In addition, for purposes of determining any particular amount of Indebtedness, any Guarantees, Liens or obligations with respect to letters of credit, in each case, supporting Indebtedness otherwise included in the determination of such particular amount, will not be included.

The Issuer will not incur, and will not permit any Subsidiary Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the notes and the applicable Note Guarantees on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer solely by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more of such holders priority over the other holders in the collateral held by them.

### ***Liens***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired.

### ***Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock (or with respect to any other interest or participation in, or measured by, its profits) to the Issuer or any of its Restricted Subsidiaries or pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;
- (2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions:

- (1) existing under, by reason of or with respect to the ABL Credit Facility, Existing Indebtedness, or any other agreements in effect on December 21, 2009 and any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings thereof; *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, than those in effect on December 21, 2009;
- (2) existing under, by reason of or with respect to any other Credit Facility of the Issuer permitted under the indenture; *provided* that the applicable encumbrances and restrictions contained in the agreement or agreements governing the other Credit Facility are not materially more restrictive, taken as a whole, than those contained in the ABL Credit Facility (with respect to other credit agreements) or the indenture (with respect to other indentures), in each case as in effect on December 21, 2009;
- (3) existing under, by reason of or with respect to applicable law, rule, regulation or administrative or court order;

(4) with respect to any Person or the property or assets of a Person acquired by the Issuer or any of its Restricted Subsidiaries existing at the time of such acquisition and not incurred in connection with or in contemplation of such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings thereof; *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacement or refinancings are entered into in the ordinary course of business or not materially more restrictive, taken as a whole, than those contained in the ABL Credit Facility, the indenture, Existing Indebtedness or such other agreements as in effect on the date of the acquisition;

(5) in the case of the provision described in clause (3) of the first paragraph of this covenant:

(a) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset,

(b) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Issuer or any Restricted Subsidiary thereof not otherwise prohibited by the indenture,

(c) existing under, by reason of or with respect to (i) purchase money obligations for property acquired in the ordinary course of business or (ii) capital leases or operating leases that impose encumbrances or restrictions on the property so acquired or covered thereby, or

(d) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary thereof in any manner material to the Issuer or any Restricted Subsidiary thereof;

(6) existing under, by reason of or with respect to customary provisions in joint venture, operating or similar agreements, asset sale agreements and stock sale agreements arising in connection with the entering into of such transactions;

(7) existing under, by reason of or with respect to any agreement for the sale or other disposition of some or all of the Capital Stock of, or any property and assets of, a Restricted Subsidiary that restricted distributions by that Restricted Subsidiary pending the closing of such sale or other disposition;

(8) existing under, by reason of or with respect to Permitted Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing that Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) restricting cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(10) existing under, by reason of or with respect to customary provisions contained in leases or licenses of intellectual property and other agreements, in each case, entered into in the ordinary course of business;

(11) existing under, by reason of or with respect to the indenture, the notes, the Note Guarantees and the security documents; and

(12) existing under, by reason of or with respect to Indebtedness of a Restricted Subsidiary not prohibited to be incurred under the indenture; *provided* that (a) such encumbrances or restrictions are ordinary and customary in light of the type of Indebtedness being incurred and the jurisdiction of the obligor and (b) such encumbrances or restrictions will not affect in any material respect the Issuer's or any Subsidiary Guarantor's ability to make principal and interest payments on the notes, as determined in good faith by the Issuer.

For purposes of determining compliance with this covenant, (1) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (2) the subordination of loans or advances made

to the Issuer or a Restricted Subsidiary of the Issuer to other Indebtedness incurred by the Issuer or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

***Merger, Consolidation or Sale of Assets***

*The Issuer will not, directly or indirectly:* (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation) or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties and assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person or Persons, unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition shall have been made (i) is a corporation, limited liability company, partnership (including a limited partnership) or trust organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia (*provided* that if such Person is not a corporation, (A) a corporate Wholly Owned Restricted Subsidiary of such Person organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia, or (B) a corporation of which such Person is a Wholly Owned Restricted Subsidiary organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia, is a co-issuer of the notes or becomes a co-issuer of the notes in connection therewith) and (ii) assumes all the obligations of the Issuer under the notes, the indenture and the exchange and registration rights agreements pursuant to agreements reasonably satisfactory to the trustee;

(2) immediately after giving effect to such transaction no Event of Default exists;

(3) immediately after giving effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, on a *pro forma* basis, either

(a) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer) would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption “— Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; or

(b) the Fixed Charge Coverage Ratio for the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer) would not be less than the Fixed Charge Coverage Ratio for the Issuer immediately prior to such transactions; and

(4) each Guarantor, unless such Guarantor is the Person with which the Issuer has entered into a transaction under the covenant described under the caption “— Merger, Consolidation or Sale of Assets”, shall have by amendment to its Note Guarantee confirmed that its Note Guarantee shall apply to the obligations of the Issuer or the surviving Person in accordance with the notes and the indenture.

The provision described in clause (3) of the immediately preceding paragraph will not apply to (a) any merger, consolidation or sale, assignment, lease, transfer, conveyance or other disposition of assets between or among the Issuer and any of its Restricted Subsidiaries or (b) any merger between the Issuer and an Affiliate of the Issuer, or between a Restricted Subsidiary and an Affiliate of the Issuer, in each case in this clause (b) solely for the purpose of reincorporating the Issuer or such Restricted Subsidiary, as the case may be, in the United States, any state thereof, the District of Columbia or any territory thereof, so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby.

***Transactions with Affiliates***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or

Guarantee with, or for the benefit of, any Affiliate involving aggregate consideration in excess of \$3.5 million (each, an “*Affiliate Transaction*”), unless:

(1) such Affiliate Transaction is on fair and reasonable terms not materially less favorable to the Issuer or the relevant Restricted Subsidiary than it would obtain in a hypothetical comparable arm’s-length transaction by the Issuer or such Restricted Subsidiary with a Person that was not an Affiliate of the Issuer; and

(2) the Issuer delivers to the trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$25.0 million, a resolution of the Board of Directors of Parent set forth in an Officers’ Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this covenant and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of Parent’s Board of Directors.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) transactions between or among the Issuer and/or its Restricted Subsidiaries;
- (2) payment of reasonable fees and compensation to, and indemnification and similar arrangements on behalf of, current, former or future directors of Parent, any other direct or indirect parent of the Issuer, the Issuer or any Restricted Subsidiary of the Issuer;
- (3) Restricted Payments that are permitted by the provisions of the indenture described above under the caption “— Restricted Payments” and the definition of Permitted Investments (including any payments that are excluded from the definitions of Restricted Payment and Restricted Investment);
- (4) any sale of Equity Interests (other than Disqualified Stock) of the Issuer;
- (5) loans and advances to officers and employees of Parent, any other direct or indirect parent of the Issuer, the Issuer or any of the Issuer’s Restricted Subsidiaries or guarantees in respect thereof or otherwise made on the Issuer’s or any of its Restricted Subsidiaries’ behalf (or the cancellation of such loans, advances or guarantees), in both cases for bona fide business purposes in the ordinary course of business;
- (6) any employment, consulting, service or termination agreement, or customary indemnification arrangements, entered into by the Issuer or any of its Restricted Subsidiaries with current, former or future officers and employees of Parent, the Issuer or any of its Restricted Subsidiaries and the payment of compensation to officers and employees of Parent, the Issuer or any of its Restricted Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), in each case in the ordinary course of business;
- (7) transactions with a Person that is an Affiliate of the Issuer solely because the Issuer, directly or indirectly, owns Equity Interests in, or controls, such Person;
- (8) payments by the Issuer or any of its Restricted Subsidiaries to The Goldman Sachs Group, Inc. and its Affiliates for any financial advisory services, financing, mergers and acquisitions advisory, insurance brokerage, underwriting or placement services or in respect of other investment banking services, including without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the disinterested members of the Board of Directors of Parent in good faith;
- (9) transactions pursuant to any contracts, instruments or other agreements or arrangements in each case as in effect on December 21, 2009, and any transactions contemplated thereby, or any amendment, modification or supplement thereto or any replacement thereof entered into from time to time, as long as such agreement or arrangement as so amended, modified, supplemented or replaced, taken as a whole, is not materially more disadvantageous to the Issuer and its Restricted Subsidiaries at the time executed than the original agreement or arrangement as in effect on December 21, 2009;
- (10) any Guarantee by Parent or any other direct or indirect parent of the Issuer of Indebtedness of the Issuer that was permitted by the indenture;

(11) transactions with Affiliates solely in their capacity as holders of Indebtedness or Equity Interests of the Issuer or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally;

(12) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods or services (including pursuant to joint venture agreements) in the ordinary course of business on terms not materially less favorable as might reasonably have been obtained at such time from a Person that is not an Affiliate of the Issuer, as determined in good faith by the Issuer;

(13) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an independent financial advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or meets the requirements of prong (1) of the previous paragraph of this covenant;

(14) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any registration rights agreement to which it is a party or becomes a party in the future;

(15) any contribution to the common equity capital of the Issuer;

(16) any transaction with any Person who is not an Affiliate immediately before the consummation of such transaction that becomes an Affiliate as a result of such transaction;

(17) the pledge of Equity Interests of any Unrestricted Subsidiary to lenders to support the Indebtedness of such Unrestricted Subsidiary owed to such lenders; and

(18) payments by the Issuer (or Parent or any other direct or indirect parent of the Issuer) or any of the Restricted Subsidiaries pursuant to any tax sharing, allocation or similar agreement.

#### ***Designation of Restricted and Unrestricted Subsidiaries***

The Board of Directors of the Issuer or Parent may designate any Subsidiary (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary; *provided* that:

(1) any Guarantee by the Issuer or any Restricted Subsidiary of the Issuer of any Indebtedness of the Subsidiary being so designated will be deemed to be an incurrence of Indebtedness by the Issuer or such Restricted Subsidiary (or both, if applicable) at the time of such designation, and such incurrence of Indebtedness would be permitted under the covenant described above under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;

(2) the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by the Issuer or any Restricted Subsidiary of the Issuer of any Indebtedness of such Subsidiary) will be deemed to be an Investment made as of the time of such designation and that such Investment would be permitted under the covenant described above under the caption “— Certain Covenants — Restricted Payments”;

(3) such Subsidiary does not own any Equity Interests of, or hold any Liens on any property of, the Issuer or any Restricted Subsidiary of the Issuer (other than Equity Interests of any Restricted Subsidiary of such Subsidiary that is concurrently being designated as an Unrestricted Subsidiary);

(4) the Subsidiary being so designated, after giving effect to such designation:

(a) is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer that would not be permitted under “— Certain Covenants — Transactions with Affiliates” after giving effect to the exceptions thereto;

(b) is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating



results except to the extent permitted under “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “— Certain Covenants — Restricted Payments”; and

(c) (i) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries, except to the extent such Guarantee or credit support would be released upon such designation and (ii) to the extent the Indebtedness of the Subsidiary is non-recourse Indebtedness, any Guarantee or credit support by the Issuer or a Restricted Subsidiary would be permitted under “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and “— Certain Covenants — Restricted Payments”; and

(5) no Event of Default would be in existence following such designation.

Any designation of a Restricted Subsidiary of the Issuer as an Unrestricted Subsidiary shall be evidenced to the trustee by filing with the trustee a certified copy of the resolution of the Board of Directors of the Issuer or Parent giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the preceding conditions and was permitted by the indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements described in clause (4) above, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness, Investments or Liens on the property of such Subsidiary shall be deemed to be incurred or made by a Restricted Subsidiary of the Issuer as of such date and, if such Indebtedness, Investments or Liens are not permitted to be incurred or made as of such date under the indenture, the Issuer shall be in default under the indenture.

The Board of Directors of the Issuer or Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(1) such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under the covenant described under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period;

(2) all outstanding Investments owned by such Unrestricted Subsidiary will be deemed to be made as of the time of such designation and such Investments shall only be permitted if such Investments would be permitted under the covenant described above under the caption “— Certain Covenants — Restricted Payments”;

(3) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under the caption “— Certain Covenants — Liens”; and

(4) no Default or Event of Default would be in existence following such designation.

### ***Guarantees***

If the Issuer or any of its Restricted Subsidiaries (a) acquires or creates another Wholly Owned Domestic Subsidiary (other than an Excluded Subsidiary) on or after December 21, 2009 or (b) any Restricted Subsidiary of the Issuer becomes a guarantor with respect to the ABL Credit Facility or any other indebtedness of the Issuer or any Subsidiary Guarantor, then, within 45 days of the date of such acquisition or guarantee, as applicable, such Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture and deliver an Opinion of Counsel to the trustee.

The Issuer will not permit any of its Restricted Subsidiaries, directly or indirectly, to Guarantee any other Indebtedness of the Issuer or any Subsidiary Guarantor (including, but not limited to, any Indebtedness under any Credit Facility) unless such subsidiary is a Subsidiary Guarantor or simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the notes by such Restricted Subsidiary, which Guarantee shall be senior in right of payment to *or pari passu* in right of payment with such Restricted Subsidiary’s Guarantee of such other Indebtedness. This covenant shall not be applicable to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in



connection with, or in contemplation of, such Person becoming a Restricted Subsidiary. In addition, in the event that any Wholly Owned Domestic Subsidiary that is an Excluded Subsidiary ceases to be an Excluded Subsidiary, or if any Excluded Subsidiary becomes a guarantor with respect to the ABL Credit Facility or any other Indebtedness of the Issuer or any Subsidiary Guarantor, then such Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture and deliver an Opinion of Counsel to the trustee within 45 days of the date of such event. The form of the Note Guarantee will be attached as an exhibit to the indenture.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Issuer or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) (i) is organized or existing under the laws of the United States, any state thereof or the District of Columbia *provided* that the provisions described in this clause (i) shall not apply if such Guarantor is organized under the laws of a jurisdiction other than the United States, any state thereof or the District of Columbia) and (ii) assumes all the obligations of that Guarantor under the indenture, its Note Guarantee and the exchange and registration rights agreements pursuant to a supplemental indenture satisfactory to the trustee; or

(b) in the case of a Subsidiary Guarantor, such sale or other disposition or consolidation or merger complies with the covenant described above under the caption “— Repurchase at the Option of Holders — Asset Sales”.

Notwithstanding the foregoing, any Guarantor may (i) merge with the Issuer or a Restricted Subsidiary of the Issuer solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (ii) convert into a corporation, partnership, limited partnership, limited liability company or trust organized under the laws of the jurisdiction of organization of such Guarantor, in each case without regard to the requirements set forth in clause (1) of the preceding paragraph.

The Note Guarantee of Parent will automatically and unconditionally be released without the need for any further action by any party upon written notice from the Issuer to the trustee. The Note Guarantee of a Subsidiary Guarantor will automatically and unconditionally be released without the need for any action by any party:

(1) in connection with any sale or other disposition of Capital Stock of a Subsidiary Guarantor (including by way of consolidation or merger or otherwise) to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of the Issuer, such that, immediately after giving effect to such transaction, such Guarantor would no longer constitute a Subsidiary of the Issuer, if the sale of such Capital Stock of that Subsidiary Guarantor complies with the covenants described above under the caption “— Repurchase at the Option of Holders — Asset Sales” and “— Certain Covenants — Restricted Payments”;

(2) in connection with the merger or consolidation of a Subsidiary Guarantor with any other Subsidiary Guarantor;

(3) in the event of the release of the guarantee under the ABL Credit Facility of a Subsidiary Guarantor that is not (a) a Wholly Owned Domestic Subsidiary or (b) a Restricted Subsidiary that guarantees Indebtedness of the Issuer or any Subsidiary Guarantor;

(4) if the Issuer properly designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary under the indenture;

(5) upon the Legal Defeasance or Covenant Defeasance or satisfaction and discharge of the indenture;

(6) solely in the case of a Note Guarantee created pursuant to the provision described in the second paragraph under the caption “— Guarantees”, upon the release or discharge of the Guarantee which resulted in

the creation of such Note Guarantee pursuant to the covenant described under the caption “— Guarantees”, except a discharge or release by or as a result of payment under such Guarantee”; or

(7) upon a liquidation or dissolution of a Subsidiary Guarantor permitted under the indenture.

In addition, the Note Guarantee of any Subsidiary Guarantor will be released in connection with a sale of all of the assets of such Subsidiary Guarantor in a transaction that complies with the conditions in the third paragraph under the caption “— Guarantees” above. Also, notwithstanding any other provision in the indenture, any Restricted Subsidiary of the Issuer (including any Subsidiary Guarantor) may be liquidated at any time, so long as all assets owned by such entity which constitute Collateral remain Collateral owned by the Issuer or a Subsidiary Guarantor following any such liquidation.

### ***Reports***

Whether or not the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any notes are outstanding, the Issuer will furnish to the holders of notes or cause the trustee to furnish to the holders of notes or post on its website or file with the Commission for public availability:

(1) all quarterly and annual reports that would be required to be filed with the Commission on Forms 10-Q and 10-K if the Issuer were required to file such reports, including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and, with respect to the annual information only, a report (whether or not unqualified) thereon by the Issuer’s certified independent accountants, which reports shall be filed (a) in the case of quarterly reports, within 15 days after the time period specified in the Commission’s rules and regulations and (b) in the case of annual reports, within 30 days after the time period specified in the Commission’s rules and regulations; and

(2) as soon as practicable, and in any event 5 days after the time periods specified in the Commission’s rules and regulations, all current reports that would be required to be filed with the Commission on Form 8-K if the Issuer were required to file such reports;

*provided, however*, that if the last day of any such time period is not a business day, such report will be due on the next succeeding business day.

All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports, except that such reports will not be required to contain separate financial information for Subsidiary Guarantors or Subsidiaries whose securities are pledged to secure the notes that would be required under Rule 3-10 or Rule 3-16 of Regulation S-X promulgated by the Commission, except to the extent required by the rules and regulations of the Commission actually applicable to the Issuer at such time.

If, at any time after consummation of the exchange offer contemplated by the registration rights agreement, the Issuer is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Issuer will nevertheless continue filing the reports specified in the preceding paragraphs of this covenant with the Commission within the time periods specified above unless the Commission will not accept such a filing. The Issuer will not take any action for the purpose of causing the Commission not to accept any such filings. If, notwithstanding the foregoing, the Commission will not accept the Issuer’s filings for any reason, the Issuer will post the reports referred to in the preceding paragraphs on its website within the time periods specified above.

If the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraphs will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management’s Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

In the event that (1) the rules and regulations of the Commission permit the Issuer and Parent, or any other direct or indirect parent of the Issuer, to report at such parent entity’s level on a consolidated basis and (2) such parent entity of the Issuer is not engaged in any business in any material respect other than incidental to its

ownership, directly or indirectly, of the Capital Stock of the Issuer, the information and reports required by this covenant may be those of such parent company on a consolidated basis.

Notwithstanding the foregoing, prior to completion of the exchange offer or effectiveness of the shelf registration statement contemplated by the exchange and registration rights agreements, the requirements above will be deemed satisfied (1) by the filing with the Commission of the exchange offer registration statement or shelf registration statement and any amendments thereto, within the time periods set forth above, with such financial information that satisfies Regulation S-X of the Securities Act or (2) by posting reports that would be required to be filed substantially in the form required by the Commission on the Issuer's website (or the website of Parent or other direct or indirect parent of the Issuer) or providing such reports to the trustee, subject to exceptions consistent with the presentation of financial information in this prospectus.

In addition, the Issuer and the Guarantors agree that, for so long as any notes remain outstanding, if at any time they are not required to file with the Commission the reports required by the preceding paragraphs, they will furnish to the holders of notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with any of its agreements set forth under this covenant for purposes of clause (4) under "Events of Default and Remedies" until 90 days after the date any report required to be provided by this covenant is due.

### **Events of Default and Remedies**

Each of the following is an Event of Default:

- (1) default for 30 consecutive days in the payment when due of interest on, or Special Interest with respect to, the notes;
- (2) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the notes;
- (3) failure by the Issuer or any of its Restricted Subsidiaries to comply with the provisions described under the captions "— Repurchase at the Option of Holders — Change of Control", "— Repurchase at the Option of Holders — Asset Sales", or "— Certain Covenants — Merger, Consolidation or Sale of Assets" or the provisions described in the third paragraph under the caption "— Certain Covenants — Guarantees" for 30 days after written notice by the trustee or holders representing 25% or more of the aggregate principal amount of notes outstanding;
- (4) failure by the Issuer or any of its Restricted Subsidiaries for 60 days after written notice by the trustee or holders representing 25% or more of the aggregate principal amount of notes outstanding to comply with any of the agreements in the indenture or the security documents for the benefit of the holders of the notes other than those referred to in clauses (1)-(3) above;
- (5) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any of the Issuer's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Issuer that together would constitute a Significant Subsidiary of the Issuer), or the payment of which is guaranteed by the Issuer or any of the Issuer's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Issuer that together would constitute a Significant Subsidiary of the Issuer), whether such Indebtedness or Guarantee now exists, or is created after December 21, 2009, if that default:
  - (a) is caused by a failure to make any payment when due at the final maturity of such Indebtedness (after giving effect to any applicable grace period) (a "Payment Default"); or
  - (b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$50.0 million or more;

(6) failure by the Issuer or any of the Issuer's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Issuer that together would constitute a Significant Subsidiary of the Issuer) to pay non-appealable final judgments aggregating in excess of \$50.0 million (excluding amounts covered by insurance provided by a carrier that has acknowledged coverage and has the ability to perform), which judgments are not paid, discharged or stayed for a period of more than 60 days after such judgments have become final and non-appealable and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(7) the occurrence of any of the following:

(a) any security document for the benefit of holders of the notes is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect in any material respect, other than in accordance with the terms of the relevant security documents; or

(b) except as permitted by the indenture, any Priority Lien for the benefit of holders of the notes purported to be granted under any security document for the benefit of holders of the notes on Collateral, individually or in the aggregate, having a fair market value in excess of \$50.0 million ceases to be an enforceable and perfected first-priority Lien in any material respect, subject only to Permitted Prior Liens, and such condition continues for 60 days after written notice by the trustee or the collateral trustee of failure to comply with such requirement; provided that it will not be an Event of Default under this clause 7(b) if such condition results from the action or inaction of the trustee or the collateral trustee; or

(c) the Issuer or any Significant Subsidiary that is a Subsidiary Guarantor (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary), or any Person acting on behalf of any of them, denies or disaffirms, in writing, any material obligation of the Issuer or such Significant Subsidiary that is a Guarantor (or such Subsidiary Guarantors that together constitute a Significant Subsidiary) set forth in or arising under any security document for the benefit of holders of the notes;

(8) except as permitted by the indenture, any Note Guarantee of a Subsidiary Guarantor that is a Significant Subsidiary of the Issuer (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary) shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect in any material respect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm in writing its obligations under its Note Guarantee if, and only if, in each such case, such Default continues for 21 days after notice of such Default shall have been given to the trustee; and

(9) certain events of bankruptcy or insolvency with respect to the Issuer or any Significant Subsidiary of the Issuer (or any Restricted Subsidiaries of the Issuer that together would constitute a Significant Subsidiary).

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer or any Significant Subsidiary of the Issuer (or any group of Restricted Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary), all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding notes may declare all the notes to be due and payable immediately by notice in writing to the Issuer specifying the Event of Default(s).

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from holders of the notes notice of any Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest or premium, if any, or Special Interest, if any) if it determines that withholding notice is in their interest. In addition, the trustee shall have no obligation to accelerate the notes if in the best judgment of the trustee acceleration is not in the best interest of the holders of the notes.

In the event of any Event of Default specified in clause (5) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the notes) shall be

annulled, waived and rescinded, automatically and without any action by the trustee or the holders, if within 20 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;
- (2) the holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the holders of all of the notes waive any existing Default or Event of Default and its consequences under the indenture or the security documents except a continuing Default or Event of Default in the payment of interest or Special Interest, if any, on, premium, if any, on, or the principal of, the notes and may rescind any acceleration with respect to the notes and its consequences (provided such rescission would not conflict with any judgment of a court of competent jurisdiction). No such rescission shall affect any subsequent default or impair any right consequent thereon. The holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee. However, the trustee may refuse to follow any direction that conflicts with law or the indenture, that may involve the trustee in personal liability, or that the trustee determines in good faith may be unduly prejudicial to the rights of holders of notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from holders of notes. A holder may not pursue any remedy with respect to the indenture or the notes unless each of the following conditions is met:

- (1) the holder gives the trustee written notice of a continuing Event of Default;
- (2) the holders of at least 25% in aggregate principal amount of outstanding notes make a written request to the trustee to pursue the remedy;
- (3) such holder or holders offer the trustee indemnity, security or prefunding reasonably satisfactory to the trustee against any costs, loss, liability or expense;
- (4) the trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding notes do not give the trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any holder of a note to receive payment of the principal of, premium, if any, or Special Interest, if any, or interest on, such note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the notes, which right shall not be impaired or affected without the consent of the holder, except to the extent that the institution or prosecution thereof or the entry of judgment thereon would, under applicable law, result in the surrender, impairment, waiver or loss of any Lien of a security document upon any property subject to such Lien.

The Issuer is required to deliver to the trustee annually within 120 days after the end of each fiscal year a statement regarding compliance with the indenture. Within 30 days of becoming aware of any Default or Event of Default, the Issuer is required to deliver to the trustee a statement specifying such Default or Event of Default unless such Default or Event of Default has been cured before the end of the 30 day period.

In addition to acceleration of maturity of the notes, if an Event of Default occurs and is continuing, the trustee, the collateral trustee and/or the holders of the notes will have the right to exercise remedies with respect to the Collateral, such as foreclosure, as are available under the indenture, the security documents and at law.

#### **No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders**

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, or of Parent or any other direct or indirect parent of the Issuer, shall have any liability for any obligations of the Issuer or the Guarantors under the notes, the indenture, the Note Guarantees or the note documents or for any claim based on, in

respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

### **Legal Defeasance and Covenant Defeasance**

The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes and all obligations of the Guarantors discharged with respect to their Note Guarantees (“*Legal Defeasance*”) and cure all then existing Events of Default except for:

- (1) the rights of holders of outstanding notes to receive payments in respect of the principal of, or interest or premium and Special Interest, if any, on such notes when such payments are due from the trust referred to below;
- (2) the Issuer’s obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the trustee, and the Issuer’s and the Guarantors’ obligations in connection therewith;
- (4) the Legal Defeasance provisions of the indenture; and
- (5) the optional redemption provisions of the indenture to the extent that Legal Defeasance is to be effected together with a redemption.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants that are described in the indenture (“*Covenant Defeasance*”) and thereafter any omission to comply with those covenants shall not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under “Events of Default and Remedies” will no longer constitute Events of Default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, a nationally recognized investment bank or a nationally recognized appraisal or valuation firm, to pay the principal of, or interest and premium and Special Interest, if any, on the outstanding notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the notes are being defeased to maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Issuer shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that, subject to customary assumptions and exclusions, (a) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since December 21, 2009, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that, subject to customary assumptions and exclusions, the holders of the outstanding notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;



(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from borrowing funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture) to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound (other than that resulting with respect to any Indebtedness being defeased from any borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to such Indebtedness, and the granting of Liens in connection therewith);

(6) the Issuer must deliver to the trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or others;

(7) if the notes are to be redeemed prior to their Stated Maturity, the Issuer must deliver to the trustee irrevocable instructions to redeem all of the notes on the specified redemption date; and

(8) the Issuer must deliver to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

The Collateral will be released from the Lien securing the notes, as provided under the caption "— The Collateral Trust Agreement — Release of Liens in Respect of Notes", upon a Legal Defeasance or Covenant Defeasance in accordance with the provisions described above.

### **Amendment, Supplement and Waiver**

Except as provided in the next three succeeding paragraphs, the indenture, the notes, the Note Guarantees, or the security documents relating to the notes (subject to compliance with the intercreditor agreement and the collateral trust agreement) may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing Default or Event of Default or compliance with any provision of the indenture, the notes, the Note Guarantees or the security documents relating to the notes may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes).

Without the consent of each holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting holder):

(1) reduce the percentage of the aggregate principal amount of notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of, or change the Stated Maturity of, any note or alter the provisions, or waive any payment, with respect to the redemption of such notes (other than provisions relating to the covenants described under "— Repurchase at the Option of Holders" (except to the extent provided in clause (9) below));

(3) reduce the rate of, or change the time for, payment of interest on any note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, or Special Interest, if any, on the notes (except a rescission of acceleration of the notes by the holders of at least a majority in aggregate principal amount of the notes and a waiver of the payment default that resulted from such acceleration); (5) make any note payable in money other than U.S. dollars;

(6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of holders of notes to receive payments of principal of, or interest or premium, if any, or Special Interest, if any, on the notes;



(7) release any Guarantor from any of its obligations under its Note Guarantee or the indenture, except in accordance with the terms of the indenture or the Note Guarantees;

(8) impair the right of any holder to institute suit for the enforcement of any payment on or with respect to such holder's notes or the Note Guarantees;

(9) amend, change or modify the obligation of the Issuer to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with the covenant described under the caption "— Repurchase at the Option of Holders — Asset Sales" after the obligation to make such Asset Sale Offer has arisen, or the obligation of the Issuer to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with the covenant described under the caption "— Repurchase at the Option of Holders — Change of Control" after such Change of Control has occurred, including, in each case, amending, changing or modifying any definition relating thereto; or

(10) make any change in the amendment and waiver provisions, except to increase any such percentage required for such actions or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected thereby.

In addition, any amendment to, or waiver of, the provisions of the indenture or any security document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the notes will require the consent of the holders of at least 6 2/3% in aggregate principal amount of the notes then outstanding (but only to the extent any such consent is required under the Collateral Trust Agreement).

Notwithstanding the preceding, without notice to or the consent of any holder of notes, the Issuer, the Guarantors and the trustee may amend or supplement the indenture, the notes, the Note Guarantees or the security documents relating to the notes to:

(1) cure any ambiguity, omission, mistake, defect or inconsistency;

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

(3) provide for the assumption of the Issuer's or any Guarantor's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of such issuer's or Guarantor's assets;

(4) make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights of such holder under the indenture in any material respect;

(5) comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;

(6) comply with the provisions described under "— Certain Covenants — Guarantees";

(7) conform the text of the indenture, the notes, the Note Guarantees or any security document to any provision of this Description of Exchange Notes to the extent that such provision in this

Description of Exchange Notes was intended to be a verbatim recitation of the indenture, the notes, the Note Guarantees or any security document;

(8) evidence and provide for the acceptance of appointment by a successor trustee, provided that the successor trustee is otherwise qualified and eligible to act as such under the terms of the indenture, or evidence and provide for a successor or replacement collateral trustee under the security documents;

(9) provide for the issuance of additional notes (and the grant of security for the benefit of the additional notes) in accordance with the terms of the indenture and the collateral trust agreement;

(10) make, complete or confirm any grant of Collateral permitted or required by the indenture or any of the security documents or any release, termination or discharge of Collateral that becomes effective as set forth in the indenture or any of the security documents;

(11) grant any Lien for the benefit of the holders of any future Subordinated Lien Debt or any present or future Priority Lien Debt in accordance with the terms of the indenture and the collateral trust agreement;

(12) add additional secured parties to the extent Liens securing obligations held by such parties are permitted under the indenture;

(13) mortgage, pledge, hypothecate or grant a security interest in favor of the collateral agent for the benefit of the trustee and the holders of the notes as additional security for the payment and performance of the Issuer's and any Guarantor's obligations under the indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the trustee or the collateral trustee in accordance with the terms of the indenture or otherwise;

(14) provide for the succession of any parties to the security documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of any agreement in accordance with the terms of the indenture and the relevant security document;

(15) provide for a reduction in the minimum denominations of the notes;

(16) add a Guarantor or other guarantor under the indenture or release a Guarantor in accordance with the terms of the indenture;

(17) add covenants for the benefit of the holders or surrender any right or power conferred upon the Issuer or any Guarantor;

(18) make any amendment to the provisions of the indenture relating to the transfer and legending of notes as permitted by the indenture, including, without limitation, to facilitate the issuance and administration of the notes, *provided* that compliance with the indenture as so amended may not result in notes being transferred in violation of the Securities Act or any applicable securities laws;

(19) provide for the assumption by one or more successors of the obligations of any of the Guarantors under the indenture and the Note Guarantees;

(20) provide for the issuance of exchange notes in accordance with the terms of the indenture; or

(21) comply with the rules of any applicable securities depository.

The consent of the holders of the notes is not necessary under the indenture to approve the particular form of any proposed amendment. It is sufficient if the consent approves the substance of the proposed amendment.

#### **Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder, when:

(1) either:

(a) all notes that have been authenticated (except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the trustee for cancellation; or

(b) all notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium, if any, and Special Interest, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to the indenture and the notes issued thereunder on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than any such default resulting from any borrowing of funds to be applied to make the deposit and any similar simultaneous deposit relating to other Indebtedness, and the granting of Liens in connection therewith);

(3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the indenture and not provided for by the deposit required by clause 1(b) above; and

(4) the Issuer has delivered irrevocable instructions to the trustee under the indenture to apply the deposited money toward the payment of the notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an Opinion of Counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

The Collateral will be released from the Lien securing the notes, as provided under the caption "— The Collateral Trust Agreement — Release of Liens in Respect of Notes", upon a satisfaction and discharge in accordance with the provisions described above.

### **Concerning the Trustee**

U.S. Bank National Association is the trustee under the indenture and has been appointed by the Issuer as paying agent and registrar with respect to the notes.

If the trustee becomes a creditor of the Issuer or any Guarantor, the indenture limits its right, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee is permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The indenture provides that in case an Event of Default shall occur and be continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder shall have offered to the trustee security, indemnity or prefunding satisfactory to it against any loss, liability or expense.

### **Book-Entry, Delivery and Form**

Except as set forth below, the notes will be issued in registered, global form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes may be issuable from time to time in denominations of less than \$2,000 solely to the extent necessary to accommodate book-entry positions that have been created in denominations of less than \$2,000 by DTC.

Except as set forth below, global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in global notes may not be exchanged for definitive notes in registered certificated form ("*Certificated Notes*") *except in the limited circumstances described below. See "— Exchange of Global Notes for Certificated Notes". Except in the limited circumstances described below, owners of beneficial interests in global notes will not be entitled to receive physical delivery of notes in certificated form.*

Transfers of beneficial interests in global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

## Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer and the Guarantors take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Issuer that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “*Participants*”) and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “*Indirect Participants*”). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Issuer that, pursuant to procedures established by it:

- (1) upon deposit of the global notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the global notes; and
- (2) ownership of these interests in the global notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the global notes).

All interests in a global note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a global note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a global note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

**Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or “holders” thereof under the indenture for any purpose.**

Payments in respect of the principal of, and interest (including Special Interest, if any) and premium, if any, on, a global note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Issuer and the trustee will treat the Persons in whose names the notes, including the global notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the trustee nor any agent of the Issuer or the trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC’s records or any Participant’s or Indirect Participant’s records relating to or payments made on account of beneficial ownership interest in the global notes or for maintaining, supervising or reviewing any of DTC’s records or any Participant’s or Indirect Participant’s records relating to the beneficial ownership interests in the global notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or the Issuer. Neither the Issuer nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and the Issuer and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositories; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the global notes 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. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the global notes for legended notes in certificated form, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Issuer, the trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

#### **Exchange of Global Notes for Certificated Notes**

A global note is exchangeable for Certificated Notes if:

- (1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the global notes and the Issuer fails to appoint a successor depository within ninety (90) days of delivery of such notice or (b) has ceased to be a clearing agency registered under the Exchange Act and the Issuer fails to appoint a successor depository within ninety (90) days of delivery of such notice;
- (2) the Issuer, at its option, notifies the trustee in writing that it elects to cause the issuance of the Certificated Notes; or
- (3) there has occurred and is continuing a Default or Event of Default with respect to the notes and a Holder requests that its global note be exchanged for a Certificated Note.

In addition, beneficial interests in a global note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes

delivered in exchange for any global note or beneficial interests in global notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Notice to Investors” in the offering memorandum dated December 16, 2009 or February 8, 2010, respectively, unless that legend is not required by applicable law.

#### **Exchange of Certificated Notes for Global Notes**

Certificated Notes may not be exchanged for beneficial interests in any global note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

#### **Same-Day Settlement and Payment**

The Issuer will make payments in respect of the notes represented by the global notes, including principal, premium, if any, and interest (including Special Interest, if any), by wire transfer of immediately available funds to the accounts specified by the holder of the global note. The Issuer will make all payments of principal, interest (including Special Interest, if any) and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder’s registered address. The notes represented by the global notes are expected to be eligible to trade in DTC’s Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC’s settlement date.

#### **Certain Definitions**

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

“*ABL Credit Facility*” means that certain \$900,000,000 Revolving Loan Credit Agreement, dated as of October 31, 2007, as amended by the First Amendment, dated as of December 21, 2009, among the Issuer (f/k/a McJunkin Corporation), the several lenders from time to time party thereto, Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as co-lead arrangers and joint bookrunners, The CIT Group/Business Credit Inc., as administrative agent and co-collateral agent, Bank of America, N.A., as co-collateral agent and syndication agent, and JPMorgan Chase Bank, N.A., Wachovia Bank, N.A., and PNC Bank, National Association, as co-documentation agents, and any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as further amended, restated, adjusted, waived, renewed, modified, refunded, replaced, restated, restructured, increased, supplemented or refinanced in whole or in part from time to time, regardless of whether such amendment, restatement, adjustment, waiver, modification, renewal, refunding, replacement, restatement, restructuring, increase, supplement or refinancing is with the same financial institutions (whether as agents or lenders) or otherwise and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, or other commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

“*ABL Debt*” means



(1) Indebtedness outstanding under the ABL Credit Facility on December 21, 2009 or incurred from time to time after such date under the ABL Credit Facility; and

(2) additional Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of the Issuer or any Subsidiary Guarantor secured by Liens on ABL Priority Collateral; *provided*, in the case of any additional Indebtedness referred to in this clause (2), that:

(a) on or before the date on which such additional Indebtedness is incurred by the Issuer or such Guarantor, as applicable, such additional Indebtedness is designated by the Issuer, in an Officers' Certificate delivered to the collateral trustee, as "ABL Debt" for purposes of the Secured Debt Documents; *provided*, that such Indebtedness may not be designated as both ABL Debt and Priority Lien Debt, or designated as both ABL Debt and Subordinated Lien Debt; and

(b) the collateral agent or other representative with respect to such Indebtedness, the ABL Collateral Agent, the collateral trustee, the Issuer and each applicable Guarantor have duly executed and delivered the intercreditor agreement (or a joinder to the intercreditor agreement or a new intercreditor agreement substantially similar to the intercreditor agreement, as in effect on December 21, 2009, and in a form reasonably acceptable to each of the parties thereto).

"*ABL Debt Documents*" means the ABL Credit Facility, any additional credit agreement or indenture related thereto and all other loan documents, security documents, notes, guarantees, instruments and agreements governing or evidencing, or executed or delivered in connection with, the ABL Credit Facility, as such agreements or instruments may be amended or supplemented from time to time.

"*ABL Debt Obligations*" means ABL Debt incurred or arising under the ABL Debt Documents and all other Obligations (excluding any Obligations that would constitute ABL Debt) in respect thereof, together with (1) Banking Product Obligations of the Issuer or any Subsidiary Guarantor relating to services provided to the Issuer or any Guarantor that are secured, or intended to be secured, by the ABL Debt Documents if the provider of such Banking Product Obligations has agreed to be bound by the terms of the intercreditor agreement or such provider's interest in the ABL Priority Collateral is subject to the terms of the intercreditor agreement; and (2) Hedging Obligations that are secured, or intended to be secured, under the ABL Debt Documents if the provider of such Hedging Obligations has agreed to be bound by the terms of the intercreditor agreement or such provider's interest in the ABL Priority Collateral is subject to the terms of the intercreditor agreement.

"*ABL Lien Cap*" means, as of any date of determination, the greater of (1) \$1.25 billion and (2) the amount of the Borrowing Base as of such date, after giving *pro forma* effect to the incurrence of any ABL Debt and the application of the net proceeds therefrom.

"*ABL Priority Collateral*" means all accounts, inventory or documents of title, customs receipts, insurance certificates, shipping documents and other written materials related to the purchase or import of any inventory, all letter of credit rights, chattel paper, instruments, investment property and general intangibles pertaining to the foregoing, deposit accounts (other than the "Net Available Cash Account" (as defined in the intercreditor agreement), to the extent that it constitutes a deposit account) and securities accounts (other than the "Net Available Cash Account" (as defined in the intercreditor agreement), to the extent it constitutes a securities account), including all cash, marketable securities, securities entitlements, financial assets and other funds held in or on deposit in any of the foregoing, all records, "supporting obligations" (as defined in Article 9 of the UCC) and related letters of credit, commercial tort claims or other claims and causes of action, in each case, to the extent not primarily related to the Notes Priority Collateral and, to the extent not otherwise included, all substitutions, replacements, accessions, products and proceeds (including, without limitation, insurance proceeds, investment property, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing, in each case held by the Issuer and the Subsidiary Guarantors, other than the Excluded ABL Assets.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into, or becomes a Subsidiary of, such specified Person, whether or not such Indebtedness is incurred in connection



with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by the specified Person.

*“Act of Required Debtholders”* means, as to any matter at any time:

(1) prior to the Discharge of Priority Lien Obligations, a direction in writing delivered to the collateral trustee by or with the written consent of the holders of at least 50.1% of the sum of:

(a) the aggregate outstanding principal amount of Priority Lien Debt (including outstanding letters of credit whether or not then drawn); and

(b) other than in connection with the exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Priority Lien Debt; and

(2) at any time after the Discharge of Priority Lien Obligations, a direction in writing delivered to the collateral trustee by or with the written consent of the holders of Subordinated Lien Debt representing the Required Subordinated Lien Debtholders.

For purposes of this definition, (a) Secured Debt registered in the name of, or beneficially owned by, the Issuer or any Affiliate of the Issuer will be deemed not to be outstanding, and (b) votes will be determined in accordance with the provisions described above under the caption *“— The Collateral Trust Agreement — Voting”*.

*“Affiliate”* of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, *“control”*, as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms *“controlling”*, *“controlled by”* and *“under common control with”* shall have correlative meanings.

*“Applicable Premium”* means, with respect to any note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the note at December 15, 2012 (such redemption price being set forth in the table appearing above under the caption *“— Optional Redemption”*), *plus* (ii) all required interest payments due on the note through December 15, 2012 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date *plus* 50 basis points; over

(b) the principal amount of the note.

*“Asset Sale”* means:

(1) the sale, lease (other than operating leases in the ordinary course of business), conveyance or other disposition of any property or assets, other than Equity Interests of the Issuer; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and the Issuer’s Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption *“— Repurchase at the Option of Holders — Change of Control”* and/or the provisions described above under the caption *“— Certain Covenants — Merger, Consolidation or Sale of Assets”* and not by the provisions of the covenant described under the caption *“— Repurchase at the Option of Holders — Asset Sales”*; and

(2) the issuance of Equity Interests by any of the Issuer’s Restricted Subsidiaries or the sale by the Issuer or any Restricted Subsidiary thereof of Equity Interests in any of its Restricted Subsidiaries (other than directors’ qualifying shares).

Notwithstanding the preceding, the following items shall be deemed not to be Asset Sales:

- (1) any single transaction or series of related transactions that involves property or assets having a fair market value of less than \$15.0 million;
- (2) a transfer of property or assets between or among the Issuer and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Issuer to the Issuer or to another Restricted Subsidiary thereof;
- (4) the sale, lease, assignment, license or sublease of equipment, inventory, accounts receivable or other assets in the ordinary course of business (including, without limitation, any ABL Priority Collateral);
- (5) the sale or other disposition of cash or Cash Equivalents;
- (6) a Restricted Payment that is permitted by the covenant described above under the caption “— Certain Covenants — Restricted Payments” or a Permitted Investment;
- (7) any sale, exchange or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable or unnecessary for use in connection with the business of the Issuer or its Restricted Subsidiaries;
- (8) the licensing or sub-licensing of intellectual property in the ordinary course of business or consistent with past practice;
- (9) any sale or other disposition deemed to occur with creating, granting or perfecting a Lien not otherwise prohibited by the indenture or the note documents;
- (10) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;
- (11) the surrender or waiver of contract rights or settlement, release or surrender of a contract, tort or other litigation claim in the ordinary course of business;
- (12) foreclosures, condemnations or any similar action on assets;
- (13) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business; and
- (14) the sale of Non-Core Assets.

“*Asset Sale Offer*” has the meaning assigned to that term in the indenture governing the notes.

“*Attributable Debt*” in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

“*Banking Product Obligations*” means, with respect to the Issuer or any Subsidiary Guarantor, any obligations of the Issuer or such Guarantor owed to any Person in respect of treasury management services (including, without limitation, services in connection with operating, collections, payroll, trust or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lock-box and stop payment services), commercial credit card and merchant card services, stored valued card services, other cash management services or lock-box leases and other banking products or services related to any of the foregoing.

“*Bankruptcy Code*” means Title 11 of the United States Code.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms “*Beneficially Owns*” and “*Beneficially Owned*” shall have a corresponding meaning.

*“Board of Directors”* means:

- (1) with respect to a corporation, the board of directors of the corporation;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

*“Borrowing Base”* means, as of any date, an amount equal to:

- (1) 85% of the face amount of all accounts receivable owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent month preceding such date for which internal financial statements are available that were not more than 180 days past due; plus
- (2) 65% of the book value of all inventory owned by the Issuer and its Restricted Subsidiaries as of the end of the most recent fiscal month preceding such date for which internal financial statements are available.

*“Business Day”* means any day other than a Legal Holiday.

*“Capital Lease Obligation”* means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

*“Capital Stock”* means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

*“Cash Equivalents”* means:

- (1) United States dollars;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than two years from the date of acquisition;
- (3) time deposits, demand deposits, money market deposits, certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year from the date of acquisition and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of \$250.0 million (or \$100.0 million in the case of a non-U.S. bank);
- (4) repurchase obligations for underlying securities of the types described in clauses (2), (3) and (7) entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper rated at least P-1 by Moody’s Investors Service, Inc. or at least A-1 by Standard & Poor’s Rating Services (or, if at any time neither Moody’s nor S&P shall be rating such obligations, an equivalent rating from another rating agency) and in each case maturing within two years after the date of acquisition;
- (6) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody’s or S&P, respectively, or liquidity funds or other similar money market mutual funds, with a rating of at least Aaa by Moody’s or AAa by S&P (or, if at any time neither Moody’s nor S&P shall be rating such obligations, an equivalent rating from another rating agency);

(7) securities issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority of any such state, commonwealth or territory or any public instrumentality thereof, maturing within two years from the date of acquisition thereof and having an investment grade rating from Moody's Investors Service, Inc. or Standard & Poor's Rating Services;

(8) money market funds (or other investment funds) at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition;

(9) (a) euros or any national currency of any participating member state of the EMU;

(b) local currency held by the Issuer or any of its Restricted Subsidiaries from time to time in the ordinary course of business;

(c) securities issued or directly and fully guaranteed by the sovereign nation or any agency thereof (*provided* that the full faith and credit of such sovereign nation is pledged in support thereof) in which the Issuer or any of its Restricted Subsidiaries is organized or is conducting business having maturities of not more than one year from the date of acquisition; and

(d) investments of the type and maturity described in clauses (3) through (8) above of foreign obligors, which investments or obligors satisfy the requirements and have ratings described in such clauses.

"*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 the Issuer and its Restricted Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than one or more Permitted Holders;

(2) the adoption of a plan relating to the liquidation or dissolution of the Issuer (unless, after such liquidation or dissolution, Parent assumes all of the obligations of the Issuer under the indenture and the security documents for the benefit of holders of the notes as provided thereunder);

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, has become the ultimate Beneficial Owner, directly or indirectly, of 50% or more of the voting power of the Voting Stock of the Issuer; or

(4) the first day on which a majority of the members of the Board of Directors of the Issuer or the Parent are not Continuing Directors.

"*Change of Control Offer*" has the meaning assigned to that term in the indenture governing the notes.

"*Class*" means (1) in the case of Subordinated Lien Debt, every Series of Subordinated Lien Debt, taken together, and (2) in the case of Priority Lien Debt, every Series of Priority Lien Debt, taken together.

"*Collateral*" means the Notes Priority Collateral and the ABL Priority Collateral.

"*Collateral Trustee*" means U.S. Bank National Association, in its capacity as collateral trustee under the collateral trust agreement, together with its successors in such capacity.

"*Commission*" means the United States Securities and Exchange Commission and any successor organization.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication:

(1) provision for taxes based on income or profits or capital gains of such Person and its Restricted Subsidiaries for such period, including without limitation state, franchise and similar taxes and foreign withholding taxes of such Person and its Restricted Subsidiaries paid or accrued during such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(2) Fixed Charges of such Person and its Restricted Subsidiaries for such period (including without limitation (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of

hedging interest rate risk and (y) costs of surety bonds in connection with financing activities), to the extent that any such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(3) depreciation and amortization (including amortization or impairment write-offs of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation and amortization was deducted in computing such Consolidated Net Income; *plus*

(4) any other non-cash expenses or charges, including any impairment charge or asset write-offs or write-downs related to intangible assets (including goodwill), long-lived assets and Investments in debt and equity securities pursuant to GAAP, reducing Consolidated Net Income for such period (*provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated Cash Flow to such extent, and excluding amortization of a prepaid cash expense or charge that was paid in a prior period); *plus*

(5) the amount of any integration costs or other business optimization expenses or costs deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions and costs related to the closure and/or consolidation of facilities; *plus*

(6) the amount of any minority interest expense consisting of income of a Restricted Subsidiary attributable to minority equity interests of third parties in any non-Wholly Owned Restricted Subsidiary deducted (and not added back) in such period in calculating Consolidated Net Income; *plus*

(7) the amount of management, monitoring, consulting and advisory fees and related expenses (if any) paid in such period to the Principals to the extent otherwise permitted under the terms of the indenture; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income of any Person, other than the specified Person, that is not a Restricted Subsidiary of the specified Person or that is accounted for by the equity method of accounting shall not be included, except that Consolidated Net Income shall be increased by the amount of dividends or distributions or other payments that are paid in cash (or to the extent converted into cash) or Cash Equivalents to the specified Person or a Restricted Subsidiary thereof during such period;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause 3(a) of the first paragraph under “— Certain Covenants — Restricted Payments”, the Net Income of any Restricted Subsidiary (other than any Subsidiary Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its equityholders, unless such restrictions with respect to the declaration and payment of dividends or distributions have been properly waived for such entire period; *provided* that Consolidated Net Income will be increased by the amount of dividends or other distributions or other payments paid in cash (or to the extent converted into cash) or Cash Equivalents to the Issuer or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(3) the cumulative effect of a change in accounting principles shall be excluded;

(4) any amortization of fees or expenses that have been capitalized shall be excluded;

(5) non-cash charges relating to employee benefit or management compensation plans of the Issuer or any Restricted Subsidiary thereof or any non-cash compensation charge arising from any grant of stock, stock

options or other equity-based awards for the benefit of the members of the Board of Directors of Parent or the Issuer or employees of Parent or the Issuer and its Restricted Subsidiaries shall be excluded (other than in each case any non-cash charge to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense incurred in a prior period);

(6) any non-recurring charges or expenses incurred in connection with the refinancing transactions shall be excluded;

(7) any non-cash restructuring charges, *plus* up to an aggregate of \$20.0 million of other restructuring charges in any fiscal year shall be excluded;

(8) any non-cash impairment charge or asset write-off, in each case pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP, shall be excluded;

(9) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (a) any sale of assets outside the ordinary course of business of such Person or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness or Hedging Obligations or other derivative instruments of such Person or any of its Restricted Subsidiaries, shall, in each case, be excluded;

(10) any after-tax effect of income (loss) from disposed, abandoned, transferred, closed or discontinued operations and any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed or discontinued operations shall, in each case, be excluded;

(11) any extraordinary, non-recurring or unusual gain or loss or expense, together with any related provision for taxes, shall be excluded;

(12) the effects of adjustments in the property, plant and equipment, inventories, goodwill, intangible assets and debt line items in such Person's consolidated financial statements pursuant to GAAP resulting from the application of purchase accounting in relation to the refinancing transactions or any acquisition or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(13) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, disposition, recapitalization, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, financing transaction or amendment or modification of any debt instrument (including, in each case, any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, shall be excluded; and

(14) accruals and reserves that are established or adjusted by December 21, 2010 that are so required to be established or adjusted as a result of the refinancing transactions in accordance with GAAP shall be excluded.

"*Consolidated Total Assets*" of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, as of the end of the most recently ended fiscal quarter for which internal financial statements are available.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Issuer or Parent, as the case may be, who:

(1) was a member of such Board of Directors on December 21, 2009;

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election; or

(3) was nominated for election or elected to that Board of Directors by the Principals or their Related Parties.

*“Contribution Indebtedness”* means Indebtedness of the Issuer or any Subsidiary Guarantor in an aggregate principal amount equal to the aggregate amount of cash contributions (other than Excluded Contributions) made to the capital of the Issuer or such Subsidiary Guarantor after December 21, 2009; *provided that*:

- (1) such cash contributions have not been used to make a Restricted Payment, and
- (2) such Contribution Indebtedness (a) is incurred within 180 days after the making of such cash contributions and (b) is so designated as Contribution Indebtedness pursuant to an Officers’ Certificate on the incurrence date thereof.

*“Credit Facilities”* means one or more debt facilities (including, without limitation, the ABL Credit Facility), credit agreements, commercial paper facilities, note purchase agreements, indentures, or other agreements, in each case with banks, lenders, purchasers, investors, trustees, agents or other representatives of any of the foregoing, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables or interests in receivables to such lenders or other persons or to special purpose entities formed to borrow from such lenders or other persons against such receivables or sell such receivables or interests in receivables), letters of credit, notes or other borrowings or other extensions of credit, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, in each case, as amended, restated, modified, renewed, refunded, restated, restructured, increased, supplemented, replaced or refinanced in whole or in part from time to time, including any replacement, refunding or refinancing facility or agreement that increases the amount permitted to be borrowed thereunder or alters the maturity thereof or adds entities as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders, or otherwise.

*“Default”* means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

*“Designated Non-cash Consideration”* means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, executed by the principal financial officer of the Issuer, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

*“Designated Preferred Stock”* means preferred stock of the Issuer or any parent corporation thereof (in each case other than Disqualified Stock) that is issued for cash (other than to the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock pursuant to an Officer’s Certificate executed by the principal financial officer of the Issuer or the applicable parent corporation thereof, as the case may be, on the issuance date thereof.

*“Discharge of ABL Debt Obligations”* means the occurrence of all of the following:

- (1) termination or expiration of all commitments to extend credit that would constitute ABL Debt;
- (2) payment in full in cash of the principal of, and interest and premium, if any, on all ABL Debt (other than any undrawn letters of credit), other than from the proceeds of an incurrence of ABL Debt;
- (3) discharge or cash collateralization (at the lower of (A) 105% of the aggregate undrawn amount and (B) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable ABL Debt Document) of all outstanding letters of credit constituting ABL Debt; and
- (4) payment in full in cash of all other ABL Debt Obligations that are outstanding and unpaid at the time the ABL Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

*“Discharge of Priority Lien Obligations”* means the occurrence of all of the following:

- (1) termination or expiration of all commitments to extend credit that would constitute Priority Lien Debt;



(2) payment in full in cash of the principal of, and interest and premium, if any, and Special Interest, if any, on, all Priority Lien Debt (other than any undrawn letters of credit), other than from the proceeds of an incurrence of Priority Lien Debt;

(3) discharge or cash collateralization (at the lower of (A) 105% of the aggregate undrawn amount and (B) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit constituting Priority Lien Debt; and

(4) payment in full in cash of all other Priority Lien Obligations that are outstanding and unpaid at the time the Priority Lien Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

*“Disqualified Stock”* means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature; *provided*, however, that only the portion of the Capital Stock which so matures, is mandatorily redeemable or is redeemable at the option of the holder prior to such date shall be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a Change of Control (or similarly defined term) or an Asset Sale (or similarly defined term) shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “— Certain Covenants — Restricted Payments”. The term “Disqualified Stock” shall also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is 91 days after the date on which the notes mature. Disqualified Stock shall not include Capital Stock which is issued to any plan for the benefit of employees of the Issuer or its Subsidiaries or by any such plan to such employees solely because it may be required to be repurchased by the Issuer or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

*“Domestic Subsidiary”* means any Restricted Subsidiary of the Issuer that was formed under the laws of the United States or any state of the United States or the District of Columbia.

*“Equally and Ratably”* means, in reference to sharing of Liens or proceeds thereof as between holders of Secured Obligations within the same Class, that such Liens or proceeds:

(1) will be allocated and distributed first to the Secured Debt Representative for each outstanding Series of Priority Lien Debt or Subordinated Lien Debt within that Class, for the account of the holders of such Series of Priority Lien Debt or Subordinated Lien Debt, ratably in proportion to the principal of, and interest and premium (if any) and Special Interest (if any) and reimbursement obligations (contingent or otherwise) with respect to letters of credit, if any, outstanding (whether or not drawings have been made on such letters of credit and whether for payment or cash collateralization) on, each outstanding Series of Priority Lien Debt or Subordinated Lien Debt within that Class when the allocation or distribution is made, and thereafter; and

(2) will be allocated and distributed (if any remain after payment in full of all of the principal of, and interest and premium (if any) and reimbursement obligations (contingent or otherwise) with respect to letters of credit, if any, outstanding (whether or not drawings have been made on such letters of credit and whether for payment or cash collateralization) on all outstanding Secured Obligations within that Class) to the Secured Debt Representative for each outstanding Series of Priority Lien Debt or Subordinated Lien Debt within that Class, for the account of the holders of any remaining Secured Obligations within that Class, ratably in proportion to the aggregate unpaid amount of such remaining Secured Obligations within that Class due and demanded (with written notice to the applicable Secured Debt Representative and the collateral trustee) prior to the date such distribution is made.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Excluded ABL Assets*” means each of the following:

(1) Non-Core Assets;

(2) all “general intangibles” as such term is defined in Article 9 of the UCC, including “payment intangibles” also as such term is defined in Article 9 of the UCC, and, in any event, including with respect to the Issuer and any Subsidiary Guarantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which the Issuer or such Subsidiary Guarantor is a party or under which the Issuer or such Subsidiary Guarantor has any right, title or interest or to which the Issuer or such Subsidiary Guarantor or any property of the Issuer or such Subsidiary Guarantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including (a) all rights of the Issuer or such Subsidiary Guarantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of the Issuer or such Subsidiary Guarantor to receive proceeds of any insurance, indemnity, warranty or guarantee with respect thereto, (c) all claims of the Issuer or such Subsidiary Guarantor for damages arising out of any breach of or default thereunder and (d) all rights of the Issuer or such Subsidiary Guarantor to terminate, amend, supplement, modify or exercise rights or options thereunder, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder, in each case to the extent the grant by the Issuer or such Subsidiary Guarantor of a security interest in its right, title and interest in any such contract, agreement, instrument or indenture (i) is prohibited by such contract, agreement, instrument or indenture without the consent of any other party thereto, (ii) would give any other party to any such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or (iii) is not permitted without consent if all necessary consents to such grant of a security interest have not been obtained from the other parties thereto (other than to the extent that any such prohibition referred to in clauses (i), (ii) and (iii) would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law) (*provided* that the foregoing shall not affect, limit, restrict or impair the grant by Issuer or such Subsidiary Guarantor of a security interest in any account or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture);

(3) all “equipment”, as such term is defined in Article 9 of the UCC, now or hereafter owned by the Issuer or any Subsidiary Guarantor or to which the Issuer or any Subsidiary Guarantor has rights and, in any event, shall include all machinery, equipment, computers, furnishings, appliances, fixtures, tools and vehicles (in each case, regardless of whether characterized as equipment under the UCC) now or hereafter owned by the Issuer or any Subsidiary Guarantor or to which the Issuer or any Subsidiary Guarantor has rights and any and all proceeds, accessions, additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto to the extent such equipment is subject to a Lien permitted by the indenture and the terms of the Indebtedness securing such Lien prohibit assignment of, or granting of a security interest in, the Issuer’s or such Subsidiary Guarantor’s rights and interests therein (other than to the extent that any such prohibition would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law) (*provided*, that immediately upon the repayment of all Indebtedness secured by such Lien, such equipment shall cease to constitute an “Excluded ABL Asset”);

(4) rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws, including the trade secrets, the copyrights, the patents, the trademarks and the licenses and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom, now or hereafter owned by the Issuer or any Subsidiary Guarantor, in each case to the extent the grant by the Issuer or such Subsidiary Guarantor of a security interest in any such rights, priorities and privileges relating to intellectual property (i) is prohibited by any contract, agreement or other instrument governing such rights, priorities and privileges without the consent of any other party thereto, (ii) would give any other party to any such contract, agreement or other instrument the right to

terminate its obligations thereunder or (iii) is not permitted without consent if all necessary consents to such grant of a security interest have not been obtained from the relevant parties (other than to the extent that any such prohibition referred to in clauses (i), (ii) and (iii) would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law); and

(5) all securities (whether certificated or uncertificated), security entitlements, securities accounts, commodity contracts and commodity accounts of the Issuer or any Subsidiary Guarantor, whether now or hereafter acquired by the Issuer or any Subsidiary Guarantor, in each case to the extent the grant by the Issuer or a Subsidiary Guarantor of a security interest therein in its right, title and interest in any such investment property (i) is prohibited by any contract, agreement, instrument or indenture governing such investment property without the consent of any other party thereto, (ii) would give any other party to any such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or (iii) is not permitted without the consent if all necessary consents to such grant of a security interest have not been obtained from the other parties thereto (other than to the extent that any such prohibition referred to in clauses (i), (ii) and (iii) would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law).

“*Excluded Assets*” means each of the following:

- (1) Excluded ABL Assets;
- (2) all interests in real property other than fee interests and other interests appurtenant thereto;
- (3) fee interests in real property (a) on December 21, 2009 other than the fee interests listed on Exhibit G to the indenture and (b) acquired after December 21, 2009 if the net book value of such fee interest is less than \$2.0 million;
- (4) all “securities” of any of the Issuer’s “affiliates” (as the terms “securities” and “affiliates” are used in Rule 3-16 of Regulation S-X under the Securities Act);
- (5) any property or asset to the extent that the grant or perfection of a Lien under the security documents in such property or asset is prohibited by applicable law or requires any consent of any governmental authority not obtained pursuant to applicable law; *provided* that such property or asset will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted under the security documents, immediately and automatically, at such time as such consequences will no longer result;
- (6) any intellectual property to the extent that the grant or perfection of a Lien under the security documents will constitute or result in the abandonment, invalidation or rendering unenforceable of any right, title or interest of any grantor therein; *provided* that such property or asset will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted under the security documents, immediately and automatically, at such time as such consequences will no longer result;
- (7) (i) deposit or securities accounts the balance of which consists exclusively of (a) withheld income taxes and federal, state or local employment taxes in such amounts as are required in the reasonable judgment of the Issuer or any Subsidiary Guarantor to be paid to the Internal Revenue Service or state or local government agencies within the following two months with respect to employees of the Issuer or its Subsidiaries and (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3-102 on behalf of employees of the Issuer or its Subsidiaries, and (ii) all segregated deposit or securities accounts constituting (and the balance of which consists solely of funds set aside in connection with) tax accounts, payroll accounts and trust accounts;
- (8) Equity Interests in any joint venture with a third party that is not an Affiliate, to the extent a pledge of such Equity Interests is prohibited by the documents covering such joint venture;
- (9) any property owned by a Foreign Subsidiary that is not a Subsidiary Guarantor;

(10) items specified in the Security Agreement as exceptions to the collateral described therein; and

(11) the cash, cash equivalents or other assets subject to Permitted Liens described in clauses (5), (10), (11), (18), (20), (23) (to the extent that the cash, cash equivalents or other assets subject to a Permitted Lien that was refinanced pursuant to clause (23) itself qualified as an Excluded Asset), (26), (27), (28) and (29) of such definition; *provided* that if and when any such cash, cash equivalents or other assets cease to be subject to a Permitted Lien listed in this clause (11), such property shall be deemed at all times from and after December 21, 2009 to constitute Notes Priority Collateral.

*“Excluded Contributions”* means net cash proceeds received by the Issuer and its Restricted Subsidiaries as capital contributions after December 21, 2009 or from the issuance or sale (other than to a Restricted Subsidiary) of Equity Interests (other than Disqualified Stock) of the Issuer or a direct or indirect parent of the Issuer, in each case to the extent designated as an Excluded Contribution pursuant to an Officers’ Certificate and not previously included in the calculation set forth in clause (3)(b) of paragraph (A) of “Certain Covenants — Restricted Payments” for purposes of determining whether a Restricted Payment may be made.

*“Excluded Subsidiary”* means:

(1) any Foreign Subsidiary; and

(2) any Restricted Subsidiary of the Issuer; *provided* that (a) the total assets of all Restricted Subsidiaries that are Excluded Subsidiaries solely as a result of this clause (2), as reflected on their respective most recent balance sheets prepared in accordance with GAAP, do not in the aggregate at any time exceed \$1.0 million and (b) the total revenues of all Restricted Subsidiaries that are Excluded Subsidiaries solely as a result of this clause (2) for the twelve-month period ending on the last day of the most recent fiscal quarter for which financial statements for the Issuer are available, as reflected on such income statements, do not in the aggregate exceed \$5.0 million.

*“Existing Indebtedness”* means the aggregate principal amount of Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the ABL Credit Facility) in existence on December 21, 2009, until such amounts are repaid.

*“Fair Market Value”* means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. For purposes of determining compliance with the provisions of the indenture described under the caption “— Certain Covenants”, any determination that the fair market value of assets other than cash or Cash Equivalents is equal to or greater than \$50.0 million will be made by the Issuer’s or Parent’s Board of Directors and evidenced by a resolution thereof and set forth in an Officers’ Certificate.

*“Fixed Charge Coverage Ratio”* means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, retires or redeems any Indebtedness or issues, repurchases or redeems preferred stock or Disqualified Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the *“Calculation Date”*), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, Guarantee, repayment, repurchase, retirement or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock or Disqualified Stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) Investments, acquisitions, dispositions, mergers, consolidations, business restructurings, operational changes and any financing transactions relating to any of the foregoing (collectively, *“relevant transactions”*), in each case that have been made by the specified Person or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, shall be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a *pro forma* basis, including Pro

Forma Cost Savings; if since the beginning of such period any Person that subsequently becomes a Restricted Subsidiary of the Issuer or was merged with or into the Issuer or any Restricted Subsidiary thereof since the beginning of such period shall have made any relevant transaction that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such relevant transaction had occurred at the beginning of the applicable four-quarter period and Consolidated Cash Flow for such reference period shall be calculated on a *pro forma* basis, including Pro Forma Cost Savings;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date; and

(4) consolidated interest expense attributable to interest on any Indebtedness (whether existing or being incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Calculation Date (taking into account any interest rate option, swap, cap or similar agreement applicable to such Indebtedness if such agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period. Interest on Indebtedness that may optionally be determined at an interest rate based on a factor of a prime or similar rate, a Eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate. Interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based on the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition.

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, to the extent deducted (and not added back) in computing Consolidated Net Income, including, without limitation, (a) amortization of original issue discount, (b) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (c) the interest component of any deferred payment obligations, (d) the interest component of all payments associated with Capital Lease Obligations, (e) imputed interest with respect to Attributable Debt, (f) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and (g) in each case net of the effect of all payments made or received pursuant to Hedging Obligations, but in each case excluding (v) accretion of accrual of discounted liabilities not constituting Indebtedness, (w) any expense resulting from the discounting of any outstanding Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (x) any Special Interest, (y) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and (z) any expensing of bridge, commitment or other financing fees; *plus*

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or any of its Restricted Subsidiaries, and all cash dividends on any series of preferred stock of any Restricted Subsidiary of such Person, other than dividends on Equity Interests payable solely in Equity Interests of the Issuer (other than Disqualified Stock) or to the Issuer or a Restricted Subsidiary of the Issuer, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, *less*

(5) interest income for such period, in each case, on a consolidated basis and in accordance with GAAP.

“*Foreign Subsidiary*” means any Restricted Subsidiary of the Issuer other than a Domestic Subsidiary.

“*GAAP*” means generally accepted accounting principles in the United States as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, the opinions and pronouncements of the Public Company Accounting Oversight Board and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time. At any time after December 21, 2009, the Issuer may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in the indenture); *provided* that any such election, once made, shall be irrevocable; *provided further*, that any calculation or determination in the indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Company’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the holders of notes.

“*Government Securities*” means (1) securities that are direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) securities that are obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America.

“*Guarantee*” means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

“*Guarantors*” means:

- (1) Parent;
- (2) each direct or indirect Wholly Owned Domestic Subsidiary of the Issuer on December 21, 2009 (other than Excluded Subsidiaries);
- (3) any other Restricted Subsidiary of the Issuer that has issued a guarantee with respect to the ABL Credit Facility or any other Indebtedness of the Issuer or any Guarantor; and
- (4) any other Restricted Subsidiary of the Issuer that executes a Note Guarantee in accordance with the provisions of the indenture;

and their respective successors and assigns until released from their obligations under their Note Guarantees and the indenture in accordance with the terms of the indenture.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements designed for the purpose of fixing, hedging, mitigating or swapping interest rate risk either generally or under specific contingencies;
- (2) foreign exchange contracts, currency swap agreements and other agreements or arrangements designed for the purpose of fixing, hedging, mitigating or swapping foreign currency exchange rate risk either generally or under specific contingencies; and
- (3) commodity swap agreements, commodity cap agreements or commodity collar agreements designed for the purpose of fixing, hedging, mitigating or swapping commodity risk either generally or under specific contingencies;

including, in each case, any guarantee obligations in respect thereof.

“*Holder*” means a Person in whose name a note is registered.



“IFRS” means the international accounting standards promulgated by the International Accounting Standards Board and its predecessors, as adopted by the European Union, as in effect from time to time.

“Incur” means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Issuer will be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Issuer and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock (to the extent provided for when the Indebtedness or Disqualified Stock on which such interest or dividend is paid was originally issued) shall be considered an incurrence of Indebtedness; *provided* that in each case the amount thereof is for all other purposes included in the Fixed Charges of the Issuer or its Restricted Subsidiary as accrued and the amount of any such accretion or payment of interest in the form of additional Indebtedness or additional shares of Disqualified Stock is for all purposes included in the Indebtedness of the Issuer or its Restricted Subsidiary as accreted or paid.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments;
- (3) evidenced by letters of credit (or reimbursement agreements in respect thereof), but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations described in clause (1) or (2) above or clause (4), (5), (6), (7) or (8) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the fifth business day following receipt by such Person of a demand for reimbursement;
- (4) in respect of banker’s acceptances;
- (5) in respect of Capital Lease Obligations and Attributable Debt;
- (6) in respect of the balance deferred and unpaid of the purchase price of any property, except (i) any such balance that constitutes an accrued expense or trade payable or similar obligation to a trade creditor and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP;
- (7) representing Hedging Obligations, other than Hedging Obligations that are incurred in the normal course of business and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder; or
- (8) representing Disqualified Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price.

In addition, the term “Indebtedness” includes (1) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person); *provided* that the amount of such Indebtedness shall be the lesser of (a) the fair market value of such asset at such date of determination and (b) the amount of such Indebtedness, and (2) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the “maximum fixed repurchase price” of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value shall be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock.



The amount of any Indebtedness outstanding as of any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness;

*provided* that Indebtedness shall not include:

(i) any liability for foreign, federal, state, local or other taxes,

(ii) performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business,

(iii) any liability arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such liability is extinguished within five business days of its incurrence,

(iv) any liability owed to any Person in connection with workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance provided by such Person pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business,

(v) any indebtedness existing on December 21, 2009 that has been satisfied and discharged or defeased by legal defeasance,

(vi) agreements providing for indemnification, adjustment of purchase price or earnouts or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Issuer or any of its Restricted Subsidiaries pursuant to such agreements, in any case incurred in connection with the disposition or acquisition of any business, assets or Restricted Subsidiary (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), so long as the principal amount does not exceed the gross proceeds actually received in connection with such transaction, or

(vii) indebtedness under leases that exists solely as a result of the implementation of the proposed revisions to lease accounting standards by the Financial Accounting Standards Board and the International Accounting Standards Board, as described in the discussion paper "Leases: Preliminary Views" dated March 2009.

No Indebtedness of any Person will be deemed to be contractually subordinated in right of payment to any other Indebtedness of such Person solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

*"Insolvency or Liquidation Proceeding"* means:

(1) any case commenced by or against the Issuer or any Guarantor under the Bankruptcy Code, or any similar federal or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Issuer or any Guarantor, any receivership or assignment for the benefit of creditors relating to the Issuer or any Guarantor or any similar case or proceeding relative to the Issuer or any Guarantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Issuer or any Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency, unless otherwise permitted by the indenture and the security documents;

(3) any proceeding seeking the appointment of a trustee, receiver, liquidator, custodian or other insolvency official with respect to the Issuer or any Guarantor or any of their assets;

(4) any other proceeding of any type or nature in which substantially all claims of creditors of the Issuer or any Guarantor are determined and any payment or distribution is or may be made on account of such claims; or

(5) any analogous procedure or step in any jurisdiction.

*“Investment Grade Securities”* means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof;

(2) debt securities or debt instruments with an investment grade rating (but not including any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries);

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) above which fund may also hold immaterial amounts of cash pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

*“Investments”* means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of loans or other extensions of credit (including Guarantees, but excluding advances to customers or suppliers and trade credit in the ordinary course of business to the extent they are in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Issuer or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business), advances (excluding commission, payroll, travel and similar advances to officers, directors and employees made in the ordinary course of business, and excluding advances set forth in the preceding parenthetical), capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. In no event shall a guarantee of an operating lease of the Issuer or any Restricted Subsidiary be deemed an Investment.

If the Issuer or any Restricted Subsidiary of the Issuer sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Issuer such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Issuer, the Issuer shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Investment in such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption “— Certain Covenants — Restricted Payments”. The acquisition by the Issuer or any Restricted Subsidiary of the Issuer of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person only if such Investment was made in contemplation of, or in connection with, the acquisition of such Person by the Issuer or such Restricted Subsidiary and the amount of any such Investment shall be determined as provided in the final paragraph of the covenant described above under the caption “— Certain Covenants — Restricted Payments”.

*“Junior Term Loan Facility”* means the \$450,000,000 Term Loan Credit Agreement, dated as of May 22, 2008, among Parent, the several lenders from time to time party thereto, Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as co-lead arrangers and joint bookrunners, Lehman Brothers Commercial Paper Inc., as administrative agent and collateral agent, and Goldman Sachs Credit Partners L.P., as syndication agent, as amended.

*“Legal Holiday”* means a Saturday, a Sunday or a day on which banking institutions in The City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed.

*“Lien”* means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including (1) any conditional sale or other title retention agreement, (2) any lease in the nature thereof, (3) any

option or other agreement to sell or give a security interest and (4) any filing, authorized by or on behalf of the relevant grantor, of any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

*“Lien Sharing and Priority Confirmation”* means:

(1) as to any Series of Priority Lien Debt, the written agreement of the Secured Debt Representative of such Series of Priority Lien Debt, holders of such Series of Priority Lien Debt or as set forth in the indenture, credit agreement or other agreement governing such Series of Priority Lien Debt, for the benefit of all holders of Secured Debt and each then present or future Secured Debt Representative:

(a) that all Priority Lien Obligations will be and are secured equally and ratably by all Priority Liens at any time granted by the Issuer or any Subsidiary Guarantor to secure any Obligations in respect of such Series of Priority Lien Debt, whether or not upon property otherwise constituting Collateral, and that all such Priority Liens will be enforceable by the collateral trustee for the benefit of all holders of Priority Lien Obligations equally and ratably;

(b) that the holders of Obligations in respect of such Series of Priority Lien Debt are bound by the provisions of the collateral trust agreement, including the provisions relating to the ranking of Priority Liens and the order of application of proceeds from enforcement of Priority Liens; and

(c) consenting to the terms of the collateral trust agreement and the intercreditor agreement and the collateral trustee’s performance of, and directing the collateral trustee to perform, its obligations under the collateral trust agreement and the intercreditor agreement;

(2) as to any Series of ABL Debt, the written agreement of the Secured Debt Representative of such Series of ABL Debt, the holders of such Series of ABL Debt or as set forth in the credit agreement, indenture or other agreement governing such Series of ABL Debt, for the benefit of all holders of Secured Debt and each then present future Secured Debt Representative, that the holders of Obligations in respect of such Series of ABL Debt are bound by the provisions of the intercreditor agreement; and

(3) as to any Series of Subordinated Lien Debt, the written agreement of the Secured Debt Representative of such Series of Subordinated Lien Debt, the holders of such Series of Subordinated Lien Debt or as set forth in the indenture, credit agreement or other agreement governing such Series of Subordinated Lien Debt, for the benefit of all holders of Secured Debt and each then present or future Secured Debt Representative:

(a) that all Subordinated Lien Obligations will be and are secured equally and ratably by all Subordinated Liens at any time granted by the Issuer or any Subsidiary Guarantor to secure any Obligations in respect of such Series of Subordinated Lien Debt, whether or not upon property otherwise constituting Collateral for such Series of Subordinated Lien Debt, and that all such Subordinated Liens will be enforceable by the collateral trustee for the benefit of all holders of Subordinated Lien Obligations equally and ratably;

(b) that the holders of Obligations in respect of such Series of Subordinated Lien Debt are bound by the provisions of the collateral trust agreement and the intercreditor agreement, including the provisions relating to the ranking of Subordinated Liens and the order of application of proceeds from the enforcement of Subordinated Liens; and

(c) consenting to the terms of the collateral trust agreement and the intercreditor agreement and the collateral trustee’s performance of, and directing the collateral trustee to perform, its obligations under the collateral trust agreement and the intercreditor agreement.

*“Moody’s”* means Moody’s Investors Service Inc., and any successor to the rating agency business thereto.

*“Net Income”* means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of dividends on preferred stock.

*“Net Proceeds”* means the aggregate cash proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof) received by the

Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale and the sale or other disposition of any non-cash consideration, including, without limitation, legal, accounting and investment banking fees, and brokerage or sales commissions, and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (3) amounts required to be applied to the repayment of Indebtedness or other liabilities, secured by a Lien on the asset or assets that were the subject of such Asset Sale, or required to be paid as a result of such sale, and (4) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, as well as any other reserve established in accordance with GAAP related to pension and other post-employment benefit liabilities, liabilities related to environmental matters, or any indemnification obligations associated with such transaction; *provided* that, in the case of a Sale of a Subsidiary Guarantor, any Net Proceeds received in such Sale of a Subsidiary Guarantor in respect of ABL Priority Collateral will constitute Net Proceeds from an Asset Sale other than a Sale of a Subsidiary Guarantor and will not constitute Net Proceeds from an Asset Sale that constitutes a Sale of a Subsidiary Guarantor.

*“New York Uniform Commercial Code”* means the Uniform Commercial Code as in effect from time to time in the State of New York.

*“Non-Core Assets”* means the following assets owned by the Issuer and/or its Subsidiaries on the date hereof: (1) 623,521 shares of common stock of PrimeEnergy Corporation; (2) Hansford Street property and building and fixtures related thereto (1352, 1354, 1401 and 1403 Hansford Street, Charleston, WV 25301); and (3) Vacant lot and fixtures related thereto at Hillcrest Drive (835 Hillcrest Drive, Charleston, WV, 25311).

*“Note Documents”* means the indenture, the notes and the security documents related to the notes, each as amended or supplemented in accordance with the terms thereof.

*“Note Guarantee”* means a Guarantee of the notes pursuant to the indenture.

*“Notes Priority Collateral”* means all of the tangible and intangible properties and assets at any time owned or acquired by the Issuer or any Subsidiary Guarantor, except:

- (1) Excluded Assets; and
- (2) ABL Priority Collateral.

*“Obligations”* means any principal, interest, penalties, fees, expenses, indemnifications, reimbursements, damages and other liabilities (including all interest, Special Interest (if any), fees and expenses accruing after the commencement of any Insolvency or Liquidation Proceeding, even if such interest, fees and expenses are not enforceable, allowable or allowed as a claim in such proceeding) under any Secured Debt Documents or ABL Debt Documents, as the case may be.

*“Officer”* means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the General Counsel, the Secretary, any Executive Vice President, any Senior Vice President, any Vice President or any Assistant Vice President of such Person.

*“Officers’ Certificate”* means a certificate signed on behalf of the Issuer by an Officer of the Issuer, who must be the principal executive officer, the principal financial officer, the treasurer, the principal accounting officer or the general counsel of the Issuer that meets the requirements of the indenture.

*“Opinion of Counsel”* means an opinion from legal counsel who is reasonably acceptable to the trustee (who may be counsel to or an employee of the Issuer, any Subsidiary of the Issuer or the trustee) that meets the requirements of the indenture.

*“Parent”* means McJunkin Red Man Holding Corporation, a Delaware corporation, and its successors.

*“Permitted Business”* means any business conducted or proposed to be conducted (as described in the offering circular) by the Issuer and its Restricted Subsidiaries on December 21, 2009 and other businesses reasonably related, complementary or ancillary thereto and reasonable expansions or extensions thereof.

*“Permitted Holder”* means each of the Principals and their Related Parties, PVF Holdings LLC and its members, and members of management of the Issuer or a direct or indirect parent of the Issuer and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that in the case of such group and without giving effect to the existence of such group or any other group, such Principals, Related Parties, PVF Holdings LLC and its members and members of management, collectively, have direct or indirect beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer.

*“Permitted Investments”* means:

- (1) any Investment in the Issuer or in a Restricted Subsidiary of the Issuer;
- (2) any Investment in cash or Cash Equivalents or Investment Grade Securities;
- (3) any Investment by the Issuer or any Restricted Subsidiary of the Issuer in a Person, if as a result of such Investment:
  - (a) such Person becomes a Restricted Subsidiary of the Issuer; or
  - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary of the Issuer;

and, in each case, any Investment held by such Person, *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation or transfer;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption “— Repurchase at the Option of Holders — Asset Sales” or from any other disposition of assets not constituting an Asset Sale;

(5) Investments to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or any direct or indirect parent of the Issuer;

(6) Hedging Obligations that are incurred in the normal course of business and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(7) Investments received in satisfaction of judgments or in settlements of debt or compromises of obligations incurred in the ordinary course of business;

(8) loans or advances to employees of the Issuer or any of its Restricted Subsidiaries that are approved by a majority of the disinterested members of the Board of Directors of the Issuer or Parent, in an aggregate principal amount of \$5.0 million at any one time outstanding;

(9) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons; and

(10) other Investments in any Person that is not an Affiliate of the Issuer (other than a Restricted Subsidiary or any Person that is an Affiliate of the Issuer solely because the Issuer, directly or indirectly, owns Equity Interests in or controls such Person) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10) since December 21, 2009, not to exceed the greater of (1) \$75.0 million and (2) 2.5% of the Issuer’s Consolidated Total Assets at the time of such Investment;

- (11) any Investment existing on December 21, 2009;

(12) any Investment acquired by the Issuer or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(13) guarantees of Indebtedness of the Issuer or any Restricted Subsidiary which Indebtedness is permitted under the covenant described in “Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;

(14) any transaction which constitutes an Investment to the extent permitted and made in accordance with the provisions of the covenant described under “— Certain Covenants — Transactions With Affiliates”;

(15) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment;

(16) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers or in settlement of delinquent obligations of, or other disputes with, customers and suppliers arising in the ordinary course of business; and

(17) Investments in Unrestricted Subsidiaries and joint ventures of the Issuer or any of its Restricted Subsidiaries in an aggregate amount not to exceed \$75.0 million.

“*Permitted Liens*” means:

(1) Liens on ABL Priority Collateral securing (a) ABL Debt in an aggregate principal amount (as of the date of incurrence of any ABL Debt and after giving *pro forma* effect to the application of the net proceeds therefrom and with letters of credit issued under the ABL Credit Facility being deemed to have a principal amount equal to the face amount thereof), not exceeding the ABL Lien Cap, and (b) all other ABL Debt Obligations;

(2) Priority Liens securing (a) Priority Lien Debt in an aggregate principal amount (as of the date of incurrence of any Priority Lien Debt and after giving *pro forma* effect to the application of the net proceeds therefrom and with letters of credit issued under any Priority Lien Documents being deemed to have a principal amount equal to the face amount thereof), not exceeding the Priority Lien Cap, and (b) all other Priority Lien Obligations;

(3) Subordinated Liens securing (a) Subordinated Lien Debt in an aggregate principal amount (as of the date of incurrence of any Subordinated Lien Debt and after giving *pro forma* effect to the application of the net proceeds therefrom), not exceeding the Subordinated Lien Cap and (b) all other Subordinated Lien Obligations, which Liens are made junior to the Priority Lien Obligations (and, with respect to ABL Priority Collateral, to ABL Lien Obligations) pursuant to the collateral trust agreement and the intercreditor agreement;

(4) Liens in favor of the Issuer or any Restricted Subsidiary;

(5) Liens on property or Capital Stock of a Person existing at the time such Person is acquired by, merged with or into or consolidated, combined or amalgamated with the Issuer or any Restricted Subsidiary of the Issuer; *provided* that such Liens were in existence prior to, and were not incurred in connection with or in contemplation of, such merger, acquisition, consolidation, combination or amalgamation and do not extend to any assets other than those of the Person acquired by or merged into or consolidated, combined or amalgamated with the Issuer or the Restricted Subsidiary;

(6) Liens on property existing at the time of acquisition thereof by the Issuer or any Restricted Subsidiary of the Issuer; *provided* that such Liens were in existence prior to, and were not incurred in connection with or in contemplation of, such acquisition and do not extend to any property other than the property so acquired by the Issuer or the Restricted Subsidiary;

(7) Liens existing on December 21, 2009, other than liens to secure the notes issued on December 21, 2009 or to secure Obligations under the ABL Credit Facility outstanding on such date;



(8) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the indenture (other than ABL Debt, Priority Lien Debt or Subordinated Lien Debt); *provided* that (a) the new Lien shall be limited to all or part of the same property and assets that secured the original Lien, and (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(9) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by the provision described in clause (4) of the second paragraph of the covenant described under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; *provided* that any such Lien (i) covers only the assets acquired, constructed or improved with such Indebtedness and (ii) is created within 180 days of such acquisition, construction or improvement;

(10) Liens incurred or pledges or deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security and employee health and disability benefits;

(11) Liens to secure the performance of bids, tenders, completion guarantees, public or statutory obligations, surety or appeal bonds, bid leases, performance bonds, reimbursement obligations under letters of credit that do not constitute Indebtedness or other obligations of a like nature, and deposits as security for contested taxes or for the payment of rent, in each case incurred in the ordinary course of business;

(12) Liens for taxes, assessments or governmental charges or claims that are not yet overdue by more than 30 days or that are payable or subject to penalties for nonpayment or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted; *provided* that any reserve or other appropriate provision required under GAAP has been made therefor;

(13) Carriers’, warehousemen’s, landlords’, mechanics’, suppliers’, materialmen’s and repairmen’s and similar Liens, or Liens in favor of customs or revenue authorities or freight forwarders or handlers to secure payment of custom duties, in each case (whether imposed by law or agreement) incurred in the ordinary course of business;

(14) licenses, entitlements, servitudes, easements, rights-of-way, restrictions, reservations, covenants, conditions, utility agreements, rights of others to use sewers, electric lines and telegraph and telephone lines, minor imperfections of title, minor survey defects, minor encumbrances or other similar restrictions on the use of any real property, including zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business, that were not incurred in connection with Indebtedness and do not, in the aggregate, materially diminish the value of said properties or materially interfere with their use in the operation of the business of the Issuer or any of its Restricted Subsidiaries;

(15) leases, subleases, licenses, sublicenses or other occupancy agreements granted to others in the ordinary course of business which do not secure any Indebtedness and which do not materially interfere with the ordinary course of business of the Issuer or any of its Restricted Subsidiaries;

(16) with respect to any leasehold interest where the Issuer or any Restricted Subsidiary of the Issuer is a lessee, tenant, subtenant or other occupant, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or sublandlord of such leased real property encumbering such landlord’s or sublandlord’s interest in such leased real property;

(17) Liens arising from Uniform Commercial Code financing statement filings regarding precautionary filings, consignment arrangements or operating leases entered into by the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business;

(18) Liens (i) of a collection bank arising under Section 4-210 of the New York Uniform Commercial Code on items in the course of collection, (ii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) within general parameters customary in the banking



industry or (iii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business;

(19) Liens securing judgments for the payment of money not constituting an Event of Default under the indenture pursuant to clause (6) under “Events of Default and Remedies”, so long as such Liens are adequately bonded;

(20) deposits made in the ordinary course of business to secure liability to insurance carriers;

(21) Liens arising out of conditional sale, title retention, consignment or similar arrangements, or that are contractual rights of set-off, relating to the sale or purchase of goods entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(22) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement permitted under the indenture;

(23) any extension, renewal or replacement, in whole or in part of any Lien described in clauses (5), (6), (7), (9), (13) through (16), (18), (19) and (22) through (29) of this definition of “Permitted Liens”; *provided* that any such extension, renewal or replacement is no more restrictive in any material respect than any Lien so extended, renewed or replaced and does not extend to any additional property or assets;

(24) Liens on cash or Cash Equivalents securing Hedging Obligations incurred by the Company or any Subsidiary Guarantor in the normal course of business and not for speculative purposes;

(25) Liens other than any of the foregoing incurred by the Issuer or any Restricted Subsidiary of the Issuer with respect to Indebtedness or other obligations that do not, in the aggregate, exceed \$50.0 million at any one time outstanding;

(26) Liens on Capital Stock issued by, or any property or assets of, any Foreign Subsidiary securing Indebtedness incurred by a Foreign Subsidiary in compliance with the covenant described under the caption “— Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;

(27) Liens deemed to exist in connection with Investments in repurchase agreements permitted under “Certain Covenants — Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”, *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(28) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes; and

(29) Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement not prohibited by the indenture.

*“Permitted Prior Liens”* means:

(1) Liens described in clauses (1), (5), (6), (7), (8) (to the extent the Lien refinanced pursuant to clause (8) itself qualified as a Permitted Prior Lien), (9), (10), (11), (13), (18), (19), (20), (21), (22), (23) (to the extent the Lien refinanced pursuant to clause (23) itself qualified as a Permitted Prior Lien), (24), (25), (26), (27), (28) and (29) of the definition of “Permitted Liens”; and

(2) Permitted Liens that arise by operation of law and are not voluntarily granted, to the extent entitled by law to priority over the Liens created by the security documents.

*“Permitted Refinancing Indebtedness”* means:

(A) any Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than Disqualified Stock) issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or

refund other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than Disqualified Stock and intercompany Indebtedness); *provided that*:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (*plus* all accrued interest thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable fees and expenses incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is contractually subordinated in right of payment to the notes or the Note Guarantees, such Permitted Refinancing Indebtedness is contractually subordinated in right of payment to, the notes on terms at least as favorable to the holders of notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(4) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is *pari passu* in right of payment with the notes or any Note Guarantees, such Permitted Refinancing Indebtedness is *pari passu* in right of payment with, or subordinated in right of payment to, the notes or such Note Guarantees; and

(5) such Indebtedness is incurred either (a) by the Issuer or any Subsidiary Guarantor or (b) the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(B) any Disqualified Stock of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace or refund other Disqualified Stock of the Issuer or any of its Restricted Subsidiaries (other than Disqualified Stock held by the Issuer or any of its Restricted Subsidiaries); *provided that*:

(1) the liquidation or face value of such Permitted Refinancing Indebtedness does not exceed the liquidation or face value of the Disqualified Stock so extended, refinanced, renewed, replaced or refunded (*plus* all accrued dividends thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable fees and expenses incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final redemption date later than the final redemption date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Disqualified Stock being extended, refinanced, renewed, replaced or refunded;

(3) such Permitted Refinancing Indebtedness has a final redemption date later than the final maturity date of, and is contractually subordinated in right of payment to, the notes on terms at least as favorable to the holders of notes as those contained in the documentation governing the Disqualified Stock being extended, refinanced, renewed, replaced or refunded;

(4) such Permitted Refinancing Indebtedness is not redeemable at the option of the holder thereof or mandatorily redeemable prior to the final maturity of the Disqualified Stock being extended, refinanced, renewed, replaced or refunded; and

(5) such Disqualified Stock is issued either (a) by the Issuer or any Subsidiary Guarantor or (b) by the Restricted Subsidiary that is the issuer of the Disqualified Stock being extended, refinanced, renewed, replaced or refunded.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*Preferred Stock*” means, with respect to any Person, any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions upon liquidation.

“*Principals*” means The Goldman Sachs Group, Inc., a Delaware corporation, Goldman, Sachs & Co., a New York limited partnership, GS Capital Partners V Fund, L.P., a Delaware limited partnership, and GS Capital Partners VI Fund, L.P., a Delaware limited partnership.

“*Priority Lien*” means a Lien granted by a security document to the collateral trustee, at any time, upon any property of the Issuer or any Guarantor to secure Priority Lien Obligations.

“*Priority Lien Cap*” means, as of any date of determination, the amount of Priority Lien Debt that may be incurred by the Issuer or any of the Subsidiary Guarantors such that, after giving *pro forma* effect to such incurrence and the application of the net proceeds therefrom, the Priority Lien Debt Ratio would not exceed (i) 3.75 to 1.0 at any time after the Company’s financial results for the fiscal quarter ended March 31, 2010 would be included in the calculation of the Priority Lien Debt Ratio and (ii) 3.00 to 1.0 at any time prior thereto.

“*Priority Lien Debt*” means:

(1) the original first lien notes together with the related Note Guarantees of the Subsidiary Guarantors (and exchange notes and exchange guarantees issued in lieu thereof);

(2) the additional first lien notes together with the related Note Guarantees of the Subsidiary Guarantors (and exchange notes and exchange guarantees issued in lieu thereof) and any additional notes issued under any indenture or other Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of the Issuer that is secured equally and ratably with the notes by a Priority Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document, and guarantees (including Note Guarantees) thereof by any of the Guarantors; *provided*, in the case of any additional notes, guarantees or other Indebtedness referred to in this clause (2), that:

(a) on or before the date on which such additional notes are issued or Indebtedness is incurred by the Issuer or guarantees incurred by such Subsidiary Guarantor, such additional notes, guarantees or other Indebtedness, as applicable, is designated by the Issuer, in an Officers’ Certificate delivered to the collateral trustee, as “Priority Lien Debt” for the purposes of the Secured Debt Documents; *provided* that no Series of Secured Debt may be designated as both Subordinated Lien Debt and Priority Lien Debt and no Series of Secured Debt may be designated as both ABL Debt and Priority Lien Debt;

(b) such additional notes, guarantees or other Indebtedness is governed by an indenture or a credit agreement, as applicable, or other agreement that includes a Lien Sharing and Priority Confirmation and meets the requirements described in “Provisions of the Indenture Relating to Security — Equal and Ratable Sharing of Collateral by Holders of Priority Lien Debt”; and

(c) all requirements set forth in the collateral trust agreement as to the confirmation, grant or perfection of the collateral trustee’s Lien to secure such additional notes, guarantees or other Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (c) will be conclusively established if the Issuer delivers to the collateral trustee an Officers’ Certificate stating that such requirements and other provisions have been satisfied and that such notes, guarantees or other Indebtedness is “Priority Lien Debt”); and

(3) Hedging Obligations of the Issuer or any Subsidiary Guarantor incurred in accordance with the terms of the Secured Debt Documents; *provided* that:

(a) on or before or within thirty (30) days after the date on which such Hedging Obligations are incurred by the Issuer or Subsidiary Guarantor (or on or within thirty (30) days after December 21, 2009 for Hedging Obligations in existence on such date), such Hedging Obligations are designated by the Issuer or Subsidiary Guarantor, as applicable, in an Officers’ Certificate delivered to the collateral trustee, as “Priority Lien Debt” for the purposes of the Secured Debt Documents; *provided* that no Hedging Obligation may be designated as both Priority Lien Debt and Subordinated Lien Debt;

(b) the counterparty in respect of such Hedging Obligations, in its capacity as a holder or beneficiary of such Priority Lien, executes and delivers a joinder to the collateral trust agreement in accordance with the terms thereof or otherwise becomes subject to the terms of the collateral trust agreement; and

(c) all other requirements set forth in the collateral trust agreement have been complied with (and the satisfaction of such requirements will be conclusively established if the Issuer delivers to the collateral trustee an Officers' Certificate stating that such requirements and other provisions have been satisfied and that such Hedging Obligations are "Priority Lien Debt").

*"Priority Lien Debt Ratio"* means, as of any date of determination, the ratio of Priority Lien Debt of the Issuer and its Restricted Subsidiaries as of that date to the Issuer's Consolidated Cash Flow for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination, with such adjustments to the amount of Priority Lien Debt and Consolidated Cash Flow as are consistent with the adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio". For purposes of this calculation, the amount of Priority Lien Debt outstanding as of any date of determination shall not include any Priority Lien Debt that consists solely of Hedging Obligations that are incurred in the normal course of business and not for speculative purposes.

*"Priority Lien Documents"* means the indenture and any additional indenture, credit facility or other agreement pursuant to which any Priority Lien Debt is incurred and the security documents related thereto (other than any security documents that do not secure Priority Lien Obligations), as each may be amended, supplemented or otherwise modified.

*"Priority Lien Obligations"* means Priority Lien Debt and all other Obligations in respect thereof.

*"Priority Lien Representative"* means (1) the collateral trustee, in the case of the notes, or (2) in the case of any other Series of Priority Lien Debt, the trustee, agent or representative of the holders of such Series of Priority Lien Debt who is appointed as a representative of such Series of Priority Lien Debt (for purposes related to the administration of the security documents) pursuant to the indenture, credit agreement or other agreement governing such Series of Priority Lien Debt.

*"Pro Forma Cost Savings"* means, with respect to any period, the reduction in net costs and related adjustments that (1) are directly attributable to an acquisition that occurred during the four-quarter period or after the end of the four-quarter period and on or prior to the Calculation Date and calculated on a basis that is consistent with Regulation S-X under the Securities Act as in effect and applied as of December 21, 2009, (2) were actually implemented with respect to any acquisition within 12 months after the date of the acquisition and prior to the Calculation Date that are supportable and quantifiable by underlying accounting records or (3) the Issuer reasonably determines are probable based upon specifically identifiable actions taken or to be taken within 12 months of the date of determination and, in the case of each of (1), (2) and (3), are described, as provided below, in an Officers' Certificate, as if all such reductions in costs had been effected as of the beginning of such period. Pro Forma Cost Savings described above shall be established by a certificate delivered to the trustee from the Issuer's Chief Financial Officer that outlines the specific actions taken or to be taken and the net cost savings achieved or to be achieved from each such action and, in the case of clause (3) above, that states such savings have been determined to be probable.

*"Qualified Equity Offering"* means (1) any public or private placement of Capital Stock (other than Disqualified Stock) of the Issuer, Parent or any other direct or indirect parent of the Issuer (other than Capital Stock sold to the Issuer or a Subsidiary of the Issuer); *provided* that if such public offering or private placement is of Capital Stock of Parent or any other direct or indirect parent of the Issuer, the term "Qualified Equity Offering" shall refer to the portion of the net cash proceeds therefrom that has been contributed to the equity capital of the Issuer or (2) the contribution of cash to the Issuer as an equity capital contribution.

*"Rating Agency"* means each of (1) S&P, (2) Moody's and (3) if either S&P or Moody's no longer provide ratings, any other ratings agency which is nationally recognized for rating debt securities.

*“Related Party”* means (1) any investment fund under common control or management with The Goldman Sachs Group, Inc., (2) any controlling stockholder, general partner or member of The Goldman Sachs Group, Inc. and (3) any trust, corporation, limited liability company or other entity, the beneficiaries, stockholders, members, general partners or Persons Beneficially Owning an 80% or more interest of which consist of The Goldman Sachs Group, Inc. and/or the Persons referred to in the immediately preceding clauses (1) and (2). Notwithstanding the foregoing, the term “Related Party” shall not include any operating company which would be deemed a “Related Party” solely by virtue of ownership by The Goldman Sachs Group, Inc. and/or the Persons referred to in the immediately preceding clauses (1) and (2).

*“Replacement Assets”* means (1) tangible assets that will be used or useful in a Permitted Business or (2) substantially all the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

*“Required Priority Lien Debtholders”* means, at any time, the holders of a majority in aggregate principal amount of all Priority Lien Debt then outstanding, calculated in accordance with the provisions described in “— The Collateral Trust Agreement — Voting”. For purposes of this definition, Priority Lien Debt registered in the name of, or beneficially owned by, any issuer thereof, any guarantor thereof or any Affiliate of any issuer or any guarantor thereof will be deemed not to be outstanding.

*“Required Subordinated Lien Debtholders”* means, at any time, the holders of a majority in aggregate principal amount of all Subordinated Lien Debt then outstanding, calculated in accordance with the provisions described in “— The Collateral Trust Agreement — Voting”. For purposes of this definition, Subordinated Lien Debt registered in the name of, or beneficially owned by, any issuer thereof, any guarantor thereof or any Affiliate of any issuer or any guarantor thereof will be deemed not to be outstanding.

*“Restricted Investment”* means an Investment other than a Permitted Investment.

*“Restricted Subsidiary”* of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

*“S&P”* means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor to the rating agency business thereto.

*“Sale and Leaseback Transaction”* means, with respect to any Person, any transaction involving any of the assets or properties of such Person whether now owned or hereafter acquired, whereby such Person sells or transfers such assets or properties and then or thereafter leases such assets or properties or any part thereof.

*“Sale of a Subsidiary Guarantor”* means (1) any Asset Sale to the extent involving a sale, lease, conveyance or other disposition of a majority of the Capital Stock of a Subsidiary Guarantor or (2) the issuance of Equity Interests by a Subsidiary Guarantor, other than (a) an issuance of Equity Interests by a Subsidiary Guarantor to the Issuer or another Subsidiary Guarantor and (b) an issuance of directors’ qualifying shares.

*“Sale of Notes Priority Collateral”* means any Asset Sale to the extent involving a sale, lease, conveyance or other disposition of Notes Priority Collateral.

*“Secured Debt”* means Priority Lien Debt and Subordinated Lien Debt.

*“Secured Debt Documents”* means the Priority Lien Documents and the Subordinated Lien Documents.

*“Secured Debt Representative”* means each Priority Lien Representative and Subordinated Lien Representative.

*“Secured Obligations”* means Priority Lien Obligations and Subordinated Lien Obligations.

*“Security Agreement”* means the Security Agreement dated as of December 21, 2009, by and among the issuer, the Subsidiary Guarantors and the collateral trustee, as amended or supplemented from time to time in accordance with its terms.

*“Security Documents”* means the collateral trust agreement, the intercreditor agreement, each Lien Sharing and Priority Confirmation, and all security agreements, pledge agreements, collateral assignments, collateral

agency agreements, debentures, control agreements or other grants or transfers for security executed and delivered by the Issuer or any Guarantor creating (or purporting to create) a Lien upon Collateral in favor of the collateral trustee, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and the provisions described above under the caption “— The Collateral Trust Agreement — Amendment of Security Documents”.

“*Series of ABL Debt*” means, severally, the ABL Credit Facility and any Credit Facility and other Indebtedness or Hedging Obligations that constitutes ABL Debt Obligations.

“*Series of Priority Lien Debt*” means, severally, the notes and any additional notes, any Credit Facility (other than the ABL Credit Facility) and other Indebtedness or Hedging Obligations that constitutes Priority Lien Debt.

“*Series of Secured Debt*” means each Series of Subordinated Lien Debt and each Series of Priority Lien Debt.

“*Series of Subordinated Lien Debt*” means, severally, each issue or series of Subordinated Lien Debt for which a single transfer register is maintained.

“*Shelf Registration Statement*” has the meaning set forth in the exchange and registration rights agreements.

“*Significant Subsidiary*” means any Restricted Subsidiary that would constitute a “significant subsidiary” within the meaning of Article 1 of Regulation S-X under the Securities Act.

“*Special Interest*” means all special interest then owing pursuant to the exchange and registration rights agreements.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Lien*” means a Lien granted by a security document to the collateral trustee, at any time, upon any Collateral of the Issuer or any Subsidiary Guarantor to secure Subordinated Lien Obligations.

“*Subordinated Lien Cap*” means, as of any date of determination, the amount of Subordinated Lien Debt that may be incurred by the Issuer or any Subsidiary Guarantor such that, after giving pro forma effect to such incurrence and the application of the net proceeds therefrom the Subordinated Lien Debt Ratio would not exceed 4.0 to 1.0.

“*Subordinated Lien Debt*” means

(1) any Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of the Issuer or any Subsidiary Guarantor that is secured on a subordinated basis to the Priority Lien Debt by a Subordinated Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document; *provided* that:

(a) on or before the date on which such Indebtedness is incurred by the Issuer or such Subsidiary Guarantor, such Indebtedness is designated by the Issuer or Subsidiary Guarantor, as applicable, in an Officers’ Certificate delivered to the collateral trustee, as “Subordinated Lien Debt” for the purposes of the indenture and the collateral trust agreement; *provided* that no Series of Secured Debt may be designated as both Subordinated Lien Debt and Priority Lien Debt;

(b) such Indebtedness is governed by an indenture, credit agreement or other agreement that includes a Lien Sharing and Priority Confirmation and meets the requirements described in “Provisions of the Indenture Relating to Security — Ranking of Subordinated Liens”; and

(c) all requirements set forth in the collateral trust agreement as to the confirmation, grant or perfection of the collateral trustee’s Liens to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (1) will be conclusively established if the Issuer delivers to the collateral trustee an Officers’ Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is “Subordinated Lien Debt”); and



(2) Hedging Obligations of the Issuer or any Subsidiary Guarantor incurred in accordance with the terms of the Secured Debt Documents; *provided* that:

(a) on or before or within thirty (30) days after the date on which such Hedging Obligations are incurred by the Issuer or Subsidiary Guarantor (or on or within thirty (30) days after December 21, 2009 for Hedging Obligations in existence on such date), such Hedging Obligations are designated by the Issuer or Subsidiary Guarantor, as applicable, in an Officers' Certificate delivered to the collateral trustee, as "Subordinated Lien Debt" for the purposes of the Secured Debt Documents; *provided* that no Hedging Obligation may be designated as both Subordinated Lien Debt and Priority Lien Debt;

(b) the counterparty in respect of such Hedging Obligations, in its capacity as a holder or beneficiary of such Subordinated Lien, executes and delivers a joinder to the collateral trust agreement in accordance with the terms thereof or otherwise becomes subject to the terms of the collateral trust agreement; and

(c) all other requirements set forth in the collateral trust agreement have been complied with (and the satisfaction of such requirements will be conclusively established if the Issuer delivers to the collateral trustee an Officers' Certificate stating that such requirements and other provisions have been satisfied and that such Hedging Obligations are "Subordinated Lien Debt").

*"Subordinated Lien Debt Ratio"* means, as of any date of determination, the ratio of (1) Priority Lien Debt, *plus* (2) Subordinated Lien Debt of the Issuer and its Restricted Subsidiaries as of that date to the Issuer's Consolidated Cash Flow for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination, with such adjustments to the amount of Priority Lien Debt, the amount of Subordinated Lien Debt and Consolidated Cash Flow as are consistent with the adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio". For purposes of this calculation, the amount of Priority Lien Debt and/or Subordinated Lien Debt outstanding as of any date of determination shall not include any Priority Lien Debt or Subordinated Lien Debt that consists solely of Hedging Obligations that are incurred in the normal course of business and not for speculative purposes.

*"Subordinated Lien Documents"* means, collectively, any indenture, credit agreement or other agreement governing each Series of Subordinated Lien Debt and the security documents related thereto (other than any security documents that do not secure Subordinated Lien Obligations), in each case as such documents may be amended, restated, modified or supplemented from time to time in accordance with their terms.

*"Subordinated Lien Obligations"* means Subordinated Lien Debt and all other Obligations in respect thereof.

*"Subordinated Lien Representative"* means, in the case of any future Series of Subordinated Lien Debt, the trustee, agent or representative of the holders of such Series of Subordinated Lien Debt (1) is appointed as a Subordinated Lien Representative (for purposes related to the administration of the security documents) pursuant to the indenture, credit agreement or other agreement governing such Series of Subordinated Lien Debt, together with its successors in such capacity, and (2) has become a party to the collateral trust agreement by executing a joinder in the form required under the collateral trust agreement.

*"Subsidiary"* means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a subsidiary of such Person or (b) the only general partners of which are such Person or one or more subsidiaries of such Person (or any combination thereof).

*"Subsidiary Guarantor"* means a Guarantor that is a Restricted Subsidiary of the Issuer.

*"Treasury Rate"* means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve



Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to December 15, 2012; *provided, however*, that if the period from the redemption date to December 15, 2012, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

*“Uniform Commercial Code”* means the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

*“Unrestricted Subsidiary”* means any Subsidiary of the Issuer that is designated as an Unrestricted Subsidiary pursuant to a resolution of the Issuer’s or Parent’s Board of Directors in compliance with the covenant described under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries”, and any Subsidiary of such Subsidiary.

*“Voting Stock”* of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

*“Weighted Average Life to Maturity”* means, when applied to any Indebtedness or Disqualified Stock at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal or liquidation or face value, including payment at final maturity or redemption, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal or liquidation or face value amount of such Indebtedness or Disqualified Stock.

*“Wholly Owned Domestic Subsidiary”* of any specified Person means a Domestic Subsidiary of such Person all of the outstanding Capital Stock or other ownership interest of which shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person.

*“Wholly Owned Restricted Subsidiary”* of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares or Investments by foreign nationals mandated by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

## **CERTAIN MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS**

The following summary describes certain material United States federal income tax consequences and, in the case of a Non-U.S. Holder (as defined below), certain material United States federal estate tax consequences, of exchanging outstanding notes for exchange notes, and purchasing, owning and disposing of exchange notes. This summary applies to you only if you are a beneficial owner of an outstanding note or an exchange note and you hold your note as a capital asset within the meaning of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”) (generally, investment property).

This summary does not discuss considerations or consequences relevant to persons subject to special provisions of United States federal tax law, such as:

- dealers in securities or currencies;
- traders in securities;
- U.S. Holders (as defined below) whose functional currency is not the United States dollar;
- persons holding outstanding notes or exchange notes as part of a conversion, constructive sale, wash sale or other integrated transaction or a hedge, straddle or synthetic security;
- persons subject to the alternative minimum tax;
- certain United States expatriates;
- financial institutions;
- insurance companies;
- controlled foreign corporations and passive foreign investment companies, and shareholders of such corporations;
- regulated investment companies;
- real estate investment trusts;
- entities that are tax-exempt for United States federal income tax purposes and retirement plans, individual retirement accounts and tax-deferred accounts; and
- pass-through entities, including partnerships and entities and arrangements classified as partnerships for United States federal tax purposes, and beneficial owners of pass-through entities.

If a partnership or an entity or arrangement classified as a partnership for United States federal tax purposes holds outstanding notes or exchange notes, the United States federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. If you are a partnership (or an entity or arrangement classified as a partnership for United States federal tax purposes) or a partner in a partnership, you should consult your own tax advisor regarding the United States federal income and estate tax consequences of exchanging outstanding notes for exchange notes, and purchasing, owning and disposing of exchange notes.

This summary does not discuss all of the aspects of United States federal income and estate taxation that may be relevant to you in light of your particular investment or other circumstances. In addition, this summary does not discuss any United States state or local or non-U.S. income or other tax consequences, nor does it discuss the recently enacted Medicare tax on certain investment income. This summary is based on United States federal income and estate tax law, including the provisions of the Internal Revenue Code, Treasury regulations, administrative rulings and judicial authority, all as in effect or in existence as of the date of this prospectus. Subsequent developments in United States federal income and estate tax law, including changes in law or differing interpretations, which may be applied retroactively, could have a material effect on the United States federal income and estate tax consequences of exchanging outstanding notes for exchange notes, and purchasing, owning and disposing of exchange notes. Before you exchange your outstanding notes for exchange notes or purchase exchange notes, you should consult your own tax advisor regarding the particular United States federal, state and local and

non-U.S. income and other tax consequences of exchanging outstanding notes for exchange notes, and purchasing, owning and disposing of exchange notes.

### **Exchange Offer**

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States federal income tax purposes. Your tax basis in your exchange notes immediately after the exchange will be the same as your tax basis in your outstanding notes immediately before the exchange, and your holding period for your exchange notes will include your holding period for your outstanding notes.

### **Qualified Reopening**

We issued \$1,000,000,000 and \$50,000,000 aggregate principal amount of our 9.50% senior secured notes due December 15, 2016 on December 21, 2009 and February 11, 2010, respectively. We have taken the position that the issuance of outstanding notes on February 11, 2010 (the “outstanding February notes”) constituted a “qualified reopening” of our 9.50% senior secured notes due December 15, 2016 for United States federal income tax purposes. Accordingly, we have treated all of the outstanding February notes as having the same issue price as the outstanding notes issued on December 21, 2009 (the “outstanding December notes”) and therefore as having been issued with the same amount of original issue discount (“OID”) as the outstanding December notes for United States federal income tax purposes. However, the application of the qualified reopening rules is not entirely clear, and it is possible that the outstanding February notes could be treated as a separate issue from the outstanding December notes, with an issue price determined by the first price at which a substantial amount of the outstanding February notes was sold (other than to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). In that event, the outstanding February notes would have been issued with OID in an amount different from the amount of OID on the outstanding December notes, the outstanding February notes would not have been fungible with the outstanding December notes for United States federal income tax purposes and the exchange notes received in exchange for the outstanding February notes would not be fungible with the exchange notes received in exchange for the outstanding December notes for United States federal income tax purposes. The remainder of this summary assumes that the issuance of the outstanding February notes constituted a qualified reopening of our 9.50% senior secured notes due December 15, 2016 for United States federal income tax purposes.

### **Pre-Issuance Accrued Interest**

A portion of the offering price of the outstanding February notes included interest accrued from December 21, 2009 (the “pre-issuance accrued interest”). We have taken the position that a portion of the first interest payment on the outstanding February notes equal to the pre-issuance accrued interest was a return of the pre-issuance accrued interest rather than an amount payable on the outstanding February notes. Assuming this treatment is respected, the portion of the first interest payment on your outstanding February notes equal to the pre-issuance accrued interest would not have been treated as taxable interest income and your adjusted tax basis in the outstanding February notes would have been reduced by a corresponding amount. Holders of outstanding February notes should consult their own tax advisors about the tax treatment of the pre-issuance accrued interest on the outstanding February notes.

### **U.S. Holders**

The following summary applies to you only if you are a “U.S. Holder”. As used in this summary, the term U.S. Holder means a beneficial owner of an outstanding note or an exchange note that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity classified as a corporation) created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of the source of such income; or

- a trust, if (1) a United States court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of the Internal Revenue Code) has the authority to control all of the trust's substantial decisions, or (2) the trust has a valid election in effect under applicable Treasury regulations to be treated as a "United States person".

### ***Stated Interest and Original Issue Discount***

Stated interest on your exchange notes will be taxable to you as ordinary interest income at the time it is paid or accrued in accordance with your usual method of accounting for United States federal income tax purposes.

The outstanding notes were issued with OID for United States federal income tax purposes. Generally, a debt instrument is issued with OID if the excess of the stated redemption price at maturity of the debt instrument (which, in the case of the outstanding notes, equals the stated principal amount) over its issue price is equal to or greater than a de minimis amount (generally  $\frac{1}{4}$  of 1 percent of the debt instrument's stated redemption price at maturity multiplied by the number of complete years from its issue date to its maturity date). The exchange notes will be treated as issued with the same amount of OID as the outstanding notes exchanged therefor and will have the same issue date, issue price and adjusted issue price as the outstanding notes exchanged therefor.

You will be required to include OID in gross income, as ordinary income, as the OID accrues on a constant yield basis, in advance of the receipt of the cash payment attributable to the OID, regardless of your usual method of accounting for United States federal income tax purposes. The amount of OID that you must include in gross income for each taxable year is the sum of the daily portions of OID that accrue on your exchange notes (including the sum of the daily portions of OID that accrue on the outstanding notes exchanged therefor) for each day of the taxable year during which you hold the exchange notes (and the outstanding notes exchanged therefor). The daily portion of OID is determined by allocating to each day of an accrual period (generally, the period between interest payment dates or compounding dates), other than an initial short accrual period or the final accrual period, a pro rata portion of the OID allocable to such accrual period. The amount of OID allocable to an accrual period is the product of the "adjusted issue price" of the exchange notes (or the adjusted issue price of the outstanding notes exchanged therefor) at the beginning of the accrual period multiplied by the yield to maturity of the exchange notes (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to reflect the length of the accrual period), reduced by the amount of any stated interest allocable to such accrual period. The "adjusted issue price" of the exchange notes (or, the outstanding notes exchanged therefor) at the beginning of an accrual period generally will equal their issue price, increased by the aggregate amount of OID that has accrued on the exchange notes (including the aggregate amount of OID that has accrued on the outstanding notes exchanged therefor) in all prior accrual periods and decreased by the amount of any payments other than of stated interest. The "yield to maturity" is the discount rate that, when applied to all principal and interest payments under the exchange notes, produces a present value equal to the issue price. As explained above, we have treated all of the outstanding notes (that is, both the outstanding December notes and the outstanding February notes) as having the same amount of OID for United States federal income tax purposes, and we intend to treat all of the exchange notes as having the same amount of OID for United States federal income tax purposes. The amount of OID included in your gross income will increase your adjusted tax basis in the exchange notes. Under these rules, you will have to include increasingly greater amounts of OID in successive accrual periods. You should consult your own tax advisor concerning the consequences of, and accrual of, OID on the exchange notes.

### ***Market Discount***

If you purchase an exchange note (or if you purchased an outstanding note for which the exchange note was exchanged, as the case may be) for an amount (in the case of an outstanding February note, excluding any amount attributable to the pre-issuance accrued interest described above) that is less than its adjusted issue price as of the date of the purchase, the excess of the adjusted issue price over your purchase price will be treated as market discount. However, the market discount will be considered to be zero if it is less than  $\frac{1}{4}$  of 1 percent of the principal amount of the exchange note multiplied by the number of complete years to maturity from the date you purchase the exchange note (or the date you purchased the outstanding note for which the exchange note was exchanged, as the case may be).

Under the market discount rules of the Internal Revenue Code, if you purchase an exchange note (or if you purchased an outstanding note for which the exchange note was exchanged, as the case may be) with market discount, you will generally be required to include any gain realized on the sale, exchange, retirement, redemption or other disposition of the exchange note as ordinary income (generally treated as interest income) to the extent of the market discount which accrued but was not previously included in your gross income. In addition, you may be required to defer, until the maturity of the exchange note or its earlier disposition in a taxable transaction, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the exchange note (or an outstanding note for which the exchange note was exchanged, as the case may be). In general, market discount will be considered to accrue ratably during the period from the date of the purchase of the exchange note (or the date you purchased the outstanding note for which the exchange note was exchanged, as the case may be) to the maturity date of the exchange note, unless you make an irrevocable election (on an instrument-by-instrument basis) to accrue market discount under a constant yield method. However, you may elect to include market discount in income currently as it accrues (under either a ratable or constant yield method), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of the exchange note and the deferral of interest deductions will not apply. Your election to include market discount in income currently, once made, applies to all market discount obligations acquired by you on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service.

### ***Acquisition Premium***

If you purchase an exchange note (or if you purchased an outstanding note for which the exchange note was exchanged, as the case may be) for an amount (in the case of an outstanding February note, excluding any amount attributable to the pre-issuance accrued interest described above) that exceeds the exchange note's adjusted issue price as of the date of the purchase and is less than or equal to the exchange note's stated redemption price at maturity, you will be considered to have purchased the exchange note with acquisition premium. Under the acquisition premium rules, you are permitted to reduce your OID accruals on such exchange note by a fraction, the numerator of which is the excess of your adjusted tax basis in the exchange note immediately after its purchase over the exchange note's adjusted issue price at the time of purchase (or in the case of an exchange note received in exchange for an outstanding note pursuant to the exchange, the excess of your adjusted tax basis in the outstanding note immediately after purchase over the outstanding note's adjusted issue price at the time of purchase) and the denominator of which is the total amount of unaccrued OID remaining on the exchange note.

### ***Bond Premium***

If you purchase an exchange note (or if you purchased an outstanding note for which the exchange note was exchanged, as the case may be) for an amount (in the case of an outstanding February note, excluding any amount attributable to the pre-issuance accrued interest described above) in excess of the amount payable at maturity of the exchange note, you will be considered to have purchased the exchange note with bond premium equal to the excess of your purchase price over the amount payable at maturity (or on an earlier call date if it results in a smaller amortization premium), and you will not be required to include any OID in income. It may be possible for you to elect to amortize the premium using a constant yield method over the remaining term of the exchange note (or until an earlier call date, as applicable). The amortized amount of the premium for a taxable year generally will be treated first as a reduction of interest on the exchange note (or on the outstanding note for which the exchange note was exchanged, as the case may be) includible in gross income in such taxable year to the extent thereof, then as a deduction allowed in that taxable year to the extent of your prior interest inclusions on the exchange note (or on the outstanding note for which the exchange note was exchanged, as the case may be), and finally as a carryforward allowable against your future interest inclusions on the exchange note. If you make such an election, your tax basis in the exchange note will be reduced by the amount of the allowable amortization. If you do not elect to amortize bond premium, the premium will decrease the gain or increase the loss you would otherwise recognize on a disposition of your exchange note. Your election to amortize premium on a constant yield method will apply to all debt obligations held or subsequently acquired by you on or after the first day of the first taxable year to which the election applies. You may not revoke the election without the consent of the Internal Revenue Service. You should consult your own tax advisor before making this election.

### **Constant Yield Method Election**

As an alternative to the above-described rules for including interest payments, OID and any market discount in income and amortizing any bond premium, you may elect to include in gross income all interest that accrues on your exchange notes, including stated interest, OID, any market discount (including any de minimis market discount), and any adjustments for bond premium, on the constant yield method. If you make such an election with respect to an exchange note with amortizable bond premium, you are deemed to have made the election to amortize bond premium currently with respect to all other debt instruments held or subsequently acquired by you. If you make such an election with respect to an exchange note with market discount, you are deemed to have made the election to include market discount currently in income on all debt instruments held or subsequently acquired by you. Particularly if you are on the cash method of accounting, a constant yield election may have the effect of causing you to include interest in income earlier than would be the case if no such election were made, and the election may not be revoked without the consent of the Internal Revenue Service. You should consult your own tax advisor before making this election.

### **Sale or Other Taxable Disposition of Exchange Notes**

Upon the sale, redemption, exchange or other taxable disposition of exchange notes, you generally will recognize taxable gain or loss equal to the difference, if any, between:

- the amount realized on the disposition (less any amount attributable to accrued interest, which will be taxable as ordinary interest income to the extent not previously included in gross income, in the manner described under “Certain Material United States Federal Tax Considerations—U.S. Holders—Stated Interest and Original Issue Discount”); and
- your adjusted tax basis in the exchange notes.

In the absence of a constant yield election, your adjusted tax basis in an exchange note generally will be its cost (or in the case of an exchange note received in exchange for an outstanding note in the exchange offer, the cost of the outstanding note which should, in the case of an outstanding February note, exclude for this purpose the amount of any pre-issuance accrued interest paid by you upon acquisition of the note) increased by the amount of OID and any market discount on the exchange note (and in the case of an exchange note received in exchange for an outstanding note in the exchange offer, the outstanding note) previously included in your income and decreased by the amount of any previously amortized bond premium and the amount of any payment, other than a payment of stated interest, on the exchange note (and in the case of an exchange note received in exchange for an outstanding note in the exchange offer, the outstanding note). Your gain or loss generally will be capital gain or loss. This capital gain or loss will be long-term capital gain or loss if at the time of the disposition you have held the exchange note for more than one year (taking into account for this purpose, in the case of an exchange note received in exchange for an outstanding note in the exchange offer, the period of time you held such outstanding note). The deductibility of capital losses is subject to limitations. If you are a non-corporate U.S. Holder, your long-term capital gain generally will be subject to tax at preferential rates.

### **Backup Withholding**

In general, “backup withholding” (currently at a rate of 28 percent) may apply:

- to any payments made to you of principal of and interest on your exchange note, and
- to payment of the proceeds of a sale or other disposition of your exchange note,

if you are a non-corporate U.S. Holder and you fail to provide a correct taxpayer identification number or otherwise fail to comply with applicable requirements of the backup withholding rules or otherwise establish an exemption.

The backup withholding tax is not an additional tax and may be credited against your United States federal income tax liability, provided that correct information is timely provided to the Internal Revenue Service.

## **Non-U.S. Holders**

The following summary applies to you if you are a beneficial owner of an outstanding note or an exchange note and you are neither a U.S. Holder (as defined above) nor a partnership (or an entity or arrangement classified as a partnership for United States federal tax purposes) (a “Non-U.S. Holder”).

### **United States Federal Withholding Tax**

Under current United States federal income tax laws, and subject to the discussion below, United States federal withholding tax will not apply to payments by us or our paying agent (in its capacity as such) of principal of and interest on your exchange notes under the “portfolio interest” exception of the Internal Revenue Code, provided that in the case of interest:

- you do not, directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Internal Revenue Code and the Treasury regulations thereunder;
- you are not a controlled foreign corporation for United States federal income tax purposes that is related, directly or indirectly, to us through sufficient stock ownership (as provided in the Internal Revenue Code);
- you are not a bank receiving interest described in section 881(c)(3)(A) of the Internal Revenue Code;
- such interest is not effectively connected with your conduct of a United States trade or business; and
- you provide a signed written statement, on an Internal Revenue Service Form W-8BEN (or other applicable form) which can reliably be related to you, certifying under penalties of perjury that you are not a United States person within the meaning of the Internal Revenue Code and providing your name and address to:

(A) us or our paying agent; or

(B) a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business and holds your exchange notes on your behalf and that certifies to us or our paying agent under penalties of perjury that it, or the bank or financial institution between it and you, has received from you your signed, written statement and provides us or our paying agent with a copy of this statement.

The applicable Treasury regulations provide alternative methods for satisfying the certification requirement described above. In addition, under these Treasury regulations, special rules apply to pass-through entities and this certification requirement may also apply to beneficial owners of pass-through entities.

If you cannot satisfy the requirements of the “portfolio interest” exception described above, payments of interest made to you will be subject to 30 percent United States federal withholding tax unless you provide us or our paying agent with a properly executed (1) Internal Revenue Service Form W-8ECI (or other applicable form) stating that interest paid on your exchange notes is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States, or (2) Internal Revenue Service Form W-8BEN (or other applicable form) claiming an exemption from or reduction in this withholding tax under an applicable income tax treaty.

### **United States Federal Income Tax**

Except for the possible application of United States federal withholding tax (see “Certain Material United States Federal Tax Considerations— Non-U.S. Holders — United States Federal Withholding Tax” above) and backup withholding tax (see “Certain Material United States Federal Tax Considerations— Non-U.S. Holders— Backup Withholding and Information Reporting” below), you generally will not have to pay United States federal income tax on payments of principal of and interest on your exchange notes, or on any gain realized from (or



accrued interest treated as received in connection with) the sale, redemption, retirement at maturity or other taxable disposition of your exchange notes unless:

- in the case of interest payments or disposition proceeds representing accrued interest, you cannot satisfy the requirements of the “portfolio interest” exception described above or claim a complete exemption from United States federal income tax on such interest under an applicable income tax treaty (and your United States federal income tax liability has not otherwise been fully satisfied through the United States federal withholding tax described above);
- in the case of gain, you are an individual who is present in the United States for 183 days or more during the taxable year of the sale or other disposition of your exchange notes and specific other conditions are met (in which case, except as otherwise provided by an applicable income tax treaty, the gain, which may be offset by United States source capital losses, generally will be subject to a flat 30 percent United States federal income tax, even though you are not considered a resident alien under the Internal Revenue Code); or
- the interest or gain is effectively connected with your conduct of a United States trade or business and, if required by an applicable income tax treaty, is attributable to a United States “permanent establishment” maintained by you.

If you are engaged in a trade or business in the United States and interest or gain in respect of your exchange notes is effectively connected with the conduct of your trade or business (and, if required by an applicable income tax treaty, is attributable to a United States “permanent establishment” maintained by you), the interest or gain generally will be subject to United States federal income tax on a net basis at the regular graduated rates and in the manner applicable to a U.S. Holder (although the interest will be exempt from the withholding tax discussed under “Certain Material United States Federal Tax Considerations— Non-U.S. Holders — United States Federal Withholding Tax” if you provide a properly executed Internal Revenue Service Form W-8ECI (or other applicable form) on or before any payment date to claim the exemption). In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30 percent of your effectively connected earnings and profits for the taxable year, as adjusted for certain items, unless a lower rate applies to you under an applicable United States income tax treaty.

#### **United States Federal Estate Tax**

If you are an individual and are not a United States citizen or a resident of the United States (as specially defined for United States federal estate tax purposes) at the time of your death, your exchange notes generally will not be subject to the United States federal estate tax, unless, at the time of your death:

- you directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Internal Revenue Code and the Treasury regulations thereunder; or
- your interest on the exchange notes is effectively connected with your conduct of a United States trade or business.

#### **Backup Withholding and Information Reporting**

Under current Treasury regulations, backup withholding and information reporting generally will not apply to payments made by us or our paying agent (in its capacity as such) to you if you have provided the required certification that you are a Non-U.S. Holder as described in “Certain Material United States Federal Tax Considerations— Non-U.S. Holders — United States Federal Withholding Tax” above, and provided that neither we nor our paying agent has actual knowledge or reason to know that you are a U.S. Holder (as described in “Certain Material United States Federal Tax Considerations— U.S. Holders” above). However, we or our paying agent may be required to report to the IRS and you payments of interest on the exchange notes and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of a treaty or agreement.

The gross proceeds from the disposition of your exchange notes may be subject to information reporting and backup withholding tax (currently at a rate of 28 percent). If you sell your exchange notes outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your exchange notes through a non-U.S. office of U.S. broker or a foreign broker with certain United States connections unless the broker has documentary evidence in its files that you are a non-U.S. person and certain other conditions are met or you otherwise establish an exemption. If you receive payments of the proceeds of a sale of your exchange notes to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding and information reporting unless you provide a Form W-8BEN certifying that you are a non-U.S. person or you otherwise establish an exemption, provided that the broker does not have actual knowledge or reason to know that you are not a U.S. person or the conditions of any other exemption are not, in fact, satisfied.

You should consult your own tax advisor regarding application of backup withholding in your particular circumstance and the availability of and procedure for obtaining an exemption from backup withholding under current Treasury regulations. Any amounts withheld under the backup withholding rules from a payment to you will be allowed as a refund or credit against your United States federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

## PLAN OF DISTRIBUTION

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the exchange notes issued pursuant to the exchange offer in exchange for the outstanding notes may be offered for resale, resold and otherwise transferred by holders thereof, other than any holder which is (A) an “affiliate” of our company within the meaning of Rule 405 under the Securities Act, (B) a broker-dealer who acquired notes directly from our company or (C) broker-dealers who acquired notes as a result of market-making or other trading activities, without compliance with the registration and prospectus delivery provisions of the Securities Act provided that such exchange notes are acquired in the ordinary course of such holders’ business, and such holders are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of such exchange notes. However, broker-dealers receiving the exchange notes in the exchange offer will be subject to a prospectus delivery requirement with respect to resales of such exchange notes. To date, the staff of the SEC has taken the position that these broker-dealers may fulfill their prospectus delivery requirements with respect to transactions involving an exchange of securities such as the exchange pursuant to the exchange offer, other than a resale of an unsold allotment from the sale of the outstanding notes to the initial purchasers thereof, with the prospectus contained in the exchange offer registration statement. Pursuant to the exchange and registration rights agreements, we have agreed to permit these broker-dealers to use this prospectus in connection with the resale of such exchange notes. We have agreed that, for a period of 90 days after the expiration date of the exchange offer, we will make this prospectus, and any amendment or supplement to this prospectus, available to, and promptly send additional copies of this prospectus, and any amendment or supplement to this prospectus, to, any broker-dealer that requests such documents in the letter of transmittal for use in connection with any such resale. In addition, until , all dealers effecting transactions in the exchange notes may be required to deliver a prospectus.

Each holder of the outstanding notes who wishes to exchange its outstanding notes for exchange notes in the exchange offer will be required to make certain representations to us as set forth in “The Exchange Offer.”

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired as a result of market-making activities or other trading activities.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an “underwriter” within the meaning of the Securities Act, and any profit on any such resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

We have agreed to pay the expenses incident to the exchange offer (including the expenses of one counsel for the holders of the notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the exchange notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act, as set forth in the exchange and registration rights agreements.

## WHERE YOU CAN FIND MORE INFORMATION

We and the guarantors have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to the exchange notes. As allowed by SEC rules, this prospectus, which is a part of the registration statement, omits certain information included in that registration statement and the exhibits thereto. For further information with respect to us and the exchange notes, we refer you to the registration statement, including all amendments, supplements, schedules and exhibits thereto.

We are not currently subject to the informational requirements of the Securities Exchange Act of 1934, as amended. However, under the indenture for the notes, we have agreed to furnish to holders of the notes (1) all quarterly and annual reports that would be required to be filed the SEC on Forms 10-Q and 10-K if we were required to file such reports and (2) all current reports that would be required to be filed with the SEC on Form 8-K if we were required to file such reports.

After consummation of the exchange offer, the indenture for the notes provides that, if we are no longer subject to the periodic reporting requirements of the Exchange Act for any reason, we will nonetheless continue to file the reports specified in the immediately preceding paragraph unless the SEC will not accept such a filing. The indenture for the notes also provides that McJunkin Red Man Holding Corporation may comply with the reporting requirements of the indenture in lieu of us. In accordance therewith, McJunkin Red Man Holding Corporation, and not McJunkin Red Man Corporation, will file reports and other information with the SEC.

In addition, we have agreed that, for so long as any notes remain outstanding, if at any time we are not required to file with the SEC the reports required by the preceding paragraphs, we will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

You may read and copy any document we file or furnish with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. You can review the registration statement, as well as our future SEC filings, by accessing the SEC's Internet site at <http://www.sec.gov>. You may also request copies of those documents, at no cost to you, by contacting us at the following address:

McJunkin Red Man Holding Corporation  
2 Houston Center, 909 Fannin, Suite 3100  
Houston, TX 77010  
Attention: Stephen W. Lake  
(877) 294-7574

**To ensure timely delivery, please make your request as soon as practicable and, in any event, no later than , 2011, which is five business days prior to the expiration of the exchange offer.**

## **LEGAL MATTERS**

The validity of the exchange notes offered hereby and the guarantees thereof will be passed upon for us by Fried, Frank, Harris, Shriver & Jacobson LLP, New York, New York. Certain matters with respect to Texas law will be passed upon for us by Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. Certain matters with respect to West Virginia law will be passed upon for us by Bowles Rice McDavid Graff & Love LLP.

## **EXPERTS**

The consolidated financial statements of McJunkin Red Man Holding Corporation as of December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, appearing in this prospectus, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

## INDEX TO FINANCIAL STATEMENTS

<b>Audited Consolidated Financial Statements of McJunkin Red Man Holding Corporation and Subsidiaries:</b>	
<a href="#">Report of Ernst &amp; Young LLP, Independent Registered Public Accounting Firm</a>	F-2
<a href="#">Consolidated Balance Sheets as of December 31, 2010 and 2009</a>	F-3
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors  
McJunkin Red Man Holding Corporation and Subsidiaries

We have audited the accompanying consolidated balance sheets of McJunkin Red Man Holding Corporation and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the 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. We were not engaged to perform an audit of the Company's 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 financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of McJunkin Red Man Holding Corporation and subsidiaries at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Charleston, West Virginia  
March 23, 2011



**McJUNKIN RED MAN HOLDING CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2010	2009
	(In thousands, except per share amounts)	
<b>Assets</b>		
Current assets:		
Cash	\$ 56,202	\$ 56,244
Accounts receivable, net	596,404	506,194
Inventories	765,367	871,653
Income taxes receivable	32,593	21,260
Other current assets	10,209	12,264
Total current assets	1,460,775	1,467,615
Other assets:		
Debt issuance costs, net	32,211	35,618
Assets held for sale	12,722	25,117
Other assets	14,212	17,605
	59,145	78,340
Fixed assets:		
Property, plant and equipment, net	104,725	111,480
Intangible assets:		
Goodwill, net	549,384	549,733
Other intangible assets, net	893,365	952,188
	1,442,749	1,501,921
	<u>\$ 3,067,394</u>	<u>\$3,159,356</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Trade accounts payable	\$ 426,632	\$ 338,512
Accrued expenses and other current liabilities	102,807	120,816
Deferred revenue	18,140	17,023
Deferred income taxes	70,636	51,984
Current portion of long-term debt	—	9,114
Total current liabilities	618,215	537,449
Long-term obligations:		
Long-term debt, net	1,360,241	1,443,496
Deferred income taxes	331,183	354,064
Payable to shareholders	2,028	16,665
Other liabilities	17,869	15,684
	1,711,321	1,829,909
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value per share; 800,000 shares authorized, issued and outstanding December 2010 — 168,808, issued and outstanding December 2009 — 168,735	1,688	1,687
Preferred stock, \$0.01 par value per share; 150,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in-capital	1,273,716	1,269,772
Retained (deficit)	(517,690)	(466,116)
Accumulated other comprehensive loss	(19,856)	(13,345)
	737,858	791,998
	<u>\$ 3,067,394</u>	<u>\$3,159,356</u>

See notes to consolidated financial statements.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Year Ended December 31,		
	2010	2009	2008
	(In thousands, except per share amounts)		
Sales	\$ 3,845,536	\$ 3,661,922	\$ 5,255,166
Cost of sales (exclusive of depreciation and amortization shown separately below)	3,256,641	3,006,346	4,217,371
Inventory write-down	362	46,491	—
Gross margin	588,533	609,085	1,037,795
Operating expenses:			
Selling, general and administrative expenses	447,808	408,564	482,084
Depreciation and amortization	16,579	14,516	11,335
Amortization of intangibles	53,852	46,575	44,398
Goodwill impairment charge	—	309,900	—
Total operating expenses	518,239	779,555	537,817
Operating income (loss)	70,294	(170,470)	499,978
Other income (expense):			
Interest expense	(139,641)	(116,504)	(84,493)
Change in fair value of derivative instruments	(4,926)	8,946	(6,233)
Net gain on early extinguishment of debt	—	1,304	—
Other, net	(904)	(1,830)	(2,503)
	(145,471)	(108,084)	(93,229)
(Loss) income before income taxes	(75,177)	(278,554)	406,749
Income tax (benefit) expense	(23,353)	13,117	153,263
Net (loss) income	\$ (51,824)	\$ (291,671)	\$ 253,486
Basic (loss) earnings per common share	\$ (0.31)	\$ (1.84)	\$ 1.63
Diluted (loss) earnings per common share	\$ (0.31)	\$ (1.84)	\$ 1.63
Weighted-average common shares, basic	168,768	158,134	155,292
Weighted-average common shares, diluted	168,768	158,134	155,656
Dividends per common share	\$ —	\$ 0.02	\$ 3.05

See notes to consolidated financial statements.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock		Additional	Retained	Accumulated		Total
	Shares	Amount	Paid-in	Earnings	Other	Noncontrolling	Stockholders'
			Capital	(Deficit)	Comprehensive	Interest	Equity
					Income (Loss)		
					(In thousands)		
Balance at December 31, 2007	150,074	\$ 1,501	\$ 1,152,647	\$ 49,969	\$ (810)	\$ 59,263	\$ 1,262,570
Net income	—	—	—	253,486	—	—	253,486
Foreign currency translation	—	—	—	—	(36,869)	—	(36,869)
Change in fair value of derivative instruments (net of \$10.3 million of deferred income taxes)	—	—	—	—	(17,410)	—	(17,410)
Net comprehensive income							199,207
Shares released from escrow associated with the acquisition of Red Man Pipe & Supply Co.	896	9	7,016	—	—	—	7,025
Equity contribution	4,928	49	41,299	—	—	—	41,348
Payment of stock subscription receivable	—	—	1,033	—	—	—	1,033
Dividends	—	—	—	(475,000)	—	—	(475,000)
Equity-based compensation expense	—	—	10,241	—	—	—	10,241
Redemption of noncontrolling interest	—	—	—	—	—	(59,263)	(59,263)
Balance at December 31, 2008	155,898	1,559	1,212,236	(171,545)	(55,089)	—	987,161
Net loss	—	—	—	(291,671)	—	—	(291,671)
Foreign currency translation	—	—	—	—	23,434	—	23,434
Pension related adjustments, net of tax	—	—	—	—	651	—	651
Change in fair value of derivative instrument	—	—	—	—	1,761	—	1,761
Fair value of derivative instrument reclassified into earnings	—	—	—	—	15,898	—	15,898
Net comprehensive loss							(249,927)
Common stock issued for acquisition of Transmark Fcx	12,733	128	49,276	—	—	—	49,404
Equity contribution	43	—	500	—	—	—	500
Restricted stock vested during period	65	—	—	—	—	—	—
Repurchase of common stock	(4)	—	(70)	—	—	—	(70)
Dividends	—	—	—	(2,900)	—	—	(2,900)
Equity-based compensation expense	—	—	7,830	—	—	—	7,830
Balance at December 31, 2009	168,735	1,687	1,269,772	(466,116)	(13,345)	—	791,998
Net loss	—	—	—	(51,824)	—	—	(51,824)
Foreign currency translation	—	—	—	—	(4,707)	—	(4,707)
Pension related adjustments, net of tax	—	—	—	—	(1,804)	—	(1,804)
Net comprehensive loss							(58,335)
Equity contribution	—	—	200	—	—	—	200
Restricted stock vested during period	73	1	—	—	—	—	1
Forfeited dividends on forfeited unvested restricted stock	—	—	—	250	—	—	250
Equity-based compensation expense	—	—	3,744	—	—	—	3,744
Balance at December 31, 2010	168,808	\$1,688	\$ 1,273,716	\$(517,690)	\$ (19,856)	\$ —	\$ 737,858

See notes to consolidated financial statements.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2010	2009	2008
	(In thousands)		
<b>Operating activities</b>			
Net (loss) income	\$ (51,824)	\$ (291,671)	\$ 253,486
Adjustments to reconcile net (loss) income to net cash provided by (used in) operations:			
Depreciation and amortization	16,579	14,516	11,335
Amortization of intangibles	53,852	46,575	44,398
Amortization of debt issuance costs	11,800	6,900	5,208
Deferred income tax expense (benefit)	2,673	(21,137)	(18,661)
Equity-based compensation expense	3,744	7,830	10,241
Increase (decrease) in LIFO reserve	74,557	(115,597)	126,210
Inventory write-down	362	46,491	—
Change in fair value of derivative instruments	4,926	(8,946)	6,233
Hedge termination	(25,038)	—	—
Amortization and release of previously designated hedge from OCI	—	27,925	—
Goodwill and other intangible asset impairment	—	309,900	—
Net gain on early extinguishment of debt	—	(1,304)	—
Provision for uncollectible accounts	(2,042)	994	7,681
Nonoperating (gains) losses and other items not (providing) using cash	260	(573)	1,927
Changes in operating assets and liabilities:			
Accounts receivable	(83,648)	311,613	(265,282)
Inventories	27,098	521,528	(594,089)
Income taxes	(12,278)	(79,827)	41,770
Other current assets	1,249	9,296	(8,528)
Accounts payable	85,074	(193,825)	160,787
Deferred revenue	1,071	(18,322)	34,342
Accrued expenses and other current liabilities	4,043	(66,874)	45,587
Net cash provided by (used in) operations	112,458	505,492	(137,355)
<b>Investing activities</b>			
Purchases of property, plant and equipment	(14,307)	(16,698)	(20,874)
Proceeds from the disposition of assets	3,054	6,518	2,430
Acquisitions:			
Dresser Oil Tools, Inc.	(9,446)	—	—
The South Texas Supply Company, Inc., net of cash of \$781	(2,947)	—	—
Transmark Fcx, net of cash of \$42,989	—	(55,490)	—
LaBarge Pipe & Steel Company, net of cash of \$2,163	—	—	(152,089)
Red Man Pipe & Supply Co., net of cash of \$13,886	—	—	(14,896)
Purchase of remaining 49% interest in Midfield Supply ULC	—	—	(100,000)
Payment of shareholder loans in connection with the purchase of remaining 49% interest in Midfield Supply ULC	—	—	(31,749)
Proceeds from the sale of assets held for sale, net of payment to shareholders	4,060	—	—
Other investment and notes receivable transactions	3,351	(1,266)	2,935
Net cash used in investing activities	(16,235)	(66,936)	(314,243)
<b>Financing activities</b>			
Proceeds from issuance of long-term obligations	47,897	975,330	450,000
Payments on long-term obligations	—	(997,359)	(5,750)
Net (payments) proceeds on/from revolving credit facilities	(141,899)	(342,476)	452,832
Debt issuance costs paid	(4,386)	(26,875)	(12,361)
Cash equity contributions	200	500	41,348
Repurchase of common stock	—	(70)	—
Dividends paid	—	(2,900)	(475,000)
Dividends held in escrow for restricted stock shareholders	—	—	906
Forfeited dividends on forfeited unvested restricted stock	250	—	—
Net cash (used in) provided by financing activities	(97,938)	(393,850)	451,975
(Decrease) increase in cash	(1,715)	44,706	377
Effect of foreign exchange rate on cash	1,673	(567)	1,653
Cash — beginning of period	56,244	12,105	10,075
Cash — end of period	\$ 56,202	\$ 56,244	\$ 12,105
Supplemental disclosures of cash flow information:			
Cash paid for interest	\$ 125,419	\$ 78,398	\$ 84,740
Cash (received) paid for income taxes	\$ (10,250)	\$ 112,620	\$ 130,978

See notes to consolidated financial statements.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2010**

**NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES**

**Business Operations:** McJunkin Red Man Holding Corporation is a holding company headquartered in Houston, Texas, with administrative offices in Charleston, West Virginia; Tulsa, Oklahoma; Calgary, Alberta, Canada; and Bradford, United Kingdom. We are a majority owned subsidiary of PVF Holdings LLC. Our wholly owned subsidiaries, McJunkin Red Man Corporation and its subsidiaries (“MRC”), are global distributors of pipe, valves, fittings and related products and services across each of the upstream (exploration, production and extraction of underground oil and gas), midstream (gathering and transmission of oil and gas, gas utilities, and the storage and distribution of oil and gas) and downstream (crude oil refining, petrochemical processing and general industrials) markets. We have branches in principal industrial, hydrocarbon producing and refining areas throughout the United States, Canada, Europe, Asia and Australasia. Our products are obtained from a broad range of suppliers.

**Basis of Presentation:** PVF Holdings LLC (formerly known as McJ Holding LLC) was formed on November 20, 2006 by affiliates of the Goldman Sachs Group, Inc. (“Goldman Sachs”) and certain shareholders of McJunkin Corporation (“McJunkin”) for the purposes of acquiring McJunkin on January 31, 2007. The affiliates of Goldman Sachs referred to in the previous sentence are GS Capital Partners V Fund, L.P., GS Capital Partners V Offshore Fund, L.P., GS Capital Partners V GmbH & Co. KG, and GS Capital Partners V Institutional, L.P. (collectively, the “GSCP V Funds”). In connection with the business combination transaction with Red Man Pipe & Supply Co. (“Red Man”) in October 2007, the GSCP V Funds and GS Capital Partners VI Fund, L.P., GS Capital Partners VI Offshore Fund, L.P., GS Capital Partners VI GmbH & Co. KG, and GS Capital Partners VI Parallel, L.P. (collectively, the “GSCP VI Funds,” and together with the GSCP V Funds, the “Goldman Sachs Funds”) and certain existing members of PVF Holdings LLC and certain shareholders of Red Man made cash and noncash equity contributions to PVF Holdings LLC in exchange for common units of PVF Holdings LLC. Management and control of all of the Goldman Sachs Funds is vested exclusively in their general partners and investment managers, which are affiliates of Goldman Sachs. The investment manager of certain of the Goldman Sachs Funds is Goldman, Sachs & Co., which is a wholly owned subsidiary of Goldman Sachs.

The consolidated financial statements include the accounts of McJunkin Red Man Holding Corporation and its wholly owned and majority owned subsidiaries (collectively referred to as “the Company” or by such terms as “we,” “our” or “us”). All material intercompany balances and transactions have been eliminated in consolidation. Investments in our unconsolidated joint ventures, over which we exercise significant influence, but do not control, are accounted for by the equity method. Our unconsolidated joint ventures, along with our percentage of ownership of each, are: (a) TFCX Finland Oy (50%), (b) MRC Transmark Middle East FZCO (50%) and (c) Transmark DRW GmbH (50%). As of December 31, 2010 and 2009, our total investment in these entities was insignificant.

**Use of Estimates:** The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. We believe that our most significant estimates and assumptions are related to estimated losses on accounts receivable, estimated realizable value on excess and obsolete inventories, goodwill, intangibles, deferred taxes and self-insurance programs. Actual results could differ materially from those estimates.

**Cash Equivalents:** We consider all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

**Allowance for Doubtful Accounts:** We evaluate the adequacy of the allowance for losses on receivables based upon periodic evaluation of accounts that may have a higher credit risk using information available about the customer and other relevant data. This formal analysis is inherently subjective and requires us to make significant estimates of factors affecting doubtful accounts, including customer specific information, current economic

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

conditions, volume, growth and composition of the account, and other factors such as financial statements, news reports and published credit ratings. The amount of the allowance for the remainder of the trade balance is not evaluated individually but is based upon historical loss experience.

Because this process is subjective and based on estimates, ultimate losses may differ from those estimates. Receivable balances are written off when we determine that the balance is uncollectible. Subsequent recoveries, if any, are credited to the allowance when received. The provision for losses on receivables is included in selling, general and administrative expenses in the accompanying consolidated statements of income.

**Inventories:** Our inventories are generally valued at the lower of cost, principally last-in, first-out method (LIFO) or market. We record an estimate each month, if necessary, for the expected annual effect of inflation and estimated year-end inventory volume. These estimates are adjusted to actual results determined at year-end. This practice excludes certain inventories, which are held outside of the United States, approximating \$140 million and \$163 million at December 31, 2010 and 2009, which are valued at the lower of weighted-average cost or market.

Our inventory is substantially finished goods. The amount of general and administrative costs charged to inventory was immaterial for the years ended December 31, 2010, 2009, and 2008.

Allowances for excess and obsolete inventories are determined based on analyses comparing inventories on hand to sales trends. The allowance, which totaled \$11 million and \$8 million at December 31, 2010 and 2009, is the amount deemed necessary to reduce the cost of the inventory to its estimated realizable value.

**Assets Held for Sale:** Certain of our assets, consisting principally of certain available-for-sale securities and two parcels of real estate, were designated as noncore assets under the terms of the acquisition of McJunkin Corporation by certain affiliates of the Goldman Sachs Group, Inc. In accordance with the acquisition agreement, we classified these as assets held for sale in the consolidated balance sheet. A corresponding liability to shareholders (of our predecessor company, McJunkin Corporation) was recognized to reflect the obligation to the shareholders of record at the date of the acquisition. In the second quarter of 2010, we sold the available-for-sale securities. In September 2010, a portion of the proceeds from this sale, less selling expenses, other expenses and the related tax liability, was paid to the former shareholders of our predecessor company, net of administrative cost reimbursement retained by us. We paid the remainder, net of expected expenses, in December 2010. In the third quarter of 2010, we retained one of the parcels of real estate for our future use and paid the former shareholders the fair market value of the property, net of administrative cost reimbursement retained by us.

In January 2011, we sold our measurement fabrication business to a third party, while retaining the distribution portion of the business. The fabrication business was a noncore business of our North American segment and was not material to our consolidated financial statements; therefore, we have not reported this portion of the business as discontinued operations. As a result of this agreement, we recorded an \$0.2 million loss on the sale, as a result of the estimated fair value being less than the carrying value. The assets that were sold in this transaction were not material to our consolidated balance sheet.

**Debt Issuance Costs:** We defer costs directly related to obtaining financing and amortize them over the term of the indebtedness on a straight-line basis. The use of the straight-line method does not produce results that are materially different from those which would result from the use of the effective interest method. Such amounts are reflected in the consolidated income statement as a component of interest expense. Debt issuance costs are shown net of accumulated amortization of \$14 million and \$6 million at December 31, 2010 and 2009.

**Fixed Assets:** Land, buildings and equipment are stated on the basis of cost. For financial statement purposes, depreciation is computed over the estimated useful lives of such assets principally by the straight-line method; accelerated depreciation and cost recovery methods are used for income tax purposes. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvements. When assets are retired or otherwise disposed of, the cost and related

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

accumulated depreciation are removed from the accounts and any gain or loss is reflected in income for the period. Maintenance and repairs are charged to expense as incurred.

**Goodwill and Other Intangible Assets:** Goodwill represents the excess of cost over the fair value of net assets acquired. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually or more frequently if circumstances indicate that impairment may exist. We evaluate goodwill for impairment at two reporting units that mirror our two reportable segments (North America and International).

The goodwill impairment test compares the carrying value of the reporting unit that has the goodwill with the estimated fair value of that reporting unit. If the carrying value is more than the estimated fair value, we then calculate the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the estimated fair value of the reporting unit. Impairment losses are recognized to the extent that recorded goodwill exceeds implied goodwill. Our impairment methodology uses discounted cash flow and multiples of cash earnings valuation techniques, plus valuation comparisons to similar businesses. These valuation methods require us to make certain assumptions and estimates regarding future operating results, the extent and timing of future cash flows, working capital, sales prices, profitability, discount rates and growth trends. While we believe that such assumptions and estimates are reasonable, the actual results may differ materially from the projected results (see Note 6 for more information regarding goodwill).

Other intangible assets primarily include customer bases and noncompetition agreements resulting from business acquisitions. Other intangible assets are recorded at fair value at the date of acquisition. Amortization is provided using the straight-line method over their estimated useful lives, ranging from one to twenty years.

The carrying value of intangible assets is subject to an impairment test when events or circumstances indicate a possible impairment. When events or circumstances indicate a possible impairment, we assess recoverability from future operations using undiscounted cash flows derived from the lowest appropriate asset group. To the extent the carrying value exceeds the undiscounted cash flows, an impairment charge would be recognized to the extent that the carrying value exceeds the fair value, which is determined based on a discounted cash flow analysis. While we believe that assumptions and estimates utilized in the impairment analysis are reasonable, the actual results may differ materially from the projected results. These impairments are determined prior to performing our goodwill impairment test.

**Derivatives and Hedging:** We utilize interest rate swaps to reduce our exposure to potential interest rate increases. Changes in the fair values of our derivative instruments are based upon independent market quotes. We record all derivatives on the consolidated balance sheets at fair value. Prior to June 29, 2009, if a derivative was designated as a cash flow hedge, we measured the effectiveness of the hedge, or the degree that the gain (loss) for the hedging instrument offset the loss (gain) on the hedged item, at each reporting period. The effective portion of the gain (loss) on the derivative instrument, net of deferred taxes, was recognized in other comprehensive income as a component of equity and, subsequently, reclassified into earnings when the forecasted transaction affected earnings. The ineffective portion of a derivative's change in fair value was recognized in earnings immediately. Derivatives that did not qualify for hedge treatment were recorded at fair value with gains (losses) recognized in earnings in the period of change. On June 29, 2009, we removed the designation of our swap as a cash flow hedge. Accordingly, changes in the fair value of the derivative are recorded in earnings in the period of change; and the fair value that was previously included in other comprehensive income was amortized over the remaining life of the agreement or until the forecasted transaction expires. At December 31, 2009, we determined that the forecasted transaction was not going to occur (due to the fact that we terminated the interest rate swap agreement in January 2010), therefore, the fair value that remained in other comprehensive income was charged to interest expense in our consolidated statements of income.

We utilize foreign exchange forward contracts (exchange contracts) to manage our foreign exchange rate risks resulting from purchase commitments and sales orders. Changes in the fair values of our exchange contracts are based upon independent market quotes. We do not designate our exchange contracts as hedging instruments;



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

therefore, we record our exchange contracts on the consolidated balance sheets at fair value, with the gains and losses recognized in earnings in the period of change.

**Fair Value:** We measure certain of our assets and liabilities at fair value on a recurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. A three-tier fair value hierarchy is established as a basis for considering such assumptions for inputs used in the valuation methodologies to measuring fair value:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

**Level 2:** Significant observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs for the asset or liability. Unobservable inputs reflect our own assumptions about the assumptions that market participants would use in pricing an asset or liability (including all assumptions about risk).

Certain assets and liabilities are measured at fair value on a nonrecurring basis. Our assets and liabilities measured at fair value on a nonrecurring basis include property, plant and equipment, goodwill and other intangible assets. We do not measure these assets at fair value on an ongoing basis; however, these assets are subject to fair value adjustments in certain circumstances, such as when there is evidence of impairment.

Our impairment methodology for goodwill and other intangible assets uses both (i) a discounted cash flow analysis requiring certain assumptions and estimates to be made regarding the extent and timing of future cash flows, discount rates and growth trends and (ii) valuation comparisons to a group of similar, publicly traded companies. As all of the assumptions employed to measure these assets and liabilities on a nonrecurring basis are based on management's judgment using internal and external data, these fair value determinations are classified as Level 3. We have not elected to apply the fair value option to any of our eligible financial assets and liabilities.

**Insurance:** We are self-insured for first party automobile coverage, product recall, ocean cargo shipments and portions of employee healthcare and asbestos claims. In addition, we maintain a nonmaterial deductible program as it relates to workers' compensation, automobile liability, property and general liability claims including, but not limited to, product liability claims, which are secured by various letters of credit totaling \$5 million. Our estimated liability and related expenses for claims are based in part upon estimates provided by insurance carriers, third-party administrators, and actuaries. Insurance reserves are deemed by us to be sufficient to cover outstanding claims, including those incurred but not reported as of the estimation date. Further, we maintain a commercially reasonable umbrella/excess policy that covers liabilities in excess of the primary limits.

**Income Taxes:** Deferred tax assets and liabilities are recorded for differences between the financial reporting and tax bases of assets and liabilities using the tax rate expected to be in effect when the taxes will actually be paid or refunds received. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Each reporting period, we assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we record a valuation allowance against the deferred tax asset that we believe will not be recoverable. The ultimate recovery of our deferred tax asset is dependent on various factors and is subject to change.

The benefit of an uncertain tax position that meets the "probable recognition threshold" is recognized in the financial statements. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

judgment occurs. We record interest related to unrecognized tax benefits in interest expense and penalties related to unrecognized tax benefits in income tax expense.

**Foreign Currency Translation and Transactions:** The functional currency of our foreign operations is the applicable local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the U.S. dollar at current exchange rates are included in accumulated other comprehensive income. The balance sheet accounts (with the exception of retained earnings) are translated using current exchange rates as of the balance sheet date. Retained earnings are translated at historical exchange rates and revenue and expense accounts are translated using a weighted-average exchange rate during the year. Historically, gains or losses resulting from foreign currency transactions have been immaterial and are recognized in the consolidated statements of income within other, net.

**Equity-Based Compensation:** Our equity-based compensation consists of (1) restricted common units and profit units of PVF Holdings LLC and (2) restricted stock and nonqualified stock options of our Company. The cost of employee services received in exchange for an award of an equity instrument is measured based on the grant-date fair value of the award. Our policy is to expense equity-based compensation using the fair-value of awards granted, modified or settled. Restricted common units, profit units and restricted stock are credited to equity as they are expensed over their vesting periods based on the then current market value of the shares vested.

The fair value of nonqualified stock options is measured on the grant date of the related equity instrument using the Black-Scholes option-pricing model and is recognized as compensation expense over the applicable vesting period.

**Revenue Recognition:** Sales to our principal customers are made pursuant to agreements that normally provide for transfer of legal title and risk upon shipment. We recognize revenue as products are shipped, title has transferred to the customer and the customer assumes the risks and rewards of ownership, and collectability is reasonably assured. Freight charges billed to customers are reflected in revenues. Return allowances, which are not material, are estimated using historical experience. Amounts received in advance are deferred and recognized as revenue when the products are shipped and title transfers.

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales in the accompanying consolidated statements of income.

**Cost of Goods Sold:** Cost of goods sold includes the cost of inventory sold and related items, such as vendor rebates, inventory allowances, and shipping and handling costs associated with outbound freight.

**Earnings per Share:** Basic earnings per share are computed based on the weighted-average number of common shares outstanding, excluding any dilutive effects of unexercised stock options and unvested restricted stock. Diluted earnings per share are computed based on the weighted-average number of common shares outstanding including any dilutive effect of unexercised stock options and unvested restricted stock. The dilutive effect of unexercised stock options and unvested restricted stock is calculated under the treasury stock method.

**Concentration of Credit Risk:** Most of our business activity is with customers in the energy and industrial sectors. In the normal course of business, we grant credit to these customers in the form of trade accounts receivable. These receivables could potentially subject us to concentrations of credit risk; however, we minimize such risk by closely monitoring extensions of trade credit. We generally do not require collateral on trade receivables.

We maintain the majority of our cash and cash equivalents with several reputable financial institutions. These financial institutions are located in many different geographical regions with varying economic characteristics and risks. Deposits held with banks may exceed insurance limits. We believe the risk of loss associated with our cash equivalents to be remote.

We have a broad customer base doing business in all regions of the world. During 2010, 2009 and 2008, we did not have sales to any one customer in excess of 10% of gross sales, and at those respective year-ends no individual

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

customer balances exceeded 10% of gross accounts receivable. Accordingly, no significant concentration of credit risk is considered to exist.

We have a broad supplier base, sourcing our products in most regions of the world. During 2010, we had purchases from one vendor in excess of 10% of our gross purchases (11%), while during 2009 and 2008, we did not have any purchases from any one vendor in excess of 10% of our gross purchases, and at those respective year-ends no individual vendor balance exceeded 10% of gross accounts payable. Accordingly, no significant concentration is considered to exist.

**Segment Reporting:** We operate as two reportable segments, one consisting of our North American operations and one consisting of our other International operations. Our North American segment consists of our operations in the United States and Canada and has operations in four geographical regions, which have similar economic characteristics, products and services, types of customers, distribution methods and regulatory environments in each region. Our International segment has operations in Europe, Asia and Australasia. These segments represent our global business of providing pipe, valves, fittings and related products and services to the energy and industrial sectors, across each of the upstream (exploration, production and extraction of underground oil and gas), midstream (gathering and transmission of oil and gas, gas utilities, and the storage and distribution of oil and gas) and downstream (crude oil refining and petrochemical processing) markets, through our distribution operations located throughout the world.

**Recent Accounting Pronouncements:** In October 2009, the Financial Accounting Standards Board (“FASB”) issued an amendment to Accounting Standards Codification (“ASC”) 605, *Revenue Recognition*, related to the accounting for revenue in arrangements with multiple deliverables including how the arrangement consideration is allocated among delivered and undelivered items of the arrangement. Among the amendments, this standard eliminated the use of the residual method for allocating arrangement considerations and requires an entity to allocate the overall consideration to each deliverable based on an estimated selling price of each individual deliverable in the arrangement in the absence of having vendor-specific objective evidence or other third-party evidence of fair value of the undelivered items. This standard also provides further guidance on how to determine a separate unit of accounting in a multiple-deliverable revenue arrangement and expands the disclosure requirements about the judgments made in applying the estimated selling price method and how those judgments affect the timing or amount of revenue recognition. This standard will become effective on January 1, 2011. We do not expect that the adoption of this standard will have a material impact on our consolidated financial statements.

In January 2010, FASB issued Accounting Standards Update (“ASU”) No. 2010-06, *Improving Disclosures about Fair Value Measurements*, an amendment to ASC Topic 820, *Fair Value Measurement and Disclosures*. This amendment will require us to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and describe the reasons for the transfers and present separate information for Level 3 activity pertaining to gross purchases, sales, issuances and settlements. This amendment is effective for reporting periods beginning after December 31, 2009, except for the disclosures about purchases, sales, issuances and settlements in the rollforward activity in Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Our adoption of this amendment, pertaining to the Level 1 and Level 2 disclosures on January 1, 2010, did not have a material impact on our consolidated financial statements. We do not believe that the Level 3 amendment disclosures will have a material impact on our consolidated financial statements.

In February 2010, FASB issued ASU No. 2010-09, *Amendments to Certain Recognition and Disclosure Requirements*, an amendment to ASC Topic 855, *Subsequent Events*, that removed the requirements for SEC registrants to disclose the date through which subsequent events were evaluated. There were no changes to the accounting for or disclosure of events that occur after the balance sheet date but before the financial statements are issued. Our adoption of this amendment on January 1, 2010 did not have a material impact on our consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In July 2010, FASB issued ASU No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, which amended ASC Topic 310, *Receivables*. This amendment enhances the disclosure requirements regarding the nature of credit risk inherent in our portfolio of accounts receivable, how that risk is assessed in arriving at our allowance for doubtful accounts and the changes and reasons for those changes in the allowance for doubtful accounts. The adoption of this amendment did not have a material impact on our consolidated financial statements.

In December 2010, FASB issued ASU No. 2010-29, *Disclosure of Supplementary Pro Forma Information for Business Combinations*, which amended ASC Topic 805, *Business Combinations*. This ASU amended certain existing and added additional pro forma disclosure requirements. The standard will become effective on January 1, 2011. We do not expect that the adoption of this standard will have a material impact on our consolidated financial statements.

**NOTE 2 — TRANSACTIONS**

**Acquisitions**

On October 9, 2008, we acquired LaBarge Pipe & Steel Company (“LaBarge”) for \$154.2 million. LaBarge was engaged in the sale and distribution of carbon steel pipe (predominately large diameter pipe) for use primarily in the North American energy infrastructure market. The purchase price has been allocated in the following table. Transaction costs capitalized in connection with the acquisition of LaBarge totaled \$3.8 million and included \$1.6 million paid to an affiliate of the Goldman Sachs Funds as reimbursement of their costs associated with due diligence and advisory services. On January 21, 2010, LaBarge was legally merged into MRC.

On October 30, 2009, we acquired Transmark Fcx Group BV (together with its subsidiaries, “Transmark”) for \$147.9 million. Headquartered in Bradford, United Kingdom, Transmark is a global distributor of specialty valves and flow control equipment, with a network of 37 distribution and service facilities in 13 countries throughout Europe, Asia and Australasia. The purchase price has been allocated in the following table. In connection with this transaction, we expensed approximately \$17.4 million in transaction costs, including \$5.8 million paid to an affiliate of the Goldman Sachs Funds as reimbursement of their costs associated with due diligence and advisory services. These expenses are included within selling, general and administrative expenses in our consolidated statements of income. As a part of the acquisition, we renamed Transmark Fcx Group BV as MRC Transmark Group B.V. (“MRC Transmark”).

On May 28, 2010, we acquired The South Texas Supply Company, Inc. (“South Texas Supply”) for \$3.9 million. South Texas operates two branches in southern Texas, within the Eagle Ford Shale region. The impact of this acquisition was not material to our consolidated financial statements.

On August 31, 2010, we acquired operations and assets from Dresser Oil Tools, Inc. (“Dresser”) for \$9.3 million. Dresser operates five branches in North Dakota and Montana, within the Bakken Shale region. The impact of this acquisition was not material to our consolidated financial statements.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The consideration paid for these acquisitions has been allocated as follows (in millions):

	2010 Acquisition of South Texas Supply and Dresser	2009 Acquisition of Transmark Fex Group BV	2008 Acquisition of LaBarge Pipe & Steel Company
Consideration:			
Cash consideration paid	\$ 13.2	\$ 98.5	\$ 150.4
Transaction costs(1)	—	—	3.8
Total cash consideration	13.2	98.5	154.2
Common stock issued	—	49.4	—
Total consideration	\$ 13.2	\$ 147.9	\$ 154.2
Number of shares issued	—	12.7	—
Fair value of shares issued	\$ —	\$ 49.4	\$ —
Net assets acquired:			
Cash	\$ 0.7	\$ 43.0	\$ 2.3
Accounts receivable	7.1	71.9	21.7
Inventory	7.3	65.1	138.6
Other current assets	—	11.4	—
Fixed assets	0.9	11.1	4.4
Other assets	0.1	11.2	0.9
Customer base intangibles	—	43.0	33.0
Trade name	—	14.0	1.1
Sales order backlog	—	6.0	—
Goodwill	3.6	44.4	0.3
Accounts payable	(5.5)	(47.2)	(43.7)
Accrued expenses	(0.6)	(22.0)	(4.4)
Income taxes payable	—	(6.8)	—
Deferred income taxes	—	(12.8)	—
Debt	—	(80.2)	—
Other liabilities	(0.4)	(4.2)	—
	\$ 13.2	\$ 147.9	\$ 154.2
Goodwill deductible for tax purposes	No	No	Yes

(1) Prior to the adoption of ASC 805 (on January 1, 2009), transaction costs were capitalized as a component of the purchase price of the acquisition. Subsequent to the adoption, transaction costs are expensed as incurred.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Pro Forma Financial Information (Unaudited)**

The following unaudited pro forma results of operations assume that the Transmark acquisition described above occurred on January 1, 2009. This unaudited pro forma information should not be relied upon as necessarily being indicative of the historical results that would have been obtained if the transactions had actually occurred on that date or of results that may be obtained in the future (in millions, except per share data).

	<u>2009</u>
Pro forma sales	\$3,933
Pro forma net loss	(278)
Loss per common share, basic	\$(1.65)
Loss per common share, diluted	\$(1.65)

**NOTE 3 — ACCOUNTS RECEIVABLE**

The rollforward of our allowance for doubtful accounts is as follows (in thousands):

	<u>2010</u>	<u>December 31, 2009</u>	<u>2008</u>
<b>Allowance for doubtful accounts</b>			
Beginning balance	\$ 8,790	\$ 9,915	\$ 2,247
Net charge-offs	(2,297)	(2,119)	(536)
Other	—	—	523
Provision	(2,042)	994	7,681
Ending balance	<u>\$ 4,451</u>	<u>\$ 8,790</u>	<u>\$9,915</u>

Our accounts receivable is also presented net of other volume related allowances. Those allowances approximated \$4.7 million and \$4.0 million at December 31, 2010 and 2009.

**NOTE 4 — INVENTORIES**

The composition of our inventory is as follows (in thousands):

	<u>December 31, 2010</u>	<u>2009</u>
Finished goods inventory at average cost:		
Energy carbon steel tubular products	\$ 396,611	\$ 503,948
Valves, fittings, flanges and all other products	481,137	402,690
	877,748	906,638
Less: Excess of average cost over LIFO cost (LIFO reserve)	(101,419)	(26,862)
Less: Other inventory reserves	(10,962)	(8,123)
	<u>\$ 765,367</u>	<u>\$871,653</u>

During 2010 and 2009, our inventory quantities were reduced, resulting in a liquidation of a LIFO inventory layer that was carried at a higher cost prevailing from a prior year, as compared with current costs in the current year (a “LIFO decrement”). A LIFO decrement results in the erosion of layers created in earlier years and therefore a LIFO layer is not created for years that have decrements. In 2010, the effect of this LIFO decrement decreased cost of sales by approximately \$11 million and in 2009, increased cost of sales by approximately \$45 million.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

As a result of our lower-of-cost-or-market assessment, we recognized pretax charges of \$0.4 million and \$46.5 million during the years ended December 31, 2010 and 2009. No such charges were recognized in 2008.

**NOTE 5 — PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consisted of the following (in thousands):

	<u>Depreciable Life</u>	<u>December 31,</u>	
		<u>2010</u>	<u>2009</u>
Land and improvements	—	\$ 24,685	\$ 17,918
Building and building improvements	40 years	48,803	47,052
Machinery and equipment	3 to 10 years	70,960	69,542
Construction in progress	—	2,902	3,597
Property held under capital leases	20 to 30 years	2,089	2,089
		149,439	140,198
Allowances for depreciation and amortization		(44,714)	(28,718)
		<u>\$ 104,725</u>	<u>\$ 111,480</u>

**NOTE 6 — GOODWILL AND OTHER INTANGIBLE ASSETS**

The changes in the carrying amount of goodwill by segment for the years ended December 31, 2010 and 2009, are as follows (in thousands):

	<u>North America</u>	<u>International</u>	<u>Total</u>
Balances at December 31, 2008	\$ 807,250	\$ —	\$ 807,250
Goodwill impairment charge	(309,900)	—	(309,900)
Acquisition of Transmark	—	44,441	44,441
Other	(172)	—	(172)
Effect of foreign currency translation	9,396	(1,282)	8,114
Balances at December 31, 2009:			
Goodwill	816,474	43,159	859,633
Accumulated impairment losses	(309,900)	—	(309,900)
Net goodwill at December 31, 2009	506,574	43,159	549,733
Acquisition of South Texas Supply and Dresser	3,591	—	3,591
Other	(687)	—	(687)
Effect of foreign currency translation	—	(3,253)	(3,253)
Balances at December 31, 2010:			
Goodwill	819,378	39,906	859,284
Accumulated impairment losses	(309,900)	—	(309,900)
Net goodwill at December 31, 2010	<u>\$ 509,478</u>	<u>\$ 39,906</u>	<u>\$ 549,384</u>

During 2009, our earnings progressively decreased due to the weakening of the U.S. and global economies, the reductions in oil and natural gas prices, and the reductions in our customers' expenditure programs (both new programs and recurring maintenance programs). These factors resulted in a reduced demand for our product; consequently, we revised our long-term projections, which in turn impacted the fair value of our business. As a result, we concluded that the carrying value of our reporting unit exceeded the fair value of our reporting unit and



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thus, for the year ended December 31, 2009, we recorded a pretax impairment charge of \$310 million. No impairment charges were recorded in any of the other periods presented.

Other intangible assets by major classification consist of the following (in thousands):

	Weighted- Average Amortization Period (in years)	Gross	Accumulated Amortization	Net Book Value
<b>December 31, 2010</b>				
Customer base	16.2	\$ 693,809	\$ (149,312)	\$ 544,497
Amortizable trade names	5.9	21,699	(9,264)	12,435
Unamortizable trade names	N/A	336,223	—	336,223
Noncompete agreements	5	970	(760)	210
Sales order backlog	1	8,914	(8,914)	—
	<u>15.8</u>	<u>\$1,061,615</u>	<u>\$ (168,250)</u>	<u>\$ 893,365</u>
<b>December 31, 2009</b>				
Customer base	16.2	\$ 696,489	\$ (103,327)	\$ 593,162
Amortizable trade names	5.9	22,643	(5,244)	17,399
Unamortizable trade names	N/A	336,223	—	336,223
Noncompete agreements	5	970	(566)	404
Sales order backlog	1	9,526	(4,526)	5,000
	<u>15.8 years</u>	<u>\$1,065,851</u>	<u>\$ (113,663)</u>	<u>\$952,188</u>

**Amortization of Intangible Assets**

Total amortization of all acquisition-related intangible assets for each of the years ending December 31, 2011 to 2015 is currently estimated as follows (in millions):

2011	\$49.4
2012	47.3
2013	47.3
2014	47.3
2015	47.3

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 7 — LONG-TERM DEBT**

The significant components of our long-term debt are as follows (in thousands):

	December 31,	
	2010	2009
<b>Issuer:</b>		
9.50% senior secured notes due 2016, net of discount of \$22,062 and \$24,670	\$ 1,027,938	\$ 975,330
Asset-based revolving credit facility	286,398	340,126
<b>Non-Guarantors:</b>		
Midfield revolving credit facility	1,297	50,209
Midfield term loan facility	14,415	13,680
MRC Transmark revolving credit facility	23,214	52,791
MRC Transmark term loan facility	—	10,750
MRC Transmark factoring facility	6,979	9,034
Other	—	690
	1,360,241	1,452,610
Less current portion	—	9,114
	<u>\$ 1,360,241</u>	<u>\$ 1,443,496</u>

**Senior Secured Notes:** On December 21, 2009, our wholly owned subsidiary, MRC, issued \$1.0 billion aggregate principal amount of its 9.50% Senior Secured Notes (the “Notes”) maturing on December 15, 2016. On February 11, 2010, MRC issued an additional \$50 million aggregate amount of the Notes. MRC received proceeds of \$1.023 billion, resulting in an original issue discount (“OID”) of approximately \$27 million, which will be accreted over the life of the Notes in interest expense in our consolidated statements of income. The Notes rank equally in right of payment with all of MRC’s existing and future senior indebtedness. We guarantee the Notes, along with our wholly owned domestic subsidiaries. The Notes are secured by a senior lien on substantially all of the tangible and intangible assets of MRC and its wholly owned domestic subsidiaries, except for the collateral securing the Asset-Based Revolving Credit Facility (“ABL”), for which the Notes are secured on a junior basis. Assets owned by our non-guarantor subsidiaries are not part of the collateral securing the Notes.

Under the terms of the indenture governing the Notes, MRC must offer to repurchase the Notes at a price equal to 101% of their outstanding principal in the event of a change in control as defined in the indenture. At any time prior to December 15, 2012, MRC may redeem up to 35% of the aggregate principal amount of the Notes at 109.50% plus accrued and unpaid interest, with all or a portion of the net cash proceeds of one or more Qualified Equity Offerings (as defined in the indenture governing the Notes), provided that at least 65% of the aggregate principal amount of the Notes remains outstanding and the redemption occurs within 90 days of the date of the closing of such Qualified Equity Offering. Further, at any time prior to December 15, 2012, MRC may redeem all or part of the Notes, with 15 to 60 days notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus a make-whole premium defined in the indenture governing the Notes, and accrued and unpaid

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interest to the date of redemption. On or after December 15, 2012, MRC may redeem all or part of the Notes, with 15 to 60 days notice, at the redemption prices set forth in the table below:

Year	Percentage
2012	107.125%
2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

The indenture governing the Notes contains covenants that impose significant restrictions on MRC's business. The restrictions that these covenants place on MRC and its restricted subsidiaries include limitations on its ability and the ability of its restricted subsidiaries to, among other things, incur additional indebtedness, issue certain preferred stock or disqualified capital stock, create liens, pay dividends or make other restricted payments, make certain payments on debt that is subordinated or secured on a basis junior to the Notes, make investments, sell assets, create restrictions on the payment of dividends or other amounts to us from restricted subsidiaries, consolidate, merge, sell or otherwise dispose of all or substantially all of our assets, enter into transactions with our affiliates and designate its subsidiaries as unrestricted subsidiaries. We were in compliance with the covenants contained in our indenture as of and for the years ended December 31, 2010 and 2009.

MRC is required to register with the Securities and Exchange Commission notes having substantially identical terms as the Notes as part of an offer to exchange freely tradable exchange notes for MRC's Notes. We are required to file an exchange offer registration statement within 470 days after the issue date of the Notes ("filing deadline") and use our commercially reasonable efforts to cause the exchange offer registration statement to be declared effective within 110 days after the filing deadline ("effectiveness deadline"). The exchange offer is required to be completed within 30 business days of the effectiveness deadline. We may also be required to file a shelf registration statement in certain circumstances. If we fail to meet these deadlines, special interest will accrue and be payable with respect to the Notes.

In connection with the issuance of the Notes, we paid off our \$575 million Term Loan Facility and \$450 million Junior Term Loan Facility. These facilities bore interest at a rate per annum equal to, at our option, either (i) the greater of the prime rate and the federal funds rate effective rate plus 0.50%, plus, in either case, 2.25%; or (b) LIBOR plus 3.25% (Term Loan Facility) or LIBOR multiplied by the statutory reserve rate plus 3.25% (Junior Term Loan Facility). We were in compliance with the covenants contained in these facilities as of and during the periods prior to payoff. As a result of these payoffs, we wrote off approximately \$14 million of debt issuance costs, which are included in the gain on early extinguishment of debt in our consolidated statements of income. In 2009, prior to the payoff, we purchased and retired \$36 million of our Junior Term Loan Facility and recognized a gain on early extinguishment of \$16 million (\$10 million, net of deferred income taxes) in our consolidated statements of income.

**Asset-Based Revolving Credit Facility:** MRC is the borrower under a \$900 million Asset-Based Revolving Credit Facility ("ABL"). The ABL provides for the extension of both revolving loans and swingline loans and the issuance of letters of credit. The aggregate principal amount of revolving loans outstanding at any time under the ABL may not exceed \$900 million, subject to adjustments based on changes in the borrowing base and less the sum of all letters of credit outstanding and the aggregate principal amount of swingline loans outstanding. There is a \$60 million sub-limit on swingline loans and the total letters of credit outstanding at any time may not exceed \$60 million.

Availability under the \$900 million ABL is subject to a borrowing base. The borrowing base is equal to 85% of the sum of eligible accounts receivable and the net orderly liquidation value of eligible inventory, subject to customary reserves and eligibility criteria.

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Borrowings under the ABL bear interest at a rate per annum equal to, at our option, either (i) the greater of the prime rate as quoted in *The Wall Street Journal* and the federal funds effective rate plus 0.50%, plus in either case (a) 2.00% if MRC's consolidated total debt to consolidated adjusted EBITDA ratio is greater than or equal to 2.75 to 1.00, (b) 1.75% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (c) 1.50% if such ratio is less than 2.00 to 1.00; or (ii) LIBOR plus (a) 3.00% if the borrower's consolidated total debt to consolidated adjusted EBITDA ratio is greater than or equal to 2.75 to 1.00, (b) 2.75% if such ratio is greater than or equal to 2.00 to 1.00 but less than 2.75 to 1.00, or (c) 2.50% if such ratio is less than 2.00 to 1.00. Interest on swingline lines is calculated on the basis of the rate described in (i) of the preceding sentence.

In addition, MRC is required to pay a commitment fee with respect to unutilized commitments at a rate per annum equal to (i) 0.50% if our consolidated total debt to consolidated adjusted EBITDA ratio is greater than or equal to 2.75 to 1.00 and (ii) 0.375% if such ratio is less than 2.75 to 1.00. MRC is also required to pay customary letter of credit fees and agency fees.

The ABL provides that MRC has the right at any time to request incremental commitments, but the lenders are under no obligation to provide any such additional commitments. The increase in facility commitments may not exceed the sum of (i) \$150 million, plus (ii) only after the entire \$150 million is drawn, an amount such that on a pro forma basis, after giving effect to the new facility commitments and certain other specified transactions, the secured leverage ratio will be no greater than 4.75 to 1.00. If MRC were to request any such additional commitments and the existing lenders or new lenders were to agree to provide such commitments, the ABL size could be increased as described above, but our ability to borrow would still be limited by the amount of the borrowing base.

If at any time the aggregate amount of outstanding loans, unreimbursed letter of credit drawings and undrawn letters of credit under the ABL exceeds the lesser of (i) the total revolving credit commitments or (ii) the borrowing base, MRC will be required to repay outstanding loans or cash collateralize letters of credit in an aggregate amount equal to such excess, with no reduction of the commitment amount. If the amount available under the ABL is less than 7% of total revolving credit commitments, or an event of default pursuant to certain provisions of the credit agreement has occurred, MRC would then be required to deposit daily in a collection account managed by the agent under the ABL. MRC may voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans at any time without premium or penalty other than customary "breakage" costs with respect to LIBOR loans. There is no scheduled amortization under the ABL; the principal amount of the loans outstanding is due and payable in full on October 31, 2013.

All obligations under the ABL are guaranteed by MRC's existing and future wholly owned domestic subsidiaries. All obligations under the ABL are secured, subject to certain significant exceptions, by substantially all of MRC's assets, including:

- A first-priority security interest in personal property consisting of inventory and accounts receivable;
- A second-priority pledge of certain of the capital stock held by us or any subsidiary guarantor; and
- A second-priority security interest in, and mortgages on, substantially all of our other tangible and intangible assets and of each subsidiary guarantor.

The ABL contains customary covenants which restrict, subject to certain exceptions, the ability of MRC and its subsidiaries to incur additional indebtedness, create liens on assets, engage in mergers, consolidations or sales of assets, dispose of subsidiary interests, make investments, loans or advances, pay dividends, make payments with respect to subordinated indebtedness, enter into sale and leaseback transactions, change the business conducted by MRC and its subsidiaries taken as a whole, and enter into agreements that restrict subsidiary dividends or limit the ability of MRC and its subsidiaries to create or keep liens for the benefit of the lenders with respect to our obligations under the facility.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The facility requires that we continue to maintain interest rate swap, cap and hedge agreements for the purpose of ensuring that no less than 50% of the aggregate principal amount of total indebtedness of MRC and its subsidiaries outstanding is either subject to such interest rate agreements or bears interest at a fixed rate.

Although the credit agreement governing the ABL does not require MRC to comply with any financial ratio maintenance covenants, if less than 7% of the then outstanding credit commitments were available to be borrowed under the ABL at any time, MRC would not be permitted to borrow any additional amounts unless its pro forma ratio of consolidated adjusted EBITDA to consolidated Fixed Charges (as such terms are defined in the credit agreement) were at least 1.0 to 1.0.

The credit agreement also contains customary affirmative covenants and events of default. We were in compliance with the covenants contained in our ABL as of and during the years ended December 31, 2010, 2009 and 2008.

**Midfield Revolving Credit Facility:** Midfield Supply ULC (“Midfield”), our Canadian subsidiary, has a Canadian dollar revolving credit facility (“Midfield Revolver”). On October 20, 2010, we increased the maximum limit of the facility to CAD \$80 million (USD \$80 million as of December 31, 2010) from CAD \$60 million (USD \$60 million), subject to adjustments based on the borrowing base and less the aggregate letters of credit outstanding under the facility. Letters of credit may be issued under the facility, subject to certain conditions, including a CAD \$10 million (USD \$10 million) sub-limit.

Borrowings through December 31, 2009 bore interest at either (i) the Canadian prime rate plus 2.00% or (ii) the greater of 2.00% and the rate of interest per annum equal to the rates applicable to Canadian Dollar Bankers’ Acceptances having a comparable term as the proposed loan displayed on the “CDOR Page” of Reuter Monitor Money Rates Services (the “BA Equivalent Rate”), plus 3.50%. After December 31, 2009, the borrowings will bear interest at a rate equal to either (i) the Canadian prime rate, plus (a) 2.25% if the “average daily availability” (as defined in the loan and security agreement for the facility) for the previous fiscal quarter was less than CAD \$30 million (USD \$30 million), (b) 2.00% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD \$30 million (USD \$30 million) but less than CAD \$60 million (USD \$60 million), or (c) 1.75% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD \$60 million (USD \$60 million), or, at our option, (ii) the BA Equivalent Rate plus (a) 3.75% if the average daily availability for the previous fiscal quarter was less than CAD \$30 million (USD \$30 million), (b) 3.50% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD \$30 million (USD \$30 million) but less than CAD \$60 million (USD \$60 million), or (c) 3.25% if the average daily availability for the previous fiscal quarter was greater than or equal to CAD \$60 million (USD \$60 million).

The Midfield Revolver is secured by substantially all of Midfield’s and its subsidiary guarantors’ personal property assets including accounts receivable, chattel paper, bank accounts, general intangibles, inventory, investment property, cash and insurance proceeds. The balance of the Revolver is due at its maturity date, November 18, 2012.

The Midfield Revolver required Midfield to maintain adjusted EBITDA of (i) CAD \$1.5 million (USD \$1.4 million) for the two fiscal quarters ended December 31, 2009, (ii) CAD \$4.8 million (USD \$4.5 million) for the three fiscal quarters ending March 31, 2010 and (iii) CAD \$3.7 million (USD \$3.5 million) for the four fiscal quarters ending June 30, 2010. The facility also requires Midfield, beginning with the fiscal quarter ending March 31, 2011, to maintain a leverage ratio of no greater than 3.50 to 1.00 and, beginning with the fiscal quarter ending September 30, 2010, to maintain a fixed charge coverage ratio of at least 1.15 to 1.00. The facility prohibits Midfield and its subsidiaries from making capital expenditures in excess of CAD \$10 million (USD \$10 million) in the aggregate during any fiscal year, subject to exceptions for certain expenditures and provided that if the actual amount of capital expenditures made in any fiscal year is less than the amount permitted to be made in such fiscal year, up to CAD \$0.25 million (USD \$0.25 million) of such excess may be carried forward and used to make capital expenditures in the succeeding fiscal year.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Midfield Term Loan Facility:** Midfield also has a CAD \$15 million (USD \$15 million as of December 31, 2010) term loan facility. The facility provides for revolving loans until July 31, 2011, after which the revolving loans outstanding under the facility convert to term loans that mature on July 31, 2012. The facility is secured by substantially all of Midfield's and its subsidiary guarantors' real property and equipment.

The facility provides for two types of funding, (i) prime-based loans and/or (ii) guaranteed notes. The interest rates for the facility vary based on the type of funding: (i) the prime-based loans bear interest at the Canadian prime rate, plus 3.25% and (ii) the guaranteed notes bear interest at the Canadian Dealer Offered Rate, plus 4.50%.

The Midfield term loan facility contains similar covenants as the Midfield Revolver, as discussed above.

On September 10, 2010, we amended our Midfield Revolver to defer compliance with a leverage ratio covenant until March 31, 2011 and to modify the calculation of a fixed charge covenant ratio for the compliance period ended September 30, 2010. On September 16, 2010, we amended our Midfield term loan facility to defer compliance with a leverage covenant until March 31, 2011 and to defer compliance with a fixed charge coverage ratio until December 31, 2010. At December 31, 2010, we were in compliance with these covenants as amended.

**Transmark Revolving Credit Facility:** On September 17, 2010, MRC Transmark, our international subsidiary, refinanced its revolving credit facility ("MRC Transmark Revolver"). This facility provides for borrowings up to €60 million (USD \$80 million), with a €20 million (USD \$27 million) sub-limit on letters of credit. The facility matures on September 17, 2013.

The facility will be reduced by €10 million (USD \$13 million) over its term, as follows: €0.5 million (USD \$0.7 million) per quarter starting in the fourth quarter of 2010 through the third quarter of 2012, and then by €1.5 million (USD \$2.0 million) per quarter, starting in the fourth quarter of 2012 through the third quarter of 2013.

The facility bears interest at LIBOR or, in relation to any loan in Euros, EURIBOR, plus an applicable margin. The margin varies based on MRC Transmark's leverage as described in the following table:

<b>MRC Transmark's Leverage Ratio</b>	<b>Margin</b>
Less than or equal to 0.75:1	1.50%
Greater than 0.75:1, but less than or equal to 1.00:1	1.75%
Greater than 1.00:1, but less than or equal to 1.50:1	2.00%
Greater than 1.50:1, but less than or equal to 2.00:1	2.25%
Greater than 2.00:1	2.50%

The facility is secured by substantially all of the assets of MRC Transmark and its wholly owned subsidiaries.

The facility also requires MRC Transmark to maintain: (i) an interest coverage ratio not less than 3.50:1 and (ii) a leverage ratio not to exceed 2.50:1. We were in compliance with these covenants as of and for the year ended December 31, 2010.

In connection with the refinancing, MRC Transmark's existing revolving credit facility and term loan facility were paid off. The previous facilities bore interest at a rate, at our option, of either (i) EURIBOR plus the margin, or, in the case of any currency other than the Euro, (ii) LIBOR plus the margin, in each case for a period of one, three or six months. The margin was based on leverage and ranged from 1.50% to 2.50% (revolving credit facility) and 2.00% to 3.00% (term loan facility). We were in compliance with the covenants contained in these facilities as of and for the periods prior to payoff. Also, in conjunction with the refinancing, we paid approximately \$0.2 million to terminate interest rate swap agreements.

**Transmark Factoring Facility:** MRC Transmark also maintains a factoring facility for one of its wholly owned subsidiaries. The subsidiary factors all invoices for certain approved customers in transactions through which the lender will advance the face value of the invoices (subject to a 10% withholding deposit). The lender receives a commission of 0.18%. The interest rate on this facility is EURIBOR plus 0.45%.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**Availability:** At December 31, 2010, our availability under our revolving credit facilities was as follows (in millions):

	Commitment Amount	Eligible Collateral (up to Commitment Amount)	Amount Outstanding	Letters of Credit	Availability
ABL	\$ 900	\$ 651	\$ 286	\$ 5	\$ 360
Midfield Revolver	80	71	2	—	69
MRC Transmark Revolver	80	80	23	11	46
	<u>\$ 1,060</u>	<u>\$ 802</u>	<u>\$ 311</u>	<u>\$ 16</u>	<u>\$ 475</u>
				Cash on hand:	56
				Liquidity at December 31, 2010:	<u>\$ 531</u>

**Interest on Borrowings:** Our weighted-average interest rate on average borrowings outstanding at December 31, 2010 and 2009 were as follows:

	December 31,	
	2010	2009
9.50% senior secured notes due December 2016	9.88%	9.87%
Asset-based revolving credit facility	3.34%	3.29%
Midfield revolving credit facility	5.00%	4.25%
Midfield term loan facility	5.86%	4.40%
Transmark revolving credit facility	2.61%	2.96%
Transmark term loan facility	—	2.42%
Transmark factoring facility	1.46%	1.16%
Other	—	5.50%
	<u>8.29%</u>	<u>7.72%</u>

**Maturities of Long-Term Debt:** At December 31, 2010, annual maturities of long-term debt during the next five fiscal years and thereafter are as follows (in thousands):

2011	\$ —
2012	22,691
2013	309,612
2014	—
2015	—
Thereafter	1,027,938

**NOTE 8 — DERIVATIVE FINANCIAL INSTRUMENTS**

We use derivative financial instruments to help manage our exposure to interest rate risk and fluctuations in foreign currencies.

On December 3, 2007, we entered into a floating to fixed interest rate swap contract, effective December 31, 2007, for a notional amount of \$700 million to limit exposure to interest rate increases related to a portion of our floating rate indebtedness. Under the terms of this contract, we paid interest at a fixed rate of approximately 3.91% and received 3-month LIBOR variable interest rate payments monthly. The interest rate swap contract was set to terminate after three years. As of the effective date of the swap contracts, we designated the interest rate swap as a



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cash flow hedge and the effective portion of the gain or loss on the derivative hedging instrument was reported in other comprehensive income, while the ineffective portion was recorded in current earnings. During the fourth quarter of 2008, one of the underlying participants in our interest rate swap contract declared bankruptcy, resulting in a loss of hedge accounting for that portion of the swap. As a result, the change in the fair value of that portion of the interest rate swap contract (\$175 million) was recorded in current earnings in 2008. Also, the portion of the swap that was previously included in other comprehensive income was being amortized over the remaining life of the agreement. On June 29, 2009, we removed the designation of the swap as a cash flow hedge. As a result, changes in the fair value of the interest rate swap contract were recorded in earnings. The remaining portion of the swap, that was previously included in other comprehensive income, was being amortized over the remaining life of the contract. On January 22, 2010, we paid \$25 million to terminate this interest rate swap contract.

Effective March 31, 2009, we entered into a freestanding, \$500 million interest rate swap contract to pay interest at a fixed rate of approximately 1.77% and receive 1-month LIBOR variable interest rate payments monthly through March 31, 2012. We also have other interest rate swap contracts and foreign exchange forward contracts, which are not material. All of our derivative instruments are freestanding and, accordingly, changes in their fair market value are recorded in earnings.

The table below provides data about the fair value of our interest rate swap derivatives that are recorded in our consolidated balance sheets (in thousands):

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Derivatives not designated as hedging instruments:				
Interest rate contracts(1)	\$ —	\$ 8,975	\$ —	\$ 26,773
Foreign exchange forward contracts(2)	—	209	—	955

- (1) Included in "Accrued expenses and other current liabilities" in our consolidated balance sheets. The total notional amount of our interest rate contracts approximated \$.5 billion and \$1.2 billion at December 31, 2010 and 2009.
- (2) Included in "Other current assets" and "Accrued expenses and other current liabilities" in our consolidated balance sheets. The total notional amount of our foreign exchange forward contracts approximated \$8 million and \$21 million at December 31, 2010 and 2009.

The table below provides data about the amount of gains and (losses) recognized in our consolidated statements of income on our interest rate swap derivatives (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Derivatives designated as hedging instruments:			
Interest rate contracts(1)	\$ —	\$(27,925)	\$ (255)
Derivatives not designated as hedging instruments:			
Interest rate contracts	(5,548)	8,045	(5,978)
Foreign exchange forward contracts	622	901	—

- (1) On June 29, 2009, we removed the designation of our \$700 million swap as a cash flow hedge. As a result, we reclassified \$28 million from accumulated other comprehensive income to earnings. The amount is included in "Interest expense" in our consolidated statements of income.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 9 — INCOME TAXES**

The components of our (loss) income before income taxes were (in thousands):

	Year Ended December 31,		
	2010	2009	2008
United States	\$ (59,375)	\$ (197,216)	\$ 385,338
Foreign	(15,802)	(81,338)	21,411
	<u>\$ (75,177)</u>	<u>\$ (278,554)</u>	<u>\$ 406,749</u>

Income taxes included in the consolidated statements of income consist of (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Current:			
Federal	\$ (26,111)	\$ 32,684	\$ 149,123
State	(1,709)	3,609	13,885
Foreign	1,794	(2,039)	8,916
	<u>(26,026)</u>	<u>34,254</u>	<u>171,924</u>
Deferred:			
Federal	5,801	(18,156)	(15,252)
State	458	(1,401)	(2,462)
Foreign	(3,586)	(1,580)	(947)
	<u>2,673</u>	<u>(21,137)</u>	<u>(18,661)</u>
Income tax (benefit) expense	<u>\$ (23,353)</u>	<u>\$ 13,117</u>	<u>\$ 153,263</u>

Our effective tax rate varied from the statutory federal income tax rate for the following reasons (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Federal tax expense at statutory rates	\$ (26,311)	\$ (97,576)	\$ 142,362
State taxes	(813)	1,436	7,424
Nondeductible expenses	1,024	1,303	766
Goodwill impairment charge	—	104,049	—
Foreign	701	3,501	475
Change in valuation allowance	1,615	—	—
Other	431	404	2,236
Income tax (benefit) expense	<u>\$ (23,353)</u>	<u>\$ 13,117</u>	<u>\$ 153,263</u>
Effective tax rate	<u>31.1%</u>	<u>(4.7)%</u>	<u>37.7%</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Significant components of our current deferred tax assets and liabilities are as follows (in thousands):

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Deferred tax assets:</b>		
Accounts receivable valuation	\$ 1,141	\$ 3,419
Accruals and reserves	2,445	8,808
Net operating loss carryforwards	3,005	2,389
Other	3,103	1,730
Total deferred tax assets	9,694	16,346
Valuation allowance	(1,615)	—
	8,079	16,346
<b>Deferred tax liabilities:</b>		
Accounts receivable	(4,550)	(4,549)
Inventory valuation	(73,470)	(62,306)
Property, plant and equipment	(21,006)	(12,281)
Interest in foreign subsidiary	(9,813)	(7,829)
Investments	—	(7,269)
Intangible assets	(294,537)	(321,087)
Debt	(5,745)	(5,744)
Other	(777)	(1,329)
Total deferred tax liabilities	(409,898)	(422,394)
<b>Net deferred tax liability</b>	<b>\$ (401,819)</b>	<b>\$ (406,048)</b>

The valuation allowance is based on our estimate that the recovery of certain deferred tax assets will not be likely. At December 31, 2010, the valuation allowance related to net operating loss carryforwards in certain foreign jurisdictions.

In the United States, we had approximately \$0.4 million of federal and \$104 million of state net operating loss carryforwards as of December 31, 2010, which will expire in future years through 2030. In certain non-U.S. jurisdictions, we had \$13 million of net operating loss carryforwards, in which \$11 million have no expiration and \$2 million will expire in future years through 2015.

Undistributed earnings of our foreign subsidiaries were approximately \$126 million and \$105 million for the years ended December 31, 2010 and 2009. These earnings are expected to be indefinitely reinvested outside of the United States and, therefore, no provision for United States federal or state income taxes has been made. If we were to distribute these earnings, they would be taxed at approximately the U.S. statutory rate. Foreign tax credits may be available to reduce the resulting United States tax liability.

Income tax returns are filed in tax jurisdictions around the world. We are no longer subject to U.S. federal income tax examination for all years through 2006 and the statute of limitations at our international locations is generally six to seven years.

At December 31, 2010 and 2009, our unrecognized tax benefits were immaterial to our consolidated financial statements.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 10 — STOCKHOLDERS' EQUITY**

**Preferred Stock**

We have authorized 150,000,000 shares of preferred stock. Our Board of Directors has the authority to issue shares and set the terms of the shares of preferred stock. As of December 31, 2010 and 2009, there were no shares of preferred stock issued or outstanding.

**Dividends**

On May 21, 2008, our Board of Directors approved a dividend of \$475 million to our stockholders, of which \$474 million was distributed to PVF Holdings LLC and \$1 million was held by us in accordance with the terms of our restricted stock award agreements with holders of our restricted stock. On December 18, 2009, we paid a special \$3 million dividend to our stockholders for taxes relating to the original dividend distribution in May 2008.

As more fully described in Note 7, our debt covenants restrict our ability to pay dividends without approval of our lenders.

**Accumulated Other Comprehensive Loss**

Accumulated other comprehensive loss in the accompanying consolidated balance sheets consists of the following (in thousands):

	December 31,	
	2010	2009
Currency translation adjustments	\$ (18,703)	\$ (13,996)
Pension related adjustments	(1,153)	651
Accumulated other comprehensive loss	<u>\$ (19,856)</u>	<u>\$ (13,345)</u>

**Earnings per Share**

Earnings per share are calculated in the table below (in thousands, except per share amounts). Stock options and restricted stock are disregarded in this calculation if they are determined to be anti-dilutive.

	Year Ended December 31,		
	2010	2009	2008
Net (loss) income	<u>\$ (51,824)</u>	<u>\$ (291,671)</u>	<u>\$ 253,486</u>
Average basic shares outstanding	168,768	158,134	155,292
Effect of dilutive securities	—	—	364
Average dilutive shares outstanding	<u>168,768</u>	<u>158,134</u>	<u>155,656</u>
Net (loss) income per share:			
Basic	\$ (0.31)	\$ (1.84)	\$ 1.63
Diluted	\$ (0.31)	\$ (1.84)	\$ 1.63

For the years ended December 31, 2010, 2009 and 2008, our anti-dilutive stock options approximated 3.9 million, 4.0 million and 3.5 million and our anti-dilutive restricted stock approximated 0.2 million, 0.3 million and 0.3 million.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 11 — EMPLOYEE BENEFIT PLANS**

**Stock Option and Restricted Stock Plans:** Under the terms of the 2007 Stock Option Plan, options may not be granted at prices less than their fair market value on the date of the grant, nor for a term exceeding ten years. Vesting generally occurs in one-third increments on the third, fourth and fifth anniversaries of the date specified in the employees' respective option agreements, subject to accelerated vesting under certain circumstances set forth in the option agreements. We expense the fair value of the stock option grants on a straight-line basis over the vesting period. A Black-Scholes option-pricing model is used to estimate the fair value of the stock options.

Under the terms of the restricted stock plan, restricted stock may be granted at the direction of the Board of Directors and vesting generally occurs in one-fourth increments on the second, third, fourth and fifth anniversaries of the date specified in the employees' respective restricted stock agreements, subject to accelerated vesting under certain circumstances set forth in the restricted stock agreements. We expense the fair value of the restricted stock grants on a straight-line basis over the vesting period.

During the year ended December 31, 2010, the following activity occurred under our stock option and restricted stock plans:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term (years)</u>	<u>Aggregate Intrinsic Value (thousands)</u>
<i>Stock Options</i>				
Balance at December 31, 2009	3,979,210	\$ 9.77		
Granted	190,702	11.31		
Exercised	—	—		
Forfeited	(215,843)	8.38		
Expired	(16,947)	4.82		
Balance at December 31, 2010	<u>3,937,122</u>	<u>\$ 9.95</u>	<u>7.7</u>	<u>\$ 3,021</u>
At December 31, 2010:				
Options exercisable	809,363	\$ 8.99	7.2	\$ 994
Options outstanding and vested	809,363	\$ 8.99	7.2	\$ 994
Options outstanding, vested and expected to vest	3,729,121	\$ 10.02	7.7	\$ 2,795
			<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
<i>Restricted Stock</i>				
Nonvested at December 31, 2009			227,885	\$ 5.57
Granted			—	—
Vested			(50,664)	4.71
Forfeited			(21,756)	4.71
Nonvested at December 31, 2010			<u>155,465</u>	<u>\$ 5.97</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During the years ended December 31, 2010, 2009 and 2008, the following activity occurred under our stock option and restricted stock plans:

	Year Ended December 31,		
	2010	2009	2008
<i>Stock Options</i>			
Weighted-average, grant-date fair value of awards granted	\$ 2.55	\$ 0.91	\$ 3.82
Total intrinsic value of stock options exercised	\$ —	\$ —	\$ —
Total fair value of stock options vested	\$ 727,441	\$ 23,061	\$ —
<i>Restricted Stock</i>			
Weighted-average, grant-date fair value of awards granted	\$ —	\$ 466,505	\$ —
Total fair value of restricted stock vested	\$ 514,082	\$ 955,866	\$ —

*Stock Options*

Following are the weighted-average assumptions used to estimate the fair values of our stock options:

	Year Ended December 31,		
	2010	2009	2008
Risk-free interest rate	2.54%	2.45%	3.14%
Dividend yield(1)	0.00%	0.00%	0.00%
Expected volatility	22.07%	22.07%	22.07%
Expected life (in years)	6.2	6.2	6.2

(1) The expected dividend yield reflects the restriction on our ability to pay dividends and does not anticipate “special” dividends.

During 2009, we modified the exercise price of approximately 1.8 million stock option grants from \$17.62 to \$12.50. Also, in conjunction with the \$3 million dividend paid during 2009, we reduced the exercise prices of the outstanding options by between \$0.01 and \$0.02 per option.

**Restricted Common Units:** Certain of our key employees received restricted common units of PVF Holdings LLC that vest over a three-to-five year requisite service period. At December 31, 2010, all of the restricted common units were either vested or forfeited. Prior to full vesting or forfeiture, the expense was being recognized on a straight-line basis over the vesting period.

**Profits Units:** Certain of our key employees received profit units in PVF Holdings LLC that vest over a five-year requisite service period. The holders of these units are entitled to a share of any distributions made by PVF Holdings LLC once common unit holders have received a return of their capital contributions (for purposes of the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC, dated October 31, 2007, as amended). Expense is being recognized on a straight-line basis over the vesting period.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Recognized compensation expense and related income tax benefits under our equity-based compensation plans are set forth in the table below (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Equity-based compensation expense:			
Stock options	\$ 2,425	\$ 3,077	\$ 1,911
Restricted stock	253	247	241
Restricted common units	(337)	2,466	1,130
Profit units	1,403	2,040	6,959
Total equity-based compensation expense	<u>\$ 3,744</u>	<u>\$ 7,830</u>	<u>\$10,241</u>
Income tax benefits related to equity-based compensation	<u>\$ 1,383</u>	<u>\$2,892</u>	<u>\$ 3,584</u>

Unrecognized compensation expense under our equity-based compensation plans is set forth in the table below (in thousands):

	Weighted- Average Vesting Period (in years)	December 31, 2010
Unrecognized equity-based compensation expense:		
Stock options	2.8	\$ 9,994
Restricted stock	2.5	610
Restricted common units	—	—
Profit units	1.5	2,012
Total unrecognized equity-based compensation expense		<u>\$ 12,616</u>

**Defined Contribution Employee Benefit Plans:** Employees may participate in the McJunkin Red Man Retirement Plan, under which any employee who has completed at least six months of service may elect to defer a percentage of their base earnings, pursuant to Section 401(k) of the Internal Revenue Code. In addition, we make matching contributions with respect to participant contributions. Effective January 1, 2009, the six months of service requirement was eliminated and employees may immediately make a deferral election upon hire. The McJunkin Red Man Retirement Plan also features a discretionary profit-sharing component. This provides for annual employer contributions, generally based upon a formula related primarily to earnings, limited to 15% of the eligible compensation paid to all eligible employees. Employees must have at least six months of service to receive a profit-sharing contribution.

Eligible employees of Midfield Supply ULC located in Canada participate in a Registered Retirement Savings Plan after three months of service. Elective contributions are made on an employee-by-employee basis.



**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We maintain defined contribution plans in the following international locations:

Country	Approximate
Belgium	Service prior to January 1, 1999, contributions at a rate of 1.5% of salary Service after January 1, 1999, contributions at a rate of 4% of salary
Australia	Statutory minimum of 9% of salary
United Kingdom	Employer contributions at rates of 5%, 8% and 10% of salary
New Zealand	Service after April 1, 2008, statutory minimum of 1% of salary in 2008, and 2% of salary thereafter Service prior to April 1, 2008, contributions at a rate of 5% of salary
France	Employer contribution rate of 6% of salary

Our provisions for the defined contribution plans are set forth in the table below (in thousands):

	Year Ended December 31,		
	2010	2009	2008
Defined contribution plans	\$5,179	\$4,075	\$ 3,152
Profit-sharing expenses	—	—	25,530
	<u>\$5,179</u>	<u>\$4,075</u>	<u>\$28,682</u>

**Defined Benefit Employee Benefit Plans:** We sponsor defined benefit pension plans in Europe for two subsidiaries of MRC Transmark. Independent trusts or insurance companies administer these plans. Benefits are dependent on years of service and the employees' compensation. Pension costs under our retirement plans are actuarially determined.

The following tables set forth the benefit obligations, the fair value of the plan assets and the funded status of our pension plans; and the amounts recognized in our consolidated financial statements (in thousands):

	December 31,	
	2010	2009
Change in projected benefit obligation:		
Projected benefit obligation at beginning of period	\$26,277	\$ —
Acquisition of Transmark	—	26,744
Service cost	927	168
Interest cost	1,315	234
Actuarial loss	2,362	30
Benefits paid	(1,139)	(211)
Expenses paid	(133)	—
Foreign currency exchange	(2,071)	(688)
Projected benefit obligation at end of period	<u>\$27,538</u>	<u>\$26,277</u>
Accumulated benefit obligation at end of period	<u>\$25,388</u>	<u>\$ 24,702</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	<b>December 31,</b>	
	<b>2010</b>	<b>2009</b>
Change in plan assets:		
Fair value of plan assets at beginning of period	\$29,838	\$ —
Acquisition of Transmark	—	29,059
Return on plan assets	1,703	1,115
Employer contributions	755	356
Participant contributions	457	408
Benefits paid	(1,139)	(211)
Expenses paid	(133)	—
Foreign currency exchange	(2,250)	(889)
Fair value of plan assets at end of period	<u>\$29,231</u>	<u>\$ 29,838</u>
Funded status and net amounts recognized:		
Plan assets, net of projected benefit obligation	\$ 1,693	\$ 3,561
Unrecognized actuarial loss (gain)	1,401	(814)
Net amount recognized in the consolidated balance sheets	<u>\$ 3,094</u>	<u>\$ 2,747</u>
Amounts recognized in the consolidated balance sheets consist of:		
Noncurrent other assets	\$ 2,306	\$ 4,393
Noncurrent other liabilities	(613)	(832)
Accrued benefit obligation	1,693	3,561
Other comprehensive income loss (income)	1,401	(814)
Net amount recognized in the consolidated balance sheets	<u>\$ 3,094</u>	<u>\$ 2,747</u>

The following table sets forth our net periodic pension cost (in thousands):

	<b>Year Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Service cost	\$ 927	\$ 168
Interest cost	1,315	234
Expected return on plan assets	(1,498)	(248)
Net periodic pension cost	<u>\$ 744</u>	<u>\$ 154</u>

*Valuation:* We use the corridor approach in the valuation of our defined benefit plans. The corridor approach defers all actuarial gains and losses resulting from variances between actual results and economic estimates or actuarial assumptions. These unrecognized gains and losses are amortized when the net gains and losses exceed 10% of the greater of the market-related value of plan assets or the projected benefit obligation at the beginning of the year. The amount in excess of the corridor is amortized over the average remaining service period to retirement date for active plan participants or, for retired participants, the average remaining life expectancy.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table sets forth the principal weighted-average assumptions used to determine benefit obligation and benefit costs:

	Year Ended December 31,	
	2010	2009
Benefit obligation:		
Discount rate	5.00%	5.38%
Rate of compensation increase	2.00%	2.00%
Benefit cost:		
Discount rate	5.00%	5.38%
Rate of compensation increase	2.00%	2.00%
Expected return on plan assets	5.55%	5.93%

We determine our discount rates in the Euro zone using the iBoxx Euro Corporate AA Bond indices, with appropriate adjustments for the duration of the plan obligations.

The expected rate of return is assessed annually and is based on long-term relationships among major asset classes and the level of incremental returns that can be earned by investment management strategies. Equity returns are based on estimates of long-term inflation rates, real rates of return, fixed income premiums over cash and equity risk premiums. Fixed income returns are based on maturity, long-term inflation, real rates of return and credit spreads. Insurance contract returns are based upon the average fixed return on contracts and the historical supplemental profit sharing of the insurers.

*Plan Assets:* The investment objective for the plans are to earn a long-term expected rate of return, net of investment fees and transaction costs, to satisfy the benefit obligations of the plan, while at the same time maintaining sufficient liquidity to pay benefit obligations and expenses and meet any other cash needs, in the short-to-medium term.

The following table sets forth the weighted-average target asset allocations for our pension plans:

	2010	2009
Fixed income securities	73%	76%
Equity securities	22%	19%
Insurance contracts	5%	5%
Total	100%	100%

Our investment policies and strategies for the pension benefit plans do not use target allocations for the individual asset categories. Our goals are to maximize returns subject to specific risk management policies. We address diversification by the use of investments in domestic and international fixed income securities and domestic and international equity securities. These investments are readily marketable and can be sold to fund benefit obligations as they become payable.

Our defined benefit plan assets are measured at fair value on a recurring basis and include the following items:

*Cash and cash equivalents:* Foreign and domestic currencies, as well as short-term securities, are valued at cost plus accrued interest, which approximates fair value.

*Corporate stock and fixed income:* Valued at the closing price reported on the active market in which the individual securities are traded. Automated quotes are provided by multiple pricing services and validated by the plan custodian. These securities are traded on exchanges, as well as in the over-the-counter market.

*Insurance contracts:* Valued at contributions made, plus earnings, less participant withdrawals and administrative expenses, which approximates fair value.

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table sets forth the fair values of our pension plan assets (in thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>December 31, 2010</b>				
Cash and cash equivalents	\$ 200	\$ 200	\$ —	\$ —
Fixed income	19,250	19,250	—	—
Mutual fund	5,886	5,886	—	—
Insurance contracts	3,895	—	3,895	—
	<u>\$ 29,231</u>	<u>\$ 25,336</u>	<u>\$ 3,895</u>	<u>\$ —</u>
<b>December 31, 2009</b>				
Cash and cash equivalents	\$ 223	\$ 223	\$ —	\$ —
Fixed income	20,098	20,098	—	—
Mutual fund	5,667	5,667	—	—
Insurance contracts	3,850	—	3,850	—
	<u>\$ 29,838</u>	<u>\$ 25,988</u>	<u>\$ 3,850</u>	<u>\$ —</u>

The financial objectives of the qualified pension plans are estimated in conjunction with a comprehensive review of each plan's liability structure. Our asset allocation policy is based on detailed asset/liability analyses. In developing investment policy and financial goals, consideration is given to each plan's demographics, the returns and risks associated with alternative investment strategies and the current and projected cash, expense and funding ratios of each plan. Investment policies must also comply with local statutory requirements as determined by each country. We have adopted a long-term investment horizon such that the risk and duration of investment losses are weighed against the long-term potential for appreciation of assets. Although there cannot be complete assurance that these objectives will be realized, it is believed that the likelihood for their realization is reasonably high, based upon the asset allocation chosen and the historical and expected performance of the asset classes utilized by the plans. The intent is for investments to be broadly diversified across asset classes, investment styles, market sectors, investment managers, developed and emerging markets and securities in order to moderate portfolio volatility and risk. Investments may be in separate accounts, commingled trusts, mutual funds and other pooled asset portfolios provided they all conform to fiduciary standards.

External investment managers are hired to manage pension assets. Over the long-term, the investment portfolio is expected to earn returns that exceed a composite of market indices that are weighted to match each plan's target asset allocation. The portfolio return should also (over the long-term) meet or exceed the return used for actuarial calculations in order to meet the future needs of the plan.

We expect to contribute approximately \$0.7 million to our defined benefit pension plans in 2011.

The table below reflects pension benefits expected to be paid from the plan assets for the next ten years (in thousands). The expected benefits are based on the same assumptions used to measure our benefit obligation at December 31, 2010 and include estimated future employee service.

2011	\$ 1,164
2012	1,231
2013	1,543
2014	1,333
2015	1,948
2016-2020	7,692

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 12 — RELATED-PARTY TRANSACTIONS**

***Europump Systems Inc.***

Certain Midfield Supply ULC employees, who are shareholders, serve as executive officers of Europump Systems Inc. (“Europump”). Europump is engaged in the business of selling, servicing and renting industrial pumps. On July 1, 2007, we entered into a five-year distribution agreement with Europump. During the years ended December 31, 2010, 2009 and 2008, our purchases from Europump approximated \$28 million, \$10 million and \$23 million. At December 31, 2010 and 2009, we had payables to Europump of approximately \$1 million and \$2 million. During the years ended December 31, 2010, 2009 and 2008, our sales to Europump approximated \$0.8 million, \$0.6 million and \$0.4 million. At December 31, 2010 and 2009, we had receivables of approximately \$0.3 million and \$0.2 million from Europump.

***Credit Facilities***

Goldman Sachs Credit Partners L.P. (“GSCP”), an affiliate of the Goldman Sachs Funds, is a co-lead arranger and joint bookrunner under the Asset-Based Revolving Credit Facility, and was the co-lead arranger and joint bookrunner under the Term Loan Facility and the Junior Term Loan Facility and was also the syndication agent under the Term Loan Facility and the Junior Term Loan Facility.

Payments made to affiliates of the Goldman Sachs Funds in connection with our credit facilities are set forth in the following table (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Affiliates of the Goldman Sachs Funds	<u>\$ 700</u>	<u>\$ 10,750</u>	<u>\$ 4,400</u>

***Leases***

We lease land and buildings at various locations from Hansford Associates Limited Partnership (“Hansford Associates”), Appalachian Leasing Company (“Appalachian Leasing”), Prideco LLC (“Prideco”) and former Midfield shareholders. We lease equipment and vehicles from Prideco. Certain of our officers and directors participate in ownership of Hansford Associates, Appalachian Leasing and Prideco. Most of these leases are renewable for various periods through 2016 and are renewable at our option. The renewal options are subject to escalation clauses. These leases contain clauses for payment of real estate taxes, maintenance, insurance and certain other operating expenses of the properties.

Rent expense attributable to related parties is set forth in the following table (in thousands):

	<b>Year Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Hansford Associates	\$ 2,545	\$ 2,547	\$ 2,468
Appalachian Leasing	174	170	165
Prideco	1,510	2,374	3,281
Former Midfield shareholders	2,484	1,998	1,138
	<u>\$ 6,713</u>	<u>\$ 7,089</u>	<u>\$ 7,052</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Future minimum rental payments required under operating leases with related parties that have initial or remaining noncancelable lease terms in excess of one year are set forth in the following table (in thousands):

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015 and thereafter</u>
Hansford Associates	\$ 2,237	\$ 652	\$ 528	\$ 203	\$ —
Appalachian Leasing	174	142	120	—	—
Prideco	557	83	13	—	—
Former Midfield shareholders	2,010	1,563	1,238	686	551
	<u>\$4,978</u>	<u>\$ 2,440</u>	<u>\$1,899</u>	<u>\$889</u>	<u>\$ 551</u>

***Affiliates of the Goldman Sachs Funds***

On September 1, 2009, we entered into a supply agreement with an affiliate of the Goldman Sachs Funds pursuant to which we have agreed to provide maintenance, repair and operating supplies and related products for an initial term expiring on December 31, 2014. Also, our customer base includes several affiliates of the Goldman Sachs Funds.

The total revenues from these affiliates are set forth in the following table (in thousands):

	<u>Year Ended December 31,</u>		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Affiliates of the Goldman Sachs Funds	<u>\$ 24,430</u>	<u>\$17,839</u>	<u>\$41,968</u>

The total receivables due from these affiliates are set forth in the following table (in thousands):

	<u>Year Ended December 31,</u>	
	<u>2010</u>	<u>2009</u>
Affiliates of the Goldman Sachs Funds	<u>\$ 1,900</u>	<u>\$ 1,223</u>

In January of 2010, we engaged an affiliate of the Goldman Sachs Funds to provide insurance brokerage services. During 2010, we paid this affiliate approximately \$2 million.

Certain affiliates of the Goldman Sachs Funds are counterparties to our interest rate swap agreements. The notional amount attributable to these affiliates was \$325 million and \$675 million of the \$0.5 billion and \$1.2 billion outstanding at December 31, 2010 and 2009.

**NOTE 13 — SEGMENT, GEOGRAPHIC AND PRODUCT LINE INFORMATION**

We operate as two business segments, North America and International. Our North American segment consists of our operations in the United States and Canada. Our International segment consists of our operations outside of North America, principally Europe, Asia and Australasia. These segments represent our business of selling pipe, valves and fittings to the energy and industrial sectors, across each of the upstream (exploration, production and extraction of underground oil and gas), midstream (gathering and transmission of oil and gas, gas utilities, and the storage and distribution of oil and gas) and downstream (crude oil refining, petrochemical processing and general industrials) markets.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table presents financial information for each reportable segment (in millions):

	Year Ended December 31,		
	2010	2009	2008
<b>Sales</b>			
North America	\$3,589.9	\$ 3,610.1	\$5,255.2
International	255.6	51.8	—
Consolidated revenues	<u>\$ 3,845.5</u>	<u>\$3,661.9</u>	<u>\$5,255.2</u>
<b>Depreciation and amortization</b>			
North America	\$ 14.8	\$ 14.0	\$ 11.3
International	1.8	0.5	—
Total depreciation and amortization expense	<u>\$ 16.6</u>	<u>\$ 14.5</u>	<u>\$ 11.3</u>
<b>Amortization of intangibles</b>			
North America	\$ 44.1	\$ 44.6	\$ 44.4
International	9.8	2.0	—
Total amortization of intangibles expense	<u>\$ 53.9</u>	<u>\$ 46.6</u>	<u>\$ 44.4</u>
<b>Goodwill impairment charge</b>			
North America	\$ —	\$ 309.9	\$ —
International	—	—	—
Total goodwill impairment charge	<u>\$ —</u>	<u>\$ 309.9</u>	<u>\$ —</u>
<b>Operating income (loss)</b>			
North America	\$ 59.9	\$ (174.3)	\$ 500.0
International	10.4	3.8	—
Total operating income (loss)	70.3	(170.5)	500.0
<b>Interest expense</b>	139.6	116.5	84.5
<b>Other expense (income)</b>	5.9	(8.4)	8.8
<b>(Loss) income before income taxes</b>	<u>\$ (75.2)</u>	<u>\$ (278.6)</u>	<u>\$ 406.7</u>

	December 31,	
	2010	2009
<b>Goodwill</b>		
North America	\$ 509.5	\$ 506.6
International	39.9	43.1
Total goodwill	<u>\$ 549.4</u>	<u>\$ 549.7</u>
<b>Total assets</b>		
North America	\$2,824.9	\$2,848.5
International	242.5	310.9
Total assets	<u>\$ 3,067.4</u>	<u>\$3,159.4</u>



**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The percentages of our revenues relating to the following geographic areas are as follows:

	Year Ended December 31,		
	2010	2009	2008
<b>Revenues</b>			
United States	80%	88%	88%
Canada	13%	11%	12%
International(1)	7%	1%	—
	<u>100%</u>	<u>100%</u>	<u>100%</u>

	December 31,	
	2010	2009
<b>Fixed assets</b>		
United States	63%	62%
Canada	28%	29%
International(1)	9%	9%
	<u>100%</u>	<u>100%</u>

(1) International includes our operations in Europe, Asia and Australasia.

The percentages of our net sales by product line are as follows:

Type	Year Ended December 31,		
	2010	2009	2008
Energy carbon steel tubular products	38%	40%	44%
Oilfield and natural gas distribution products	62%	60%	56%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

**NOTE 14 — FAIR VALUE MEASUREMENTS**

We used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value.

**Assets Held for Sale:** Included in assets held for sale at December 31, 2009 were certain investments held for sale that were reported at fair value utilizing Level 1 inputs. The fair value of these investments held for sale was determined by obtaining quoted prices on nationally recognized securities exchanges. We sold these investments in June 2010.

**Interest Rate Contracts:** Interest rate contracts are reported at fair value utilizing Level 2 inputs. We obtain dealer quotations to value our interest rate swap agreements. These quotations rely on observable market inputs such as yield curves and other market-based factors.

**Foreign Exchange Forward Contracts:** Foreign exchange forward contracts are reported at fair value utilizing Level 2 inputs, as the fair value is based on broker quotes for the same or similar derivative instruments.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table presents assets and liabilities measured at fair value on a recurring basis, and the basis for that measurement (in thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>December 31, 2010</b>				
Assets:	\$ —	\$ —	\$ —	\$ —
Liabilities:				
Interest rate swap agreements	8,975	—	8,975	—
Foreign exchange forward contracts	209	—	209	—
<b>December 31, 2009</b>				
Assets:				
Assets held for sale (marketable equity securities)	\$22,690	\$22,690	\$ —	\$ —
Liabilities:				
Foreign exchange forward contracts	955	—	955	—
Interest rate swap agreements	26,773	—	26,773	—

The following table presents the carrying value and estimated fair value of our financial instruments that are carried at adjusted historical cost (in thousands):

	<u>December 31, 2010</u>		<u>December 31, 2009</u>	
	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
<b>Financial assets</b>				
Cash	\$ 56,202	\$ 56,202	\$ 56,244	\$ 56,244
Accounts receivable, net	596,404	596,404	506,194	506,194
<b>Financial liabilities</b>				
Trade accounts payable	426,632	426,632	338,512	338,512
Accrued expenses and other liabilities	102,807	102,807	120,816	120,816
Long-term debt	1,360,241	1,292,826	1,452,610	1,435,110

The carrying values of our financial instruments, including cash and cash equivalents, accounts receivable, trade accounts payable and accrued liabilities, approximate fair value because of the short maturity of these financial instruments.

We estimated the fair value of the senior secured notes using quoted market prices as of December 31, 2010 and 2009.

We estimated the fair value of our ABL based on dealer quotations as of December 31, 2010. The ABL was repriced late in December 2009; therefore, at December 31, 2009, the carrying value was deemed to approximate the fair value. The carrying values of the remaining portions of our long-term debt approximate their fair values.

**NOTE 15 — COMMITMENTS AND CONTINGENCIES**

***Leases***

We regularly enter into operating and capital lease arrangements for certain of our facilities and equipment. Our leases are renewable at our option for various periods through 2019. Certain renewal options are subject to escalation clauses and contain clauses for payment of real estate taxes, maintenance, insurance and certain other

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

operating expenses of the properties. We amortize leasehold improvements over the remaining life of the lease. Rental expense under our operating lease arrangements is as follows:

	Year Ended December 31,		
	2010	2009	2008
Operating rental expense	\$37,804	\$30,371	\$24,982

Future minimum lease payments under noncancelable operating and capital lease arrangements having initial terms of one year or more are as follows (in thousands):

	Operating Leases	Capital Leases
2011	\$ 27,576	\$ 1,181
2012	22,445	1,192
2013	16,265	1,203
2014	10,627	1,087
2015	8,382	754
Thereafter	5,618	3,195
	<u>\$ 90,913</u>	<u>\$8,612</u>

***Litigation***

We are involved in various legal proceedings and claims, both as a plaintiff and a defendant, which arise in the ordinary course of business.

These legal proceedings include claims where we are named as a defendant in lawsuits brought against a large number of entities by individuals seeking damages for injuries allegedly caused by certain products containing asbestos. As of December 31, 2010, we are a defendant in lawsuits involving approximately 940 such claims. Each claim involves allegations of exposure to asbestos-containing materials by a single individual or an individual, his or her spouse and/or family members. The complaints typically name many other defendants. In a majority of these lawsuits, little or no information is known regarding the nature of the plaintiffs' alleged injuries or their connection with the products distributed by us. Through December 31, 2010, lawsuits involving over 11,700 claims have been brought against us with the majority being settled, dismissed or otherwise resolved. In total, since the first asbestos claim brought against us through December 31, 2010, approximately \$1.2 million has been paid to asbestos claimants in connection with settlements of claims against us without regard to insurance recoveries.

With the assistance of accounting and financial consultants and our asbestos litigation counsel, we conducted analyses of asbestos-related litigation in order to estimate the adequacy of the reserve for pending and probable asbestos-related claims. These analyses consist of separately estimating our reserve with respect to pending claims (both those scheduled for trial and those for which a trial date had not been scheduled), mass filings (including lawsuits brought in West Virginia each involving many — in some cases over a hundred — plaintiffs, which include little information regarding the nature of each plaintiff's claim and historically have rarely resulted in any payments to plaintiffs) and probable future claims. A key element of the analysis is categorizing our claims by the type of disease alleged by the plaintiffs and developing "benchmark" estimated settlement values for each claim category based on our historical settlement experience. These estimated settlement values are applied to each of our pending individual claims. With respect to pending claims where the disease type is unknown, the outcome is projected based on the historic ratio of disease types among filed claims (or "disease mix") and dismissal rate. The reserve with respect to mass filings is estimated by determining the number of individual plaintiffs included in the mass filings likely to have claims resulting in settlements based on our historical experience with mass filings. Finally, probable claims expected to be asserted against us over the next fifteen years are estimated based on public health estimates of future incidences of certain asbestos-related diseases in the general U.S. population. Estimated

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

settlement values are applied to those projected claims. Our annual assessment, dated September 30, 2010, projected our payments to asbestos claimants over the next fifteen years are estimated to range from \$5 million to \$10 million. Given these estimates and existing insurance coverage that historically has been available to cover substantial portions of our past payments to claimants and defense costs, we believe that our current accruals and associated estimates relating to pending and probable asbestos-related litigation likely to be asserted over the next fifteen years are currently adequate. Our belief that our accruals and associated estimates are currently adequate, however, relies on a number of significant assumptions, including:

- That our future settlement payments, disease mix and dismissal rates will be materially consistent with historic experience;
- That future incidences of asbestos-related diseases in the U.S. will be materially consistent with current public health estimates;
- That the rates at which future asbestos-related mesothelioma incidences result in compensable claims filings against us will be materially consistent with its historic experience;
- That insurance recoveries for settlement payments and defense costs will be materially consistent with historic experience;
- That legal standards (and the interpretation of these standards) applicable to asbestos litigation will not change in material respects;
- That there are no materially negative developments in the claims pending against us; and
- That key co-defendants in current and future claims remain solvent.

If any of these assumptions prove to be materially different in light of future developments, liabilities related to asbestos-related litigation may be materially different than amounts accrued and/or estimated. Further, while we anticipate that additional claims will be filed in the future, we are unable to predict with any certainty the number, timing and magnitude of such future claims.

On July 30, 2010, an action was brought against the Company in Delaware Chancery Court by a former shareholder of our predecessor, McJunkin Corporation, on his own behalf and as trustee for a trust, alleging the Company has not fully complied with a contractual obligation to divest of certain noncore assets contained in the December 2006 merger agreement and seeking damages and equitable relief. We have also received written notice from other former shareholders who similarly claim the Company has not fully complied with that contractual obligation. We believe that this action, and the related claim of other shareholders, is without merit and we intend to vigorously defend ourselves against the allegations. On September 28, 2010, the Company filed a motion to dismiss the action in its entirety. On February 11, 2011, the Court granted the Company's motion to dismiss the claims for equitable relief with prejudice, but denied the motion to dismiss the contractual claims. The Company submitted its response to the remaining claims in March 2011.

There is a possibility that resolution of certain legal contingencies for which there are no liabilities recorded could result in a loss. Management is not able to estimate the amount of such loss, if any. However, in our opinion, after consultation with counsel, the ultimate resolution of all pending matters is not expected to have a material effect on our financial position, although it is possible that such resolutions could have a material adverse impact on results of operations in the period of resolution.

***Customer Contracts***

We have contracts and agreements with many of our customers that dictate certain terms of our sales arrangements (pricing, deliverables, etc.). While we make every effort to abide by the terms of these contracts, certain provisions are complex and often subject to varying interpretations. Under the terms of these contracts, our

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

customers have the right to audit our adherence to the contract terms. Historically, any settlements that have resulted from these customer audits have been immaterial to our consolidated financial statements.

***Letters of Credit***

Our letters of credit outstanding at December 31, 2010 approximated \$16 million.

***Bank Guarantees***

Certain of our international subsidiaries have trade guarantees given by bankers on their behalf. The amount of these guarantees at December 31, 2010 was approximately €6 million (USD \$8 million).

***Purchase Commitments***

We have purchase obligations consisting primarily of inventory purchases made in the normal course of business to meet operating needs. While our vendors often allow us to cancel these purchase orders without penalty, in certain cases, cancellations may subject us to cancellation fees or penalties depending on the terms of the contract.

***Warranty Claims***

We are involved from time to time in various warranty claims, which arise in the ordinary course of business. Historically, any settlements that have resulted from these warranty claims have been immaterial to our consolidated financial statements.

**NOTE 16 — GUARANTOR AND NON-GUARANTOR FINANCIAL STATEMENTS**

As described in Note 7, we, along with our wholly owned domestic subsidiaries, guarantee the senior secured notes due December 15, 2016.

The following condensed financial information illustrates the composition of the combined guarantor subsidiaries (in millions). The columns in the following tables reflect the status of our subsidiaries in each respective period.

***Condensed Consolidated Balance Sheets***

	December 31, 2010					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash	\$ 1.1	\$ 4.4	\$ —	\$ 50.7	\$ —	\$ 56.2
Accounts receivable, net	0.7	447.1	—	148.6	—	596.4
Inventory, net	—	625.4	—	140.0	—	765.4
Income taxes receivable	1.0	89.8	—	1.9	(60.1)	32.6
Other current assets	—	2.7	2.1	5.4	—	10.2
Total current assets	2.8	1,169.4	2.1	346.6	(60.1)	1,460.8

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

December 31, 2010						
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Investment in subsidiaries	734.7	478.3	—	—	(1213.0)	—
Intercompany receivable	6.5	—	480.2	—	(486.7)	—
Other assets	—	138.0	0.1	9.7	(88.7)	59.1
Fixed assets, net	—	46.3	19.9	38.5	—	104.7
Goodwill	—	509.5	—	39.9	—	549.4
Other intangible assets, net	—	823.5	—	69.9	—	893.4
	<u>\$ 744.0</u>	<u>\$ 3,165.0</u>	<u>\$ 502.3</u>	<u>\$ 504.6</u>	<u>\$ (1,848.5)</u>	<u>\$ 3,067.4</u>
Trade accounts payable	\$ —	\$ 306.5	\$ 1.1	\$ 119.0	\$ —	\$ 426.6
Accrued expenses	0.1	67.2	11.1	24.4	—	102.8
Income taxes payable	—	—	60.1	—	(60.1)	—
Deferred revenue	—	17.4	—	0.7	—	18.1
Deferred income taxes	—	73.2	(0.6)	(2.0)	—	70.6
Total current liabilities	0.1	464.3	71.7	142.1	(60.1)	618.1
Long-term debt, net	—	1,314.3	—	134.6	(88.7)	1,360.2
Intercompany payable	—	327.6	—	159.1	(486.7)	—
Other liabilities	6.1	324.1	3.4	17.7	—	351.3
Shareholders' equity	737.8	734.7	427.2	51.1	(1,213.0)	737.8
	<u>\$ 744.0</u>	<u>\$ 3,165.0</u>	<u>\$ 502.3</u>	<u>\$ 504.6</u>	<u>\$ (1,848.5)</u>	<u>\$ 3,067.4</u>

December 31, 2009						
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash	\$ 0.4	\$ 5.1	\$ —	\$ 50.7	\$ —	\$ 56.2
Accounts receivable, net	0.6	344.6	0.1	163.3	(2.4)	506.2
Inventory, net	—	708.3	—	163.4	—	871.7
Income taxes receivable	5.9	53.5	—	(2.3)	(35.8)	21.3
Other current assets	—	3.4	1.6	7.2	—	12.2
Total current assets	6.9	1,114.9	1.7	382.3	(38.2)	1,467.6
Investment in subsidiaries	788.9	451.0	—	—	(1,239.9)	—
Intercompany receivable	—	0.5	423.4	—	(423.9)	—
Other assets	1.0	145.9	0.4	10.3	(79.2)	78.4
Fixed assets, net	—	49.6	18.9	43.0	—	111.5
Goodwill	—	506.6	—	43.1	—	549.7
Other intangible assets, net	—	863.3	—	88.9	—	952.2
	<u>\$ 796.8</u>	<u>\$ 3,131.8</u>	<u>\$ 444.4</u>	<u>\$ 567.6</u>	<u>\$ (1,781.2)</u>	<u>\$ 3,159.4</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	December 31, 2009					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Trade accounts payable	\$ —	\$ 238.4	\$ 5.9	\$ 97.1	\$ (2.9)	\$ 338.5
Accrued expenses	0.4	78.4	15.5	26.5	—	120.8
Income taxes payable	—	—	35.8	—	(35.8)	—
Deferred revenue	—	15.5	—	1.5	—	17.0
Deferred income taxes	—	55.1	(1.3)	(1.9)	—	51.9
Total current liabilities	0.4	387.4	55.9	123.2	(38.7)	528.2
Long-term debt, net	—	1,315.5	—	216.3	(79.2)	1,452.6
Intercompany payable	—	282.8	—	140.6	(423.4)	—
Other liabilities	4.4	357.2	4.4	20.6	—	386.6
Shareholders' equity	792.0	788.9	384.1	66.9	(1,239.9)	792.0
	<u>\$796.8</u>	<u>\$ 3,131.8</u>	<u>\$ 444.4</u>	<u>\$ 567.6</u>	<u>\$ (1,781.2)</u>	<u>\$3,159.4</u>

***Condensed Consolidated Statements of Income***

	Year Ended December 31, 2010					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	\$ —	\$ 3,124.8	\$ —	\$ 726.7	\$ (6.0)	\$3,845.5
Cost of sales	—	2,694.5	—	568.5	(6.0)	3,257.0
Gross margin	—	430.3	—	158.2	—	588.5
Operating expenses	0.4	291.3	82.4	144.1	—	518.2
Operating (loss) income	(0.4)	139.0	(82.4)	14.1	—	70.3
Other (expense) income	(1.3)	(267.3)	153.1	(30.0)	—	(145.5)
(Loss) income before taxes	(1.7)	(128.3)	70.7	(15.9)	—	(75.2)
Equity in earnings of subsidiary	(51.1)	29.2	—	—	21.9	—
Income tax (benefit)	(1.0)	(48.0)	27.4	(1.8)	—	(23.4)
Net (loss) income	<u>\$(51.8)</u>	<u>\$ (51.1)</u>	<u>\$ 43.3</u>	<u>\$ (14.1)</u>	<u>\$21.9</u>	<u>\$ (51.8)</u>



**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

	Year Ended December 31, 2009					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	\$ —	\$ 3,215.6	\$ —	\$ 448.3	\$ (2.0)	\$ 3,661.9
Cost of sales	—	2,641.6	—	366.7	(2.0)	3,006.3
Inventory write-down	—	44.1	—	2.4	—	46.5
Gross margin	—	529.9	—	79.2	—	609.1
Operating expenses	0.3	295.3	92.1	82.0	—	469.7
Goodwill impairment charge	—	240.9	—	69.0	—	309.9
Operating (loss) income	(0.3)	(6.3)	(92.1)	(71.8)	—	(170.5)
Other (expense) income	(7.1)	(385.0)	293.6	(9.6)	—	(108.1)
(Loss) income before taxes	(7.4)	(391.3)	201.5	(81.4)	—	(278.6)
Equity in earnings of subsidiary	(286.6)	47.9	—	—	238.7	—
Income tax (benefit)	(2.3)	(56.8)	75.8	(3.6)	—	13.1
Net (loss) income	<u>\$ (291.7)</u>	<u>\$ (286.6)</u>	<u>\$ 125.7</u>	<u>\$ (77.8)</u>	<u>\$ 238.7</u>	<u>\$ (291.7)</u>

	Year Ended December 31, 2008					
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Sales	\$ —	\$ 2,653.2	\$ 1,977.6	\$ 632.7	\$ (8.3)	\$ 5,255.2
Cost of sales	—	2,132.7	1,585.9	506.4	(7.6)	4,217.4
Gross margin	—	520.5	391.7	126.3	(0.7)	1,037.8
Operating expenses	7.1	211.6	228.7	90.4	—	537.8
Operating (loss) income	(7.1)	308.9	163.0	35.9	(0.7)	500.0
Other (expense) income	(17.1)	(300.7)	239.1	(14.5)	—	(93.2)
(Loss) income before taxes	(24.2)	8.2	402.1	21.4	(0.7)	406.8
Equity in earnings of subsidiary	270.0	264.9	13.4	—	(548.3)	—
Income tax (benefit)	(8.4)	3.1	150.6	8.0	—	153.3
Net (loss) income	<u>\$ 254.2</u>	<u>\$ 270.0</u>	<u>\$ 264.9</u>	<u>\$ 13.4</u>	<u>\$ (549.0)</u>	<u>\$ 253.5</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

***Condensed Consolidated Statements of Cash Flows***

Year Ended December 31, 2010						
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	\$(0.2)	\$ 32.3	\$ 5.5	\$ 74.8	\$—	\$112.4
Investing activities	0.6	(13.6)	(5.5)	2.3	—	(16.2)
Financing activities	0.3	(15.5)	—	(82.7)	—	(97.9)
Effect of exchange rate on cash	—	(4.0)	—	5.7	—	1.7
Increase (decrease) in cash	0.7	(0.8)	—	0.1	—	—
Cash — beginning of period	0.4	5.2	—	50.6	—	56.2
Cash — end of period	<u>\$ 1.1</u>	<u>\$ 4.4</u>	<u>\$ —</u>	<u>\$ 50.7</u>	<u>\$—</u>	<u>\$ 56.2</u>

Year Ended December 31, 2009						
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	\$(9.2)	\$ 480.7	\$ 4.8	\$ 29.2	\$—	\$ 505.5
Investing activities	(0.2)	(106.3)	(4.9)	44.5	—	(66.9)
Financing activities	9.8	(377.1)	—	(26.6)	—	(393.9)
Effect of exchange rate on cash	—	1.4	—	(2.0)	—	(0.6)
Increase (decrease) in cash	0.4	(1.3)	(0.1)	45.1	—	44.1
Cash — beginning of period	—	6.5	0.1	5.5	—	12.1
Cash — end of period	<u>\$ 0.4</u>	<u>\$ 5.2</u>	<u>\$ —</u>	<u>\$ 50.6</u>	<u>\$—</u>	<u>\$ 56.2</u>

Year Ended December 31, 2008						
	Parent	Issuer	Guarantors	Non-Guarantors	Elim	Total
Cash flows provided by (used in):						
Operating activities	\$(22.5)	\$ (133.7)	\$ (37.2)	\$ 56.0	\$—	\$ (137.4)
Investing activities	(0.9)	(293.4)	67.5	(87.4)	—	(314.2)
Financing activities	23.4	426.2	(29.8)	32.1	—	451.9
Effect of exchange rate on cash	—	—	1.0	0.7	—	1.7
Increase (decrease) in cash	—	(0.9)	1.5	1.4	—	2.0
Cash — beginning of period	—	5.8	0.2	4.1	—	10.1
Cash — end of period	<u>\$ —</u>	<u>\$ 4.9</u>	<u>\$ 1.7</u>	<u>\$ 5.5</u>	<u>\$—</u>	<u>\$ 12.1</u>

**McJUNKIN RED MAN HOLDING CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

**NOTE 17 — QUARTERLY INFORMATION (UNAUDITED)**

Our quarterly financial information is presented in the table below (in thousands, except per share amounts):

	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Year</u>
<b>2010</b>					
Revenues	\$ 858.3	\$926.9	\$1,025.5	\$ 1,034.8	\$ 3,845.5
Gross margin	147.3	135.1	154.5	151.6	588.5
Net loss	(11.9)	(15.9)	(10.5)	(13.5)	(51.8)
EPS:					
Basic	\$ (0.07)	\$ (0.09)	\$ (0.07)	\$ (0.08)	\$ (0.31)
Diluted	\$ (0.07)	\$ (0.09)	\$ (0.07)	\$ (0.08)	\$ (0.31)
<b>2009</b>					
Revenues	\$1,153.7	\$857.5	\$ 822.1	\$ 828.6	\$3,661.9
Gross margin	258.0	140.5	70.7	139.9	609.1
Net income (loss)	71.8	16.7	(361.7)	(18.5)	(291.7)
EPS:					
Basic	\$ 0.46	\$ 0.11	\$ (2.32)	\$ (0.09)	\$ (1.84)
Diluted	\$ 0.46	\$ 0.11	\$ (2.32)	\$ (0.09)	\$ (1.84)

Until , 2011 all dealers that effect transactions in the exchange notes may be required to deliver a prospectus.



**PART II**  
**INFORMATION NOT REQUIRED IN PROSPECTUS**

**Item 20. *Indemnification of Directors and Officers.***

***Delaware***

McJunkin Red Man Corporation (the “Company”), McJunkin Nigeria Limited, McJunkin-Puerto Rico Corporation, McJunkin Red Man Development Corporation, McJunkin Red Man Holding Corporation, McJunkin-West Africa Corporation and MRC Management Company are Delaware corporations. Section 145 of the Delaware General Corporation Law, or DGCL, provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings, whether civil, criminal, administrative or investigative (other than action by or in the right of the corporation — a “derivative action”), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys’ fees) incurred in connection with the defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation’s certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement, or otherwise.

The DGCL further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against him and incurred by him in any such capacity, arising out of his status as such, whether or not the corporation would otherwise have the power to indemnify him under Section 145.

The bylaws of the Company and McJunkin Red Man Holding Corporation provide for the indemnification of directors and officers to the fullest extent permitted by Delaware law. The bylaws of McJunkin Nigeria Limited provide for indemnification of directors and officers for acts in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to criminal matters, for which such person did not have reasonable cause to believe such conduct was unlawful. The bylaws of McJunkin-Puerto Rico Corporation, McJunkin Red Man Development Corporation and McJunkin-West Africa Corporation provide that the corporation has the power to indemnify of directors and officers for acts in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to criminal matters, for which such person did not have reasonable cause to believe such conduct was unlawful. The bylaws of MRC Management Company provide for indemnification of directors and officers in accordance with the provisions of Section 145 of the DGCL. The certificates of incorporation of the Company and McJunkin Red Man Holding Corporation provide that a director shall have no personal liability for monetary damages for breach of fiduciary duty as a director, except (i) for any breach of the director’s duty of loyalty, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

***West Virginia***

Greenbrier Petroleum Corporation, Milton Oil & Gas Company and Ruffner Realty Company are West Virginia corporations. The West Virginia Business Corporation Act (“WVBCA”) empowers a corporation to indemnify an individual made a party to a proceeding because he is or was a director against liability incurred in the proceeding if: (1)(A) he conducted himself in good faith; and (B) he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in its best interests; and (ii) in all other cases, that his conduct was at least not opposed to its best interests; and (C) in the case of any criminal proceeding, he had no

reasonable cause to believe his conduct was unlawful; or (2) he engaged in conduct for which broader indemnification has been made permissible or obligatory under a provision of the articles of incorporation. A corporation may not indemnify a director (1) in connection with a proceeding by or in the right of the corporation, except for reasonable expenses incurred in connection with the proceeding; or (2) in connection with any other proceeding with respect to conduct for which he was adjudged liable on the basis that he received financial benefit to which he was not entitled, whether or not involving action in his official capacity. A corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding. Under the WVBCA, a corporation may pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding in advance of the final disposition of the proceeding if: (1) the director furnishes the corporation a written affirmation of his good faith belief that he has met the relevant standard of conduct; and (2) the director furnishes the corporation a written undertaking to repay the advance if the director is not entitled to mandatory indemnification under the WVBCA and it is ultimately determined that he did not meet the relevant standard of conduct. A corporation may indemnify and advance expenses to an officer of the corporation to the same extent as to a director. A corporation may also purchase and maintain on behalf of a director or officer of the corporation insurance against liabilities incurred in such capacities, whether or not the corporation would have the power to indemnify him against the same liability under the WVBCA.

The bylaws of Greenbrier Petroleum Corporation provide for indemnification of directors and officers for acts in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to criminal matters, for which such person did not have reasonable cause to believe such conduct was unlawful. The bylaws of Milton Oil & Gas Company and Ruffner Realty Company provide for indemnification of directors and officers except in relation to matters as to which such person is adjudged to be liable for such person's own negligence or misconduct in the performance of such person's duties.

### ***New York***

Midway-Tristate Corporation is a New York corporation. Section 722(a) of the New York Business Corporation Law ("NYBCL") provides that a corporation may indemnify any officer or director made, or threatened to be made, a party to an action or proceeding (other than one by or in the right of the corporation to procure judgment in its favor), whether civil or criminal, including an action by or in the right of any other corporation, or other enterprise, which any director or officer of the corporation served in any capacity at the request of the corporation, by reason of the fact that he was a director or officer of the corporation, or served such other corporation or other enterprise in any capacity, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred as a result of such action or proceeding, or any appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for any other corporation or other enterprise, not opposed to, the best interests of the corporation and, in criminal actions or proceedings, had no reasonable cause to believe that his conduct was unlawful.

Section 722(c) of the NYBCL provides that a corporation may indemnify any officer or director made, or threatened to be made, a party to an action by or in the right of the corporation to procure judgment in its favor by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of any other corporation of any type or kind, or other enterprise, against amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein, if such director or officer acted, in good faith, for a purpose which he reasonably believed to be in, or, in the case of service for another corporation or other enterprise, not opposed to, the best interests of the corporation. The corporation may not, however, indemnify any officer or director pursuant to Section 722(c) in respect of (1) a threatened action, or a pending action which is settled or otherwise disposed of, or (2) any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action was brought or, if no action was brought, any court of competent jurisdiction, determines upon application, that the person is fairly and reasonably entitled to indemnity for such portion of the settlement and expenses as the court deems proper.

Section 723 of the NYBCL provides that an officer or director who has been successful, on the merits or otherwise, in the defense of a civil or criminal action or proceeding of the character set forth in Section 722 is entitled to indemnification as permitted in such section. Section 724 of the NYBCL permits a court to award the indemnification required by Section 722.

Section 721 of the NYBCL provides that, in addition to indemnification provided in Article 7 of the NYBCL, a corporation may indemnify a director or officer by a provision contained in the certificate of incorporation or by-laws or by a duly authorized resolution of its shareholders or directors or by agreement, provided that no indemnification may be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to the director or officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that such director or officer personally gained in fact a financial profit or other advantage to which he was not legally entitled.

Section 402(b) of the NYBCL provides that a corporation's certificate of incorporation may include a provision eliminating or limiting the personal liability of its directors to the corporation or its shareholders for damages for any breach of duty in such capacity, except (i) liability of a director if a judgment or other final adjudication adverse to such director establishes that the director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the NYBCL or (ii) liability of any director for any act or omission prior to the adoption of a provision authorized by Section 402(b) of the NYBCL.

The bylaws of Midway-Tristate Corporation provide for indemnification to the fullest extent permitted by New York law except if it is adjudged that such persons acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated or such person gained a financial profit or other advantage to which such person was not legally entitled. The certificate of incorporation of Midway-Tristate Corporation provides for indemnification of all persons whom it shall have power to indemnify under Article 7 of the NYBCL to the fullest extent permitted under said Article and that no director of the corporation shall be liable for any breach of duty except if such person's actions are adjudged to be in bad faith or involved intentional misconduct or a knowing violation of the law or such person personally gained a financial profit or other advantage to which such person was not legally entitled or that such person's acts violated Section 719 of the NYBCL.

### *Texas*

The South Texas Supply Company, Inc. is a Texas corporation. The Texas Business Corporation Act ("TBCA") permits a Texas corporation to indemnify any present or former director, officer, employee or agent of the corporation against judgments, penalties, fines, settlements and reasonable expenses incurred in connection with a proceeding in which any such person was, is or is threatened to be, made a party by reason of holding such office or position, provided that he conducted himself in good faith and reasonably believed that, in the case of conduct in his official capacity as a director or officer of the corporation, such conduct was in the corporation's best interests and, in the case of a criminal proceeding, a director or officer may be indemnified only if he had no reasonable cause to believe his conduct was unlawful. However, indemnification is limited to reasonable expenses actually incurred where (a) a person is found liable on the basis that a personal benefit was improperly received or (b) the person is found liable in a derivative suit brought on behalf of the corporation and the person was not liable for willful or intentional misconduct. Under the TBCA, a director or officer must be indemnified in cases in which he is wholly successful on the merits or in the defense of the proceedings. The TBCA provides that indemnification pursuant to its provisions is not exclusive of other rights of indemnification to which a person may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors, or otherwise. The TBCA authorizes corporations to maintain insurance to cover indemnification expenses on behalf of any person who is or was a director, officer, agent or employee of the corporation or was serving at the request of the corporation, regardless of whether the corporation would have the power to indemnify such person against liability under the TBCA.

The bylaws of The South Texas Supply Company, Inc. provide that the board of directors of the corporation may authorize the corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against directors and officers as provided by Article 2.02(A)(16) of the TBCA.



## ***Insurance***

The company has also obtained officers' and directors' liability insurance which insures against liabilities that officers and directors of each of the registrants may, in such capacities, incur.

## **Item 21. *Exhibits and Financial Statement Schedules.***

### **(a) Exhibits**

<b>Exhibit Number</b>	
2.1*	Agreement and Plan of Merger, dated as of December 4, 2006, by and among McJunkin Corporation, McJ Holding Corporation and Hg Acquisition Corp.
2.1.1*	McJunkin Contribution Agreement, dated as of December 4, 2006, by and among McJunkin Corporation, McJ Holding LLC and certain shareholders of McJunkin Corporation.
2.1.2*	McApple Contribution Agreement, dated as of December 4, 2006, among McJunkin Corporation, McJ Holding LLC and certain shareholders of McJunkin Appalachian Oilfield Supply Company.
2.2*	Stock Purchase Agreement, dated as of April 5, 2007, by and between McJunkin Development Corporation, Midway-Tristate Corporation and the other parties thereto.
2.2.1*	Assignment Agreement, dated as of April 27, 2007, by and among McJunkin Development Corporation, McJunkin Appalachian Oilfield Supply Company, Midway-Tristate Corporation, and John A. Selzer, as Representative of the Shareholders.
2.3*	Stock Purchase Agreement, dated as of July 6, 2007, by and among West Oklahoma PVF Company, Red Man Pipe & Supply Co., the Shareholders listed on Schedule 1 thereto, PVF Holdings LLC, and Craig Ketchum, as Representative of the Shareholders.
2.3.1*	Contribution Agreement, dated July 6, 2007, by and among McJ Holding LLC and certain shareholders of Red Man Pipe & U Supply Co.
2.3.2*	Amendment No. 1 to Stock Purchase Agreement, dated as of October 24, 2007, by and among West Oklahoma PVF Company, Red Man Pipe & Supply Co., and Craig Ketchum, as Representative of the Shareholders.
2.3.3*	Joinder Agreement and Amendment No. 2 to the Stock Purchase Agreement, dated as of October 31, 2007, by and among West Oklahoma PVF Company, Red Man Pipe & Supply Co., PVF Holdings LLC, Craig Ketchum, as Representative of the Shareholders, and the other parties thereto.
3.1	Certificate of Incorporation of McJunkin Red Man Corporation.
3.2	Bylaws of McJunkin Red Man Corporation.
3.3	Certificate of Incorporation of McJunkin Red Man Holding Corporation.
3.4	Bylaws of McJunkin Red Man Holding Corporation.
3.5	Certificate of Incorporation of McJunkin Red Man Development Corporation.
3.6	Bylaws of McJunkin Red Man Development Corporation.
3.7	Certificate of Incorporation of McJunkin Nigeria Limited.
3.8	Bylaws of McJunkin Nigeria Limited.
3.9	Certificate of Incorporation of McJunkin-Puerto Rico Corporation.
3.10	Bylaws of McJunkin-Puerto Rico Corporation.
3.11	Certificate of Incorporation of McJunkin-West Africa Corporation.
3.12	Bylaws of McJunkin-West Africa Corporation.
3.13	Certificate of Incorporation of Milton Oil & Gas Company.
3.14	Bylaws of Milton Oil & Gas Company.
3.15	Certificate of Incorporation of Ruffner Realty Company.
3.16	Bylaws of Ruffner Realty Company.
3.17	Certificate of Incorporation of Greenbrier Petroleum Corporation.
3.18	Bylaws of Greenbrier Petroleum Corporation.

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3.19	Certificate of Incorporation of Midway-Tristate Corporation.
3.20	Bylaws of Midway-Tristate Corporation.
3.21	Certificate of Incorporation of MRC Management Company.
3.22	Bylaws of MRC Management Company.
3.23	Certificate of Incorporation of The South Texas Supply Company, Inc.
3.24	Bylaws of The South Texas Supply Company, Inc.
4.1	Indenture, dated as of December 21, 2009, by and among McJunkin Red Man Corporation, the guarantors named therein and U.S. Bank National Association, as trustee.
4.2	Form of 9.50% Senior Secured Notes due December 15, 2016 (included as part of Exhibit 4.1 above).
4.3	Exchange and Registration Rights Agreement, dated as of December 21, 2009, by and among McJunkin Red Man Corporation, McJunkin Red Man Holding Corporation, the subsidiary guarantors party thereto, Goldman, Sachs & Co., Barclays Capital Inc., Banc of America Securities LLC and J.P. Morgan Securities Inc.
4.4	Exchange and Registration Rights Agreement, dated as of February 11, 2010, by and among McJunkin Red Man Corporation, McJunkin Red Man Holding Corporation, the subsidiary guarantors party thereto, Goldman, Sachs & Co. and Barclays Capital Inc.
4.5	Reaffirmation Agreement, dated as of February 11, 2010, by and among McJunkin Red Man Corporation, McJunkin Red Man Holding Corporation, the subsidiary guarantors party thereto, and U.S. Bank National Association, as collateral trustee.
5.1	Opinion of Fried, Frank, Harris, Shriver & Jacobson LLP.
5.2	Opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P.
5.3	Opinion of Bowles Rice McDavid Graff & Love LLP.
10.1.1*	Revolving Loan Credit Agreement, dated as of October 31, 2007, by and among McJunkin Red Man Corporation and the other parties thereto.
10.1.2*	Joinder Agreement, dated as of June 10, 2008, by and among The Huntington National Bank, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.3*	Joinder Agreement, dated as of June 10, 2008, by and among JP Morgan Chase Bank, N.A., McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.4*	Joinder Agreement, dated as of June 10, 2008, by and among TD Bank, N.A., McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.5*	Joinder Agreement, dated as of June 10, 2008, by and among United Bank Inc., McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.6**	Joinder Agreement, dated as of October 3, 2008, by and among Raymond James Bank, FSB, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.7**	Joinder Purchase Agreement, dated as of October 3, 2008, by and among Raymond James Bank, FSB, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.8**	Joinder Agreement, dated as of October 16, 2008, by and among SunTrust Bank, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.9**	Joinder Purchase Agreement, dated as of October 16, 2008, by and among SunTrust Bank, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.10	Joinder Agreement, dated as of January 2, 2009, by and among Barclays Bank PLC, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.11	Joinder Purchase Agreement, dated as of January 2, 2009, by and among Barclays Bank PLC, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.12	Amendment No. 1, dated as of December 21, 2009, to the Revolving Loan Credit Agreement, by and among McJunkin Red Man Corporation and the other parties thereto.
10.2.1*	Revolving Loan Security Agreement, dated as of October 31, 2007, by and among McJunkin Red Man Corporation and the other parties thereto.

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Exhibit Number	
10.2.2	Supplement No. 1 to Revolving Loan Security Agreement, dated as of December 31, 2007.
10.2.3	Supplement No. 2 to Revolving Loan Security Agreement, dated as of October 16, 2008.
10.3.1	Revolving Loan Guarantee, dated as of October 31, 2007.
10.3.2	Supplement No. 1 to Revolving Loan Guarantee, dated as of December 31, 2007.
10.3.3	Supplement No. 2 to Revolving Loan Guarantee, dated as of October 16, 2008.
10.4	Amended and Restated Loan and Security Agreement, dated as of November 18, 2009, by and among Midfield Supply ULC and the other parties thereto.
10.5	Amended and Restated Letter Agreement, dated as of November 13, 2009, by and between Alberta Treasury Branches and Midfield Supply ULC.
10.6	Revolving Facility Agreement, dated September 17, 2010, between MRC Transmark Holdings UK Limited, HSBC Bank plc and the other parties thereto.
10.7*†	Employment Agreement, dated as of September 10, 2008, by and among McJunkin Red Man Holding Corporation and Andrew R. Lane.
10.7.1†	Amendment to Employment Agreement by and among McJunkin Red Man Holding Corporation and Andrew R. Lane, dated February 23, 2011.
10.8†	Amended and Restated Employment Agreement, dated as of December 31, 2009, by and among McJunkin Red Man Holding Corporation and James Underhill.
10.8.1†	Amendment to Employment Agreement by and among McJunkin Red Man Holding Corporation and James Underhill, dated February 23, 2011.
10.9.1†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Director Grant May 2010 — Dutch residents).
10.9.2†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Director Grant May 2010 — US residents).
10.10.1†	Employment Agreement, dated as of September 10, 2009, by and between Transmark Fcx Limited and Neil P. Wagstaff.
10.10.2†	Amendment to Employment Agreement by and between MRC Transmark Limited and Neil P. Wagstaff, dated February 23, 2011.
10.11*†	Letter Agreement, dated as of September 24, 2008, by and among H.B. Wehrle, III, PVF Holdings LLC and McJunkin Red Man Corporation.
10.12†	Letter Agreement, dated as of December 22, 2008, by and among McJunkin Red Man Holding Corporation and Craig Ketchum.
10.13.1†	McJ Holding Corporation 2007 Stock Option Plan, as amended.
10.13.2*†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement.
10.14.1†	McJ Holding Corporation 2007 Restricted Stock Plan, as amended.
10.14.2*†	Form of McJunkin Red Man Holding Corporation Restricted Stock Award Agreement.
10.15.1*†	McJunkin Red Man Holding Corporation 2007 Stock Option Plan (Canada).
10.15.2*†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Canada) (for plan participants who are parties to non-competition agreements).
10.15.3*†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Canada) (for plan participants who are not parties to non-competition agreements).
10.16*†	McJunkin Red Man Corporation Deferred Compensation Plan.
10.17*	Indemnity Agreement, dated as of December 4, 2006, by and among McJunkin Red Man Holding Corporation, Hg Acquisition Corp., McJunkin Red Man Corporation, and certain shareholders of McJunkin Red Man Corporation named therein.
10.18.1*†	Management Stockholders Agreement, dated as of March 27, 2007, by and among PVF Holdings LLC, McJunkin Red Man Holding Corporation, and the other parties thereto.
10.18.2*†	Amendment No. 1 to the Management Stockholders Agreement, dated as of December 21, 2007, executed by PVF Holdings LLC.

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Exhibit Number	
10.18.3*†	Amendment No. 2 to the Management Stockholders Agreement, dated as of December 26, 2007, executed by PVF Holdings LLC.
10.19†	Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC, dated as of October 31, 2007.
10.20.1†	Amendment No. 1, dated as of December 18, 2007, to the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC.
10.20.2†	Amendment No. 2, dated as of October 31, 2009, to the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC.
10.21.1	Amended and Restated Registration Rights Agreement of PVF Holdings LLC, dated as of October 31, 2007.
10.21.2	Amendment No. 1 to the Amended and Restated Registration Rights Agreement of PVF Holdings LLC, dated as of October 31, 2009.
10.22*†	Subscription Agreement, dated as of September 10, 2008, by and among McJunkin Red Man Holding Corporation, Andrew R. Lane, and PVF Holdings LLC.
10.23.1*†	McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of September 10, 2008, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.23.2†	Amendment to the McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of June 1, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.23.3†	Second Amendment to the McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.24.1†	McJunkin Red Man Holding Corporation Restricted Stock Award Agreement, dated as of February 24, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.24.2†	Amendment to the McJunkin Red Man Holding Corporation Restricted Stock Award Agreement, dated as of June 1, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.25†	Subscription Agreement, dated as of October 3, 2008, by and among McJunkin Red Man Holding Corporation, Len Anthony, and PVF Holdings LLC.
10.26.1†	McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of October 3, 2008, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Len Anthony.
10.26.2†	Amendment to the McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Len Anthony.
10.27†	McJunkin Red Man Holding Corporation Restricted Stock Award Agreement, dated as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Len Anthony.
10.28†	Subscription Agreement, dated as of October 30, 2009, by and among McJunkin Red Man Holding Corporation, John A. Perkins, and PVF Holdings LLC.
10.29†	McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of December 3, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and John A. Perkins.
10.30†	Indemnification Agreement by and between the Company and Peter C. Boylan, III, dated August 11, 2010.
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	List of Subsidiaries of McJunkin Red Man Holding Corporation.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.

Exhibit Number	
23.2	Consent of Fried, Frank, Harris, Shriver & Jacobson LLP (included in Exhibit 5.1).
23.3	Consent of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. (included in Exhibit 5.2).
23.4	Consent of Bowles Rice McDavid Graff & Love LLP (included in Exhibit 5.3).
24.1	Powers of Attorney (included on signature pages).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 with respect to the Indenture governing the 9.50% Senior Secured Notes due December 15, 2016.
99.1	Form of Letter of Transmittal, with respect to outstanding notes and exchange notes.
99.2	Form of Notice of Guaranteed Delivery, with respect to outstanding notes and exchange notes.
99.3	Form of Instructions to Registered Holder Beneficial Owners.
99.4	Form of Letter to Clients.
99.5	Form of Letter to Registered Holders

\* Incorporated by reference to Amendment No. 1 to the Registration Statement on Form S-1 of McJunkin Red Man Holding Corporation (No. 333-153091), filed with the SEC on September 26, 2008.

\*\* Incorporated by reference to Amendment No. 2 to the Registration Statement on Form S-1 of McJunkin Red Man Holding Corporation (No. 333-153091), filed with the SEC on October 31, 2008.

† Management contract or compensatory plan or arrangement required to be posted as an exhibit to this report.

## Item 22. *Undertakings.*

Each of the undersigned registrants hereby undertake:

(a) (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering;

(4) that, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however*, that no statement made in a registration statement or prospectus that is part of the

registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use; and

(5) that, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- (ii) any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- (iii) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- (iv) any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes to respond to requests for information that is incorporated by reference in to the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(c) Each of the undersigned registrants hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement.

(d) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act, McJunkin Red Man Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

MCJUNKIN RED MAN CORPORATION

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>		<b>Date</b>
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011



## SIGNATURES

Pursuant to the requirements of the Securities Act, McJunkin Red Man Holding Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>		<b>Date</b>
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011
<u>/s/ Leonard M. Anthony</u> Leonard M. Anthony	Director	March 24, 2011
<u>/s/ Rhys J. Best</u> Rhys J. Best	Director	March 24, 2011
<u>/s/ Peter C. Boylan III</u> Peter C. Boylan III	Director	March 24, 2011
<u>/s/ Henry Cornell</u> Henry Cornell	Director	March 24, 2011

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Signature		Date
<u>/s/ Christopher A.S. Crampton</u> Christopher A.S. Crampton	Director	March 24, 2011
<u>/s/ John F. Daly</u> John F. Daly	Director	March 24, 2011
<u>/s/ Craig Ketchum</u> Craig Ketchum	Director	March 24, 2011
<u>/s/ Gerard P. Krans</u> Gerard P. Krans	Director	March 24, 2011
<u>/s/ Dr. Cornelis A. Linse</u> Dr. Cornelis A. Linse	Director	March 24, 2011
<u>/s/ John A. Perkins</u> John A. Perkins	Director	March 24, 2011
<u>/s/ H.B. Wehrle, III</u> H.B. Wehrle, III	Director	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, McJunkin Red Man Development Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

MCJUNKIN RED MAN DEVELOPMENT CORPORATION

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, McJunkin Nigeria Limited has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

MCJUNKIN NIGERIA LIMITED

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<b>Signature</b>		<b>Date</b>
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, McJunkin-Puerto Rico Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

### MCJUNKIN-PUERTO RICO CORPORATION

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, McJunkin-West Africa Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24<sup>th</sup> day of March, 2011.

MCJUNKIN-WEST AFRICA CORPORATION

By: /s/ Andrew R. Lane  
Andrew R. Lane  
Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, Milton Oil & Gas Company has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

MILTON OIL & GAS COMPANY

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011



## SIGNATURES

Pursuant to the requirements of the Securities Act, Ruffner Realty Company has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

RUFFNER REALTY COMPANY

By: /s/ Andrew R. Lane  
Andrew R. Lane  
Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, Greenbrier Petroleum Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

### GREENBRIER PETROLEUM CORPORATION

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, Midway-Tristate Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

### MIDWAY-TRISTATE CORPORATION

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, MRC Management Company has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

MRC MANAGEMENT COMPANY

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## SIGNATURES

Pursuant to the requirements of the Securities Act, The South Texas Supply Company, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Houston, State of Texas, on the 24th day of March, 2011.

THE SOUTH TEXAS SUPPLY COMPANY, INC.

By: /s/ Andrew R. Lane

Andrew R. Lane

Chairman, President and Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Andrew R. Lane and James F. Underhill, and each of them, his or her true and lawful attorneys-in-fact and agents with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments to this registration statement, including post-effective amendments, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifies and confirms all his or her said attorneys-in-fact and agents, or any of them, or his or her substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature		Date
<u>/s/ Andrew R. Lane</u> Andrew R. Lane	Chairman, President and Chief Executive Officer (Principal Executive Officer)	March 24, 2011
<u>/s/ James F. Underhill</u> James F. Underhill	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 24, 2011

## INDEX TO EXHIBITS

Exhibit Number	
2.1*	Agreement and Plan of Merger, dated as of December 4, 2006, by and among McJunkin Corporation, McJ Holding Corporation and Hg Acquisition Corp.
2.1.1*	McJunkin Contribution Agreement, dated as of December 4, 2006, by and among McJunkin Corporation, McJ Holding LLC and certain shareholders of McJunkin Corporation.
2.1.2*	McApple Contribution Agreement, dated as of December 4, 2006, among McJunkin Corporation, McJ Holding LLC and certain shareholders of McJunkin Appalachian Oilfield Supply Company.
2.2*	Stock Purchase Agreement, dated as of April 5, 2007, by and between McJunkin Development Corporation, Midway-Tristate Corporation and the other parties thereto.
2.2.1*	Assignment Agreement, dated as of April 27, 2007, by and among McJunkin Development Corporation, McJunkin Appalachian Oilfield Supply Company, Midway-Tristate Corporation, and John A. Selzer, as Representative of the Shareholders.
2.3*	Stock Purchase Agreement, dated as of July 6, 2007, by and among West Oklahoma PVF Company, Red Man Pipe & Supply Co., the Shareholders listed on Schedule 1 thereto, PVF Holdings LLC, and Craig Ketchum, as Representative of the Shareholders.
2.3.1*	Contribution Agreement, dated July 6, 2007, by and among McJ Holding LLC and certain shareholders of Red Man Pipe & U Supply Co.
2.3.2*	Amendment No. 1 to Stock Purchase Agreement, dated as of October 24, 2007, by and among West Oklahoma PVF Company, Red Man Pipe & Supply Co., and Craig Ketchum, as Representative of the Shareholders.
2.3.3*	Joinder Agreement and Amendment No. 2 to the Stock Purchase Agreement, dated as of October 31, 2007, by and among West Oklahoma PVF Company, Red Man Pipe & Supply Co., PVF Holdings LLC, Craig Ketchum, as Representative of the Shareholders, and the other parties thereto.
3.1	Certificate of Incorporation of McJunkin Red Man Corporation.
3.2	Bylaws of McJunkin Red Man Corporation.
3.3	Certificate of Incorporation of McJunkin Red Man Holding Corporation.
3.4	Bylaws of McJunkin Red Man Holding Corporation.
3.5	Certificate of Incorporation of McJunkin Red Man Development Corporation.
3.6	Bylaws of McJunkin Red Man Development Corporation.
3.7	Certificate of Incorporation of McJunkin Nigeria Limited.
3.8	Bylaws of McJunkin Nigeria Limited.
3.9	Certificate of Incorporation of McJunkin-Puerto Rico Corporation.
3.10	Bylaws of McJunkin-Puerto Rico Corporation.
3.11	Certificate of Incorporation of McJunkin-West Africa Corporation.
3.12	Bylaws of McJunkin-West Africa Corporation.
3.13	Certificate of Incorporation of Milton Oil & Gas Company.
3.14	Bylaws of Milton Oil & Gas Company.
3.15	Certificate of Incorporation of Ruffner Realty Company.
3.16	Bylaws of Ruffner Realty Company.
3.17	Certificate of Incorporation of Greenbrier Petroleum Corporation.
3.18	Bylaws of Greenbrier Petroleum Corporation.
3.19	Certificate of Incorporation of Midway-Tristate Corporation.
3.20	Bylaws of Midway-Tristate Corporation.
3.21	Certificate of Incorporation of MRC Management Company.
3.22	Bylaws of MRC Management Company.

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Exhibit Number	
3.23	Certificate of Incorporation of The South Texas Supply Company, Inc.
3.24	Bylaws of The South Texas Supply Company, Inc.
4.1	Indenture, dated as of December 21, 2009, by and among McJunkin Red Man Corporation, the guarantors named therein and U.S. Bank National Association, as trustee.
4.2	Form of 9.50% Senior Secured Notes due December 15, 2016 (included as part of Exhibit 4.1 above).
4.3	Exchange and Registration Rights Agreement, dated as of December 21, 2009, by and among McJunkin Red Man Corporation, McJunkin Red Man Holding Corporation, the subsidiary guarantors party thereto, Goldman, Sachs & Co., Barclays Capital Inc., Banc of America Securities LLC and J.P. Morgan Securities Inc.
4.4	Exchange and Registration Rights Agreement, dated as of February 11, 2010, by and among McJunkin Red Man Corporation, McJunkin Red Man Holding Corporation, the subsidiary guarantors party thereto, Goldman, Sachs & Co. and Barclays Capital Inc.
4.5	Reaffirmation Agreement, dated as of February 11, 2010, by and among McJunkin Red Man Corporation, McJunkin Red Man Holding Corporation, the subsidiary guarantors party thereto, and U.S. Bank National Association, as collateral trustee.
5.1	Opinion of Fried, Frank, Harris, Shriver & Jacobson LLP.
5.2	Opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P.
5.3	Opinion of Bowles Rice McDavid Graff & Love LLP.
10.1.1*	Revolving Loan Credit Agreement, dated as of October 31, 2007, by and among McJunkin Red Man Corporation and the other parties thereto.
10.1.2*	Joinder Agreement, dated as of June 10, 2008, by and among The Huntington National Bank, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.3*	Joinder Agreement, dated as of June 10, 2008, by and among JP Morgan Chase Bank, N.A., McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.4*	Joinder Agreement, dated as of June 10, 2008, by and among TD Bank, N.A., McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.5*	Joinder Agreement, dated as of June 10, 2008, by and among United Bank Inc., McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.6**	Joinder Agreement, dated as of October 3, 2008, by and among Raymond James Bank, FSB, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.7**	Joinder Purchase Agreement, dated as of October 3, 2008, by and among Raymond James Bank, FSB, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.8**	Joinder Agreement, dated as of October 16, 2008, by and among SunTrust Bank, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.9**	Joinder Purchase Agreement, dated as of October 16, 2008, by and among SunTrust Bank, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.10	Joinder Agreement, dated as of January 2, 2009, by and among Barclays Bank PLC, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.11	Joinder Purchase Agreement, dated as of January 2, 2009, by and among Barclays Bank PLC, McJunkin Red Man Corporation and The CIT Group/Business Credit, Inc.
10.1.12	Amendment No. 1, dated as of December 21, 2009, to the Revolving Loan Credit Agreement, by and among McJunkin Red Man Corporation and the other parties thereto.
10.2.1*	Revolving Loan Security Agreement, dated as of October 31, 2007, by and among McJunkin Red Man Corporation and the other parties thereto.
10.2.2	Supplement No. 1 to Revolving Loan Security Agreement, dated as of December 31, 2007.
10.2.3	Supplement No. 2 to Revolving Loan Security Agreement, dated as of October 16, 2008.

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Exhibit Number	
10.3.1	Revolving Loan Guarantee, dated as of October 31, 2007.
10.3.2	Supplement No. 1 to Revolving Loan Guarantee, dated as of December 31, 2007.
10.3.3	Supplement No. 2 to Revolving Loan Guarantee, dated as of October 16, 2008.
10.4	Amended and Restated Loan and Security Agreement, dated as of November 18, 2009, by and among Midfield Supply ULC and the other parties thereto.
10.5	Amended and Restated Letter Agreement, dated as of November 13, 2009, by and between Alberta Treasury Branches and Midfield Supply ULC.
10.6	Revolving Facility Agreement, dated September 17, 2010, between MRC Transmark Holdings UK Limited, HSBC Bank plc and the other parties thereto.
10.7*†	Employment Agreement, dated as of September 10, 2008, by and among McJunkin Red Man Holding Corporation and Andrew R. Lane.
10.7.1†	Amendment to Employment Agreement by and among McJunkin Red Man Holding Corporation and Andrew R. Lane, dated February 23, 2011.
10.8†	Amended and Restated Employment Agreement, dated as of December 31, 2009, by and among McJunkin Red Man Holding Corporation and James Underhill.
10.8.1†	Amendment to Employment Agreement by and among McJunkin Red Man Holding Corporation and James Underhill, dated February 23, 2011.
10.9.1†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Director Grant May 2010 — Dutch residents).
10.9.2†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Director Grant May 2010 — US residents).
10.10.1†	Employment Agreement, dated as of September 10, 2009, by and between Transmark Fcx Limited and Neil P. Wagstaff.
10.10.2†	Amendment to Employment Agreement by and between MRC Transmark Limited and Neil P. Wagstaff, dated February 23, 2011.
10.11*†	Letter Agreement, dated as of September 24, 2008, by and among H.B. Wehrle, III, PVF Holdings LLC and McJunkin Red Man Corporation.
10.12†	Letter Agreement, dated as of December 22, 2008, by and among McJunkin Red Man Holding Corporation and Craig Ketchum.
10.13.1†	McJ Holding Corporation 2007 Stock Option Plan, as amended.
10.13.2*†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement.
10.14.1†	McJ Holding Corporation 2007 Restricted Stock Plan, as amended.
10.14.2*†	Form of McJunkin Red Man Holding Corporation Restricted Stock Award Agreement.
10.15.1*†	McJunkin Red Man Holding Corporation 2007 Stock Option Plan (Canada).
10.15.2*†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Canada) (for plan participants who are parties to non-competition agreements).
10.15.3*†	Form of McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement (Canada) (for plan participants who are not parties to non-competition agreements).
10.16*†	McJunkin Red Man Corporation Deferred Compensation Plan.
10.17*	Indemnity Agreement, dated as of December 4, 2006, by and among McJunkin Red Man Holding Corporation, Hg Acquisition Corp., McJunkin Red Man Corporation, and certain shareholders of McJunkin Red Man Corporation named therein.
10.18.1*†	Management Stockholders Agreement, dated as of March 27, 2007, by and among PVF Holdings LLC, McJunkin Red Man Holding Corporation, and the other parties thereto.
10.18.2*†	Amendment No. 1 to the Management Stockholders Agreement, dated as of December 21, 2007, executed by PVF Holdings LLC.

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Exhibit Number	
10.18.3*†	Amendment No. 2 to the Management Stockholders Agreement, dated as of December 26, 2007, executed by PVF Holdings LLC.
10.19†	Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC, dated as of October 31, 2007.
10.20.1†	Amendment No. 1, dated as of December 18, 2007, to the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC.
10.20.2†	Amendment No. 2, dated as of October 31, 2009, to the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC.
10.21.1	Amended and Restated Registration Rights Agreement of PVF Holdings LLC, dated as of October 31, 2007.
10.21.2	Amendment No. 1 to the Amended and Restated Registration Rights Agreement of PVF Holdings LLC, dated as of October 31, 2009.
10.22*†	Subscription Agreement, dated as of September 10, 2008, by and among McJunkin Red Man Holding Corporation, Andrew R. Lane, and PVF Holdings LLC.
10.23.1*†	McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of September 10, 2008, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.23.2†	Amendment to the McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of June 1, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.23.3†	Second Amendment to the McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.24.1†	McJunkin Red Man Holding Corporation Restricted Stock Award Agreement, dated as of February 24, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.24.2†	Amendment to the McJunkin Red Man Holding Corporation Restricted Stock Award Agreement, dated as of June 1, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Andrew R. Lane.
10.25†	Subscription Agreement, dated as of October 3, 2008, by and among McJunkin Red Man Holding Corporation, Len Anthony, and PVF Holdings LLC.
10.26.1†	McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of October 3, 2008, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Len Anthony.
10.26.2†	Amendment to the McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Len Anthony.
10.27†	McJunkin Red Man Holding Corporation Restricted Stock Award Agreement, dated as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and Len Anthony.
10.28†	Subscription Agreement, dated as of October 30, 2009, by and among McJunkin Red Man Holding Corporation, John A. Perkins, and PVF Holdings LLC.
10.29†	McJunkin Red Man Holding Corporation Nonqualified Stock Option Agreement, dated as of December 3, 2009, by and among McJunkin Red Man Holding Corporation, PVF Holdings LLC, and John A. Perkins.
10.30†	Indemnification Agreement by and between the Company and Peter C. Boylan, III, dated August 11, 2010.
12.1	Computation of Ratio of Earnings to Fixed Charges.

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## Table of Contents

### **Exhibit Number**

21.1	List of Subsidiaries of McJunkin Red Man Holding Corporation.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
23.2	Consent of Fried, Frank, Harris, Shriver & Jacobson LLP (included in Exhibit 5.1).
23.3	Consent of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. (included in Exhibit 5.2).
23.4	Consent of Bowles Rice McDavid Graff & Love LLP (included in Exhibit 5.3).
24.1	Powers of Attorney (included on signature pages).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 with respect to the Indenture governing the 9.50% Senior Secured Notes due December 15, 2016.
99.1	Form of Letter of Transmittal, with respect to outstanding notes and exchange notes.
99.2	Form of Notice of Guaranteed Delivery, with respect to outstanding notes and exchange notes.
99.3	Form of Instructions to Registered Holder Beneficial Owners.
99.4	Form of Letter to Clients.
99.5	Form of Letter to Registered Holders

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\* Incorporated by reference to Amendment No. 1 to the Registration Statement on Form S-1 of McJunkin Red Man Holding Corporation (No. 333-153091), filed with the SEC on September 26, 2008.

\*\* Incorporated by reference to Amendment No. 2 to the Registration Statement on Form S-1 of McJunkin Red Man Holding Corporation (No. 333-153091), filed with the SEC on October 31, 2008.

† Management contract or compensatory plan or arrangement required to be posted as an exhibit to this report.

CERTIFICATE OF INCORPORATION

OF

MCJUNKIN RED MAN CORPORATION

FIRST: The name of the Corporation is McJunkin Red Man Corporation.

SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

FOURTH: The total number of shares of stock which the Corporation is authorized to issue is Five Thousand (5,000) shares of common stock, having a par value of \$0.01 per share.

FIFTH: The business and affairs of the Corporation shall be managed by or under the direction of the board of directors, and the directors need not be elected by ballot unless required by the by-laws of the Corporation.

SIXTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the board of directors is expressly authorized to make, amend and repeal the by-laws.

SEVENTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its

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stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this provision shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

EIGHTH: The Corporation reserves the right to amend and repeal any provision contained in this Certificate of Incorporation in the manner from time to time prescribed by the laws of the State of Delaware. All rights herein conferred are granted subject to this reservation.

NINTH: The name and mailing address of the incorporator is as follows:

<u>Name</u>	<u>Mailing Address</u>
Stephen W. Lake	McJunkin Red Man Corporation 8023 East 63 <sup>rd</sup> Place Tulsa, Oklahoma 74133

I, the undersigned, for the purpose of forming a corporation under the laws of the State of Delaware do make, file and record this Certificate of Incorporation, and, accordingly, have hereto set my hand this 14<sup>th</sup> day of June, 2010.

/s/ Stephen W. Lake  
Stephen W. Lake, Incorporator

BY-LAWS OF  
MCJUNKIN RED MAN CORPORATION

ARTICLE I

Offices

SECTION 1. Registered Office. The registered office of the Corporation within the State of Delaware shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

SECTION 2. Other Offices. The Corporation may also have an office or offices other than said registered office at such place or places, either within or without the State of Delaware, as the Board of Directors shall from time to time determine or the business of the Corporation may require.

ARTICLE II

Stockholders

SECTION 1. Annual Meeting. An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders or, if no such meeting has been held, the date of incorporation.

SECTION 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Board of Directors or the chief executive officer and shall be held at such place, on such date, and at such time as they or he or she shall fix.

SECTION 3. Notice of Meetings. Notice of the place, if any, date, and time of all meetings of the stockholders and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and

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hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

SECTION 4. Quorum. At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes or series is required, a majority of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, if any, date, or time.

SECTION 5. Organization. Such person as the Board of Directors may have designated or, in the absence of such a person, the President of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

SECTION 6. Conduct of Business. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

SECTION 7. Proxies and Voting. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an



instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

SECTION 8. Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least ten (10) days prior to the meeting in the manner provided by law.

The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

SECTION 9. Consent of Stockholders in Lieu of Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders

are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section. A telegram, facsimile or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this Section to the extent permitted by law. Any such consent shall be delivered in accordance with Section 228(d)(1) of the Delaware General Corporation Law.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

### ARTICLE III

#### Board of Directors

SECTION 1. Number and Term of Office. The number of directors constituting the initial Board of Directors shall be one. Thereafter, the number of directors may be fixed, from time to time, by the affirmative vote of a majority of the entire Board of Directors or by action of the stockholders of the Corporation. Any decrease in the number of directors shall be effective at the time of the next succeeding annual meeting of stockholders unless there shall be vacancies in the Board of Directors, in which case such decrease may become effective at any time prior to the next succeeding annual meeting to the extent of the number of such vacancies. Directors need not be stockholders. Except as otherwise provided by statute or these By-laws, the directors (other than members of the initial Board of Directors) shall be elected at the annual meeting of stockholders. Each director shall hold office until his successor shall have been elected and qualified, or until his death, or until he shall have resigned, or have been removed, as hereinafter provided in these By-laws.

SECTION 2. Removal. Any director may be removed, either with or without cause, at any time, by the holders of a majority of the voting power of the issued and outstanding capital stock of the Corporation entitled to vote at an election of directors.

SECTION 3. Resignation. Any director of the Corporation may resign at any time by giving written notice of his resignation to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time when it shall

become effective shall not be specified therein, immediately upon its receipt. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4. Vacancies. Any vacancy in the Board of Directors, whether arising from death, resignation, removal (with or without cause), an increase in the number of directors or any other cause, may be filled by the vote of a majority of the directors then in office, though less than a quorum, or by the sole remaining director or by the stockholders at the next annual meeting thereof or at a special meeting thereof. Each director so elected shall hold office until his successor shall have been elected and qualified.

SECTION 5. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

SECTION 6. Special Meetings. Special meetings of the Board of Directors may be called by one-third (1/3) of the directors then in office (rounded up to the nearest whole number) or by the President and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telegraphing or telexing or by facsimile or electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

SECTION 7. Quorum. At any meeting of the Board of Directors, a majority of the total number of the whole Board of Directors shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

SECTION 8. Participation in Meetings By Conference Telephone. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

SECTION 9. Conduct of Business. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board of Directors may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof

consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 10. Compensation of Directors. Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

#### ARTICLE IV

##### Committees

SECTION 1. Committees of the Board of Directors. The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

SECTION 2. Conduct of Business. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

## ARTICLE V

### Officers

SECTION 1. Generally. The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may from time to time be appointed by the Board of Directors. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person.

SECTION 2. President. The President shall be the chief executive officer of the Corporation. Subject to the provisions of these By-laws and to the direction of the Board of Directors, he or she shall have the responsibility for the general management and control of the business and affairs of the Corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation.

SECTION 3. Vice President. Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One (1) Vice President shall be designated by the Board of Directors to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

SECTION 4. Treasurer. The Treasurer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as the Board of Directors may from time to time prescribe.

SECTION 5. Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

SECTION 6. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

SECTION 7. Removal. Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

SECTION 8. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the President or any officer of the Corporation authorized by the President shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

## ARTICLE VI

### Stock

SECTION 1. Certificates of Stock. Each holder of stock represented by certificates shall be entitled to a certificate signed by, or in the name of the Corporation by, the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

SECTION 2. Transfers of Stock. Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 4 of Article VI of these By-laws, an outstanding certificate, if one has been issued, for the number of shares involved shall be surrendered for cancellation before a new certificate, if any, is issued therefor.

SECTION 3. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action without a meeting, (including by telegram, cablegram or other electronic transmission as permitted by law), the Board of Directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall be not more than ten (10) days after the date upon which the resolution fixing the record date is adopted. If no record date has been fixed by the Board of Directors and no prior action by the Board of Directors is required by the Delaware General Corporation Law, the record date shall be the first date on which a consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by Article II, Section 9 hereof. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the Delaware General Corporation Law with respect to the proposed action by consent of the stockholders without a meeting, the record date for determining stockholders entitled to consent to corporate action without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

SECTION 4. Lost, Stolen or Destroyed Certificates. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

SECTION 5. Regulations. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

## ARTICLE VII

### Notices

SECTION 1. Notices. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law.

SECTION 2. Waivers. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed



equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver.

## ARTICLE VIII

### Miscellaneous

SECTION 1. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

SECTION 2. Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

SECTION 3. Reliance upon Books, Reports and Records. Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 4. Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

SECTION 5. Time Periods. In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

## ARTICLE IX

### Indemnification of Directors and Officers

SECTION 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the

Corporation or is or was serving at the request of the Corporation as a director, officer, or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnatee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee, or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnatee in connection therewith; provided, however, that, except as provided in Section 3 of this ARTICLE IX with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnatee in connection with a proceeding (or part thereof) initiated by such indemnatee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

SECTION 2. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 1 of this ARTICLE IX, an indemnatee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnatee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnatee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnatee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnatee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

SECTION 3. Right of Indemnatee to Bring Suit. If a claim under Section 1 or 2 of this ARTICLE IX is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnatee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnatee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnatee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnatee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an

undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this ARTICLE IX or otherwise shall be on the Corporation.

SECTION 4. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this ARTICLE IX shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, By-laws, agreement, vote of stockholders or disinterested directors or otherwise.

SECTION 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 6. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

SECTION 7. Nature of Rights. The rights conferred upon indemnitees in this ARTICLE IX shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this ARTICLE IX that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any

proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

#### ARTICLE X

##### Amendments

These By-laws may be amended or repealed by the Board of Directors at any meeting or by the stockholders at any meeting.

Approved and adopted as of June 14, 2010

**AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF**

**McJUNKIN RED MAN HOLDING CORPORATION**

McJunkin Red Man Holding Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

- (a) The present name of the Corporation is McJunkin Red Man Holding Corporation.
  - (b) The name under which the Corporation was originally incorporated was McJ Holding Corporation.
  - (c) The Corporation filed its original Certification of Incorporation with the Secretary of State of the State of Delaware on November 20, 2006.
  - (d) The Certificate of Amendment of the Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on January 30, 2007.
  - (e) The Certificate of Amendment of the Certificate of Incorporation, changing the name of the Corporation from "McJ Holding Corporation" to McJunkin Red Man Holding Corporation", was filed with the Secretary of State of the State of Delaware on October 31, 2007.
  - (f) The Amended and Restated Certificate of Incorporation, which amended and restated the original Certificate of Incorporation in its entirety, was filed with the Secretary of State of the State of Delaware on June 17, 2008 (the "Prior Restated Certificate of Incorporation").
  - (g) This Amended and Restated Certificate of Incorporation, which restates and integrates and also further amends the provisions of the Prior Restated Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the Delaware General Corporation Law (the "DGCL"), and reads in its entirety as follows:
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## ARTICLE I

Section 1.1 Name. The name of the Corporation is McJunkin Red Man Holding Corporation.

## ARTICLE II

Section 2.1 Registered Office and Registered Agent. The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

## ARTICLE III

Section 3.1 Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

## ARTICLE IV

Section 4.1 Capitalization. The total number of shares of all classes of stock that the Corporation is authorized to issue is 950,000,000 shares, consisting of (i) 800,000,000 shares of common stock, par value \$0.01 per share (the "Common Stock") and (ii) 150,000,000 shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"). The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Common Stock or the Preferred Stock, or any series thereof, voting separately as a class shall be required therefor, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation.

Section 4.2 Preferred Stock. The Board of Directors is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof.

Section 4.3 Common Stock. (a) Dividends. Subject to the preferential rights, if any, of the holders of Preferred Stock, the holders of Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in property or in shares of capital stock.

(b) Voting Rights. At every annual or special meeting of stockholders of the Corporation, each outstanding share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, for each share of Common Stock held of record on the books of the Corporation.

(c) Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation (a "Liquidation"), after payment or provision for payment of the debts and other liabilities of the Corporation and subject to all rights and preferences, if any, to which the holders of Preferred Stock shall be entitled in the event of a liquidation, the holders of all outstanding shares of Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution to holders of Common Stock ratably in proportion to the number of shares held by each such stockholder.

Section 4.4 Stock Split. Effective upon the filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, a 500-for-1 stock split of the Corporation's Common Stock shall become effective, pursuant to which each share of Common Stock outstanding or held in treasury immediately prior to such time shall automatically and without any action on the part of the holders thereof be subdivided and reclassified into five hundred (500) fully-paid and non-assessable shares of Common Stock (the "Stock Split"). No fractional shares of Common Stock shall be issued upon the Stock Split. In lieu of any fractional shares of Common Stock to which the stockholder would otherwise be entitled upon the Stock Split, the Corporation shall pay to such stockholder cash equal to such fraction multiplied by the then fair value of the Common Stock as determined by the Board of Directors. All certificates representing shares of Common Stock outstanding immediately prior to the filing of this Amended and Restated Certificate of Incorporation shall immediately after the filing of this Amended and Restated Certificate of Incorporation represent the number of shares of Common Stock as provided above. Notwithstanding the foregoing, any holder of Common Stock may (but shall not be required to) surrender his, her or its stock certificate or certificates to the Corporation, and upon such surrender, the Corporation will issue a certificate for the correct number of shares of Common Stock to which the holder is entitled under the provisions of this Amended and Restated Certificate of Incorporation.

## ARTICLE V

Section 5.1 Board of Directors. (a) Composition. The stockholders shall elect a board of directors (the "Board of Directors") to oversee the Corporation's business. The Board of Directors shall initially consist of ten (10) directors, and thereafter shall be not less than three (3) nor more than fifteen (15) directors, the exact number of which shall be fixed in accordance with the By-Laws of the Corporation.

(b) Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Amended and Restated Certificate of Incorporation or the By-Laws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.



(c) Removal. Any director or the entire Board of Directors may be removed with or without cause by the affirmative vote of the holders of the majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation, voting together as a single class then entitled to vote at an election of directors.

(d) Newly-created Directorships and Vacancies. Any newly created directorships on the Board of Directors that result from an increase in the authorized number of directors and any vacancies in the Board of Directors resulting from the death, disability, resignation, disqualification, or removal of any director or from any other cause shall, unless otherwise required by law or by resolution of the Board of Directors, be filled only by the affirmative vote of a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director (and not by stockholders). Any director elected to fill a vacancy not resulting from an increase in the authorized number of directors shall have the same remaining term as that of his or her predecessor. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

(e) Voting Rights of Preferred Stock. Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately as a series or separately as a class with one or more such other series, to elect directors at an annual or special meeting of stockholders, the election, term of office, removal, filling of vacancies and other features of such directorships shall be governed by the terms of this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) applicable thereto.

(f) The directors of the Corporation need not be elected by written ballot unless the By-Laws so provide.

(g) Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the By-Laws of the Corporation.

#### ARTICLE VI

Section 6.1 Indemnification of Directors, Officers, Employees or Agents. The rights conferred upon indemnitees in Article VI of the By-Laws shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of Article VI of the By-Laws or this Section 6.1 of the Amended and Restated Certificate of Incorporation that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

#### ARTICLE VII

Section 7.1 Limited Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of

fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, or (iv) for any transaction from which the director derived an improper personal benefit.

If the DGCL is amended to authorize corporation action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Any repeal or modification of this Article VII by the stockholders of the Corporation or otherwise shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

#### ARTICLE VIII

Section 8.1 Action by Written Consent. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be effected only upon the vote of the stockholders at an annual or special meeting duly called and may not be effected by written consent of the stockholders, provided that such actions may be effected by written consent of the stockholders if Goldman, Sachs & Co. and its affiliates ("Goldman") beneficially own, directly or indirectly, more than 25.0% of the outstanding shares of Common Stock.

Section 8.2 Special Meetings. Special meetings of stockholders may be called at any time only by the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the Board of Directors then in office or by the Chairman of the Board of Directors; provided, that, if Goldman beneficially owns, directly or indirectly, 25.0% or more of the outstanding shares of Common Stock, then special meetings of the stockholders also may be called by holders of not less than 25.0% of the outstanding shares of Common Stock.

#### ARTICLE IX

Section 9.1 Business Opportunities. To the fullest extent permitted by applicable law, the Corporation, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Corporation and its subsidiaries in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to Goldman or any of their respective officers, directors, agents, stockholders, members, partners, affiliates and subsidiaries (other than the Corporation and its subsidiaries), even if the opportunity is one that the Corporation or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so and such person shall have no duty to communicate or offer such corporate opportunity to the Corporation and, to the fullest extent permitted by applicable law, shall not be liable to the Corporation or any of its subsidiaries for breach of any fiduciary or other duty, as a director or officer or otherwise, by reason of the fact that such person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to the Corporation or its subsidiaries unless, in the case of any such person who is a director or officer of the Corporation, such business

opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer of the Corporation. Any person purchasing or otherwise acquiring any interest in any shares of stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article IX. Neither the alteration, amendment or repeal of this Article IX nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article IX shall eliminate or reduce the effect of this Article IX in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article IX, would accrue or arise, prior to such alteration, amendment, repeal or adoption.

#### ARTICLE X

Section 10.1 Section 203 of the DGCL. Section 203 of the DGCL shall not apply to the Corporation.

#### ARTICLE XI

Section 11.1 By-Laws. The Board of Directors is expressly authorized to adopt, amend, or repeal the By-Laws of the Corporation without the assent or vote of the stockholders, in any manner not inconsistent with the laws of the State of Delaware or this Amended and Restated Certificate of Incorporation of the Corporation. The stockholders shall also have power to adopt, amend or repeal the By-Laws of the Corporation in accordance with the By-Laws of the Corporation.

#### ARTICLE XII

Section 12.1 Reservation of Right to Amend the Amended and Restated Certificate of Incorporation. The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

#### ARTICLE XIII

Section 13.1 Severability. If any provision or provisions of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect

its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

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IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of the Amended and Amended and Restated Certificate of Incorporation of this Corporation, and which has been duly adopted in accordance with Sections 242 and 245 of the DGCL, has been executed by its duly authorized officer this 16<sup>th</sup> day of October, 2008.

McJunkin Red Man Holding Corporation

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Senior Vice  
President, General Counsel  
and Corporate Secretary

**AMENDED AND RESTATED**  
**BY-LAWS**  
**OF**  
**McJUNKIN RED MAN HOLDING CORPORATION**

ARTICLE I

Offices

SECTION 1. Registered Office. The registered office of the Corporation within the State of Delaware shall be The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

SECTION 2. Other Offices. The Corporation may also have an office or offices other than said registered office at such place or places, either within or without the State of Delaware, as the Board of Directors shall from time to time determine or the business of the Corporation may require.

SECTION 3. Books. The books of the Corporation may be kept within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 1. Place of Meetings. All meetings of the stockholders for the election of directors or for any other purpose shall be held at any such place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver thereof.

SECTION 2. Annual Meeting. The annual meeting of stockholders shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of meeting.

SECTION 3. Special Meetings. Special meetings of stockholders may be called at any time only by the Board of Directors pursuant to a resolution adopted by the affirmative vote of a majority of the Board of Directors then in office or by the Chairman of the Board of Directors; provided, that, if Goldman, Sachs & Co. and its affiliates ("Goldman") beneficially own, directly or indirectly, 25.0% or more of the outstanding shares of the Corporation's common stock, then special meetings of the stockholders also may be called by holders of not less than 25.0% of the outstanding shares of the Corporation's common stock.

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SECTION 4. Notice of Meetings. Written notice of each annual and special meeting of stockholders stating the date, place, if any, and time of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each stockholder of record entitled to vote at the meeting at such address as appears on the records of the Corporation not less than ten nor more than sixty days before the date of the meeting, except as required from time to time by the Delaware General Corporation Law (the "DGCL") or the Restated Certificate of Incorporation. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice. Notice of any meeting shall not be required to be given to (i) any person who attends such meeting, except when such person attends the meeting in person or by proxy for the express purpose of objecting, at the beginning of the meeting, to the transaction of business because the meeting is not lawfully called or convened or (ii) any person who, either before or after the meeting, shall submit a signed written waiver of notice, or a waiver by electronic transmission, in person or by proxy. Neither the business to be transacted at, nor the purpose of, an annual or special meeting of stockholders need be specified in any waiver of notice.

SECTION 5. List of Stockholders. A complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order (for each class of stock), showing the address of and the number of shares registered in the name of each stockholder shall be open to the examination of any such stockholder for a period of at least ten days prior to the meeting in the manner provided by law. The stockholder list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

SECTION 6. Quorum, Adjournments. Stockholders holding a majority of the voting power of all of the shares of the Corporation entitled to vote, present in person or by proxy, shall constitute a quorum for the transaction of business at all meetings of stockholders, except as otherwise provided by statute or by the Restated Certificate of Incorporation or by these By-Laws. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. If, however, such quorum shall not be present at any meeting of stockholders, the chairman of the meeting or a majority in interest of stockholders entitled to vote thereat, present in person or by proxy, shall have the power to adjourn the meeting from time to time, without notice, provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, shall be given in conformity herewith. At such later or rescheduled meeting at which the requisite amount of shares entitled to vote shall be represented, any business may be transacted which might have been transacted at the meeting as originally called.



SECTION 7. Organization. At each meeting of stockholders, the Chairman of the Board of Directors, or such person as the Chairman of the Board of Directors may have designated, or, in his or her absence, the Chief Executive Officer or, in his or her absence, such person as the Board of Directors may have designated shall act as chairman of the meeting. The Secretary or, in his absence or inability to act, the person whom the chairman of the meeting shall appoint secretary of the meeting shall act as secretary of the meeting and keep the minutes thereof.

SECTION 8. Conduct of Business. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

SECTION 9. Voting. (a) Except as otherwise provided by statute or the Restated Certificate of Incorporation, at all meetings of the stockholders, each stockholder entitled to vote under the Restated Certificate of Incorporation and these By-Laws shall be entitled to one vote, in person or by proxy, for each share of voting stock owned by such stockholder of record on the record date for the meeting.

Each stockholder entitled to vote at any meeting of stockholders may authorize another person or persons to act for him by a proxy which is in writing or transmitted as permitted by law, including, without limitation, electronically, via telegram, internet, interactive voice response system, or other means of electronic transmission executed or authorized by such stockholder or his attorney-in-fact, but no proxy shall be voted after (3) three years from its date, unless the proxy provides for a longer period. Any such proxy shall be delivered to the secretary of the meeting at or prior to the time designated in the order of business for so delivering such proxies. Any proxy transmitted electronically shall set forth information from which it can be determined by the secretary of the meeting that such electronic transmission was authorized by the stockholder.

When a quorum is present at any meeting, the vote of the holders of a majority of the voting power of the issued and outstanding stock of the Corporation entitled to vote thereon, present and voting, in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute or of the Restated Certificate of Incorporation or of these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Unless required by statute, or determined by the chairman of the meeting to be advisable, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted and the number of votes to which each share is entitled.

(b) A nominee for director shall be elected to the Board of Directors at a meeting if the votes cast for such nominee's election exceed the votes cast against such nominee's election; *provided, however*, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which (i) the Secretary receives a notice that a stockholder has

nominated a person for election to the Board of Directors in compliance with the advance notice requirements for stockholder nominees for director set forth in Article II, Section 10 of these By-Laws and (ii) such nomination has not been withdrawn by such stockholder on or before the tenth (10<sup>th</sup>) day before the Corporation first mails its notice of meeting for such meeting to the stockholders. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote against a nominee.

**SECTION 10. Notice of Stockholder Business and Nominations.**

(a) Annual Meetings of Stockholders. (i) Nominations of persons for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (A) pursuant to the Corporation's proxy materials with respect to such meeting, (B) by or at the direction of the Board of Directors or (C) by any stockholder of the Corporation who (x) was a stockholder of record at the time of giving of notice provided for in this By-Law and at the time of the annual meeting, (y) is entitled to vote at the meeting and (z) complies with the notice procedures set forth in this By-Law as to such business or nomination; clause (C) shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) and included in the Corporation's proxy materials) before an annual meeting of stockholders.

(ii) Without qualification, for any nominations or business to be properly brought before an annual meeting by a stockholder pursuant to Section 10(a)(i)(C) of this By-Law, (a) the stockholder must have given timely notice thereof in writing to the Secretary, (b) such other business must otherwise be a proper matter for stockholder action, and (c) the record stockholder and the beneficial owner, if any, on whose behalf any such proposal or nomination is made, must have acted in accordance with the representations set forth in the Solicitation Statement required by these By-Laws. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120<sup>th</sup> day and not later than the close of business of the 90<sup>th</sup> day prior to the first anniversary of the preceding year's annual meeting; provided, however, subject to the last sentence of this first paragraph of Section 10(a)(ii), that in the event that the date of the annual meeting is more than 30 days before or more than 30 days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120<sup>th</sup> day prior to the date of such annual meeting and not later than the close of business on the later of the 90<sup>th</sup> day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10<sup>th</sup> day following the date on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

To be in proper form, a stockholder's notice (whether given pursuant to this Section 10(a)(ii) or Section 10(b)) to the Secretary must:

(A) set forth, as to (1) the record stockholder giving the notice and (2) the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "party"):

(w) the name and address of each such party as they appear on the Corporation's books,

(x) (I) the class, series, and number of shares of the Corporation that are, directly or indirectly, owned beneficially and of record by each such party, (II) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by each such party, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (III) any proxy, contract, arrangement, understanding, or relationship pursuant to which either party has a right to vote any shares of any security of the Corporation, (IV) any short interest in any security of the Corporation held by each such party (for purposes of this By-Law, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (V) any rights to dividends on the shares of the Corporation owned beneficially by each such party that are separated or separable from the underlying shares of the Corporation, (VI) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which either party is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (VII) any performance-related fees (other than an asset-based fee) that each such party is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of each such party's immediate family sharing the same household (which information set forth in this paragraph shall be supplemented by such stockholder or such beneficial owner, as the case may be, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date),

(y) any other information relating to each such party that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, and

(z) a statement whether or not each such party will deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of voting power of all of the shares of capital stock of the Corporation required under applicable law to carry the proposal or, in the case of a nomination or nominations, at least the percentage of voting power of all of the shares of capital stock of the Corporation reasonably believed by the record stockholder or beneficial holder, as the case may be, to be sufficient to elect the nominee or nominees proposed to be

nominated by the record stockholder (such statement, a “Solicitation Statement”);

(B) if the notice relates to any business that the stockholder proposes to bring before the meeting, set forth

(y) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of each such party, in such business and

(z) a description of all agreements, arrangements and understandings between each such party, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and

(C) set forth, as to each person, if any, whom the stockholder proposes to nominate for election or reelection to the Board of Directors:

(y) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and

(z) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant.

(iii) The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. The Corporation may also require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder’s understanding of the independence, or lack thereof, of such nominee. In addition, a stockholder seeking to bring an item of business before the annual meeting shall promptly provide any other information reasonably requested by the Corporation. A person shall not be eligible for election or re-election as a director at an annual meeting unless (i) the person is nominated by a record stockholder in accordance with

Section 10(a)(i)(C) or (ii) the person is nominated by or at the direction of the Board of Directors. Only such business shall be conducted at an annual meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this section.

(iv) Notwithstanding anything in paragraph (a)(ii) to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors; or (ii) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section is delivered to the Secretary, who is entitled to vote at the meeting and upon such election and who delivers a written notice to the Secretary setting forth the information set forth in Section 10(a)(ii) of this Article II. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by the preceding sentence with respect to any nomination shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the later of the 90<sup>th</sup> day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10<sup>th</sup> day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described above.

(c) (i) General. Notwithstanding the foregoing provisions of this Section 10, a stockholder who seeks to have any proposal included in the Corporation's proxy materials must provide notice as required by and otherwise comply with the applicable requirements of the rules and regulations under the Exchange Act. Nothing in this Section 10 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals or nominations in the Corporation's proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act; or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

(ii) The chairman of an annual meeting shall determine all matters relating to the conduct of the meeting, including, but not limited to, determining whether any nomination or item of business has been properly brought before the meeting in accordance with these By-Laws, and if the chairman should so determine and declare that any nomination or item of business has not been properly brought before an annual or special meeting, then such business shall not be transacted at such meeting and such nomination shall be disregarded.

(iii) Notwithstanding the foregoing provisions of this Section 10, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or item of business, such proposed business shall not be transacted and such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

SECTION 11. Action by Consent. As long as Goldman beneficially owns, directly or indirectly, more than 25.0% of the outstanding shares of Common Stock, then any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. If Goldman beneficially owns, directly or indirectly, 25.0% or less of the outstanding shares of Common Stock, then any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken only upon the vote of the stockholders at an annual or special meeting duly called and may not be taken by written consent of the stockholders.

SECTION 12. Inspectors. The Board of Directors may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If any of the inspectors so appointed shall fail to appear or act, the chairman of the meeting may, or if inspectors shall not have been appointed, the chairman of the meeting may, appoint one or more inspectors. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the results, certify such determinations and do such acts as are otherwise required by law or as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge, request or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

## ARTICLE III

### Board of Directors

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The Board of Directors may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by statute or the Certificate of Incorporation directed or required to be exercised or done by the stockholders.

SECTION 2. Number. The Board of Directors shall initially consist of ten (10) directors, and thereafter shall be not less than three (3) nor more than fifteen (15) directors, the exact number of which shall be fixed, from time to time, by resolution adopted by the affirmative vote of a majority of the entire Board of Directors then in office. Directors need not be stockholders.

SECTION 3. Election and Term. Except as otherwise provided by statute, the Restated Certificate of Incorporation, or these By-Laws, the directors (other than members of the initial Board of Directors) shall be elected at the annual meeting of stockholders. Each director shall hold office for a term of one year or until his successor shall have been elected and qualified, subject to such director's earlier death, resignation or removal, as hereinafter provided in these By-Laws or the Restated Certificate of Incorporation.

SECTION 4. Resignations. Any director of the Corporation may resign at any time by giving written notice of his or her resignation to the Corporation. Any such resignation shall be made in writing and shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon its receipt. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5. Removal of Directors. Any director may be removed in the manner provided in and to the extent permitted under the Restated Certificate of Incorporation.

SECTION 6. Vacancies. Any vacancy in the Board of Directors, however resulting, may be filled in the manner provided in and to the extent permitted under the Restated Certificate of Incorporation.

SECTION 7. Place of Meetings. Meetings of the Board of Directors shall be held at such place or places, within or without the State of Delaware, as the Board of Directors may from time to time determine or as shall be specified in the notice of any such meeting.

SECTION 8. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may fix or as may be specified in a notice of meeting. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by statute or these By-Laws.

SECTION 9. Special Meetings. Special meetings of the Board of Directors may be held at any time upon the call by the Chairman of the Board of Directors, the Chief Executive Officer, two or more directors of the Corporation, or by one director in the event that there is only a single director in office.



SECTION 10. Notice of Meetings. Notice of regular meetings of the Board of Directors need not be given except as otherwise required by statute or these By-Laws. Notice of each special meeting of the Board of Directors (and of each regular meeting for which notice shall be required) shall be given at least one business day before each special meeting, in writing or orally (either in person or by telephone), including the time, date and place of the meeting; provided that notice of any meeting need not be given to any Director who shall be present at such meeting (in person or by telephone) or who shall waive notice thereof in writing either before or after such meeting. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

SECTION 11. Quorum and Manner of Acting. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. In the absence of a quorum at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn such meeting until such quorum is present, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned. All matters shall be determined by the vote of a majority of the total number of directors present at such meeting at which there is a quorum, except as otherwise provided in the Restated Certificate of Incorporation or these By-Laws or as required by law.

SECTION 12. Organization. At each meeting of the Board of Directors, the Chairman of the Board, if one has been elected, or, in the absence of the Chairman of the Board or if one shall not have been elected, the Chief Executive Officer (or, in his absence, another director chosen by a majority of the directors present) shall act as chairman of the meeting and preside thereat. The Secretary or, in his absence, any person appointed by the chairman, shall act as secretary of the meeting and keep the minutes thereof.

SECTION 13. Compensation. The Board of Directors shall have authority to fix or establish policies for the compensation, including fees and reimbursement of expenses, for services provided by directors to the Corporation.

SECTION 14. Committees. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more committees, including an executive committee, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Except to the extent restricted by statute or the Restated Certificate of Incorporation, each such committee, to the extent provided in the resolution creating it, shall have and may exercise all the powers and authority of the Board of Directors; but no such committee shall have the power or authority to (i) approve, adopt or recommend to the stockholders any action or matter expressly required by Delaware law to be submitted to the stockholders for approval or (ii) adopt, amend or repeal any By-Law of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors.

SECTION 15. Action by Consent. Unless restricted by the Restated Certificate of Incorporation or these By-Laws, any action required or permitted to be taken by the Board of Directors or any committee thereof may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or

writings are filed with the minutes of the proceedings of the Board of Directors or such committee, as the case may be.

SECTION 16. Telephonic Meeting. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of a conference call or using any communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting.

#### ARTICLE IV

##### Officers

SECTION 1. Number and Qualifications. The officers of the Corporation shall be elected by the Board of Directors and shall include a Chief Executive Officer, a President, one or more Vice Presidents, and a Secretary. The Board of Directors may also select other officers as it may deem to be necessary or appropriate, including a Chairman, a Chief Financial Officer, a Chief Accounting Officer, a General Counsel, a Treasurer, one or more Assistant Secretaries and one or more Assistant Treasurers. Any two or more offices may be held by the same person, and no officer except the Chairman of the Board need be a director. Each officer shall hold office until his successor shall have been duly elected, or until his death, or until he shall have resigned or have been removed, as hereinafter provided in these By-Laws.

SECTION 2. Resignations. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Corporation. Any such resignation shall be made in writing and shall take effect at the time specified therein or, if the time when it shall become effective shall not be specified therein, immediately upon receipt. Unless otherwise specified therein, the acceptance of any such resignation shall not be necessary to make it effective.

SECTION 3. Removal. Any officer of the Corporation may be removed, with or without cause, by the Board of Directors at any time.

SECTION 4. Chairman of the Board. The Chairman of the Board, if one is elected, shall preside at meetings of the Board of Directors or the stockholders. The Chairman shall have the powers and duties customarily and usually associated with the office of the Chairman of the Board of Directors and shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors. The same individual may serve as both Chairman of the Board and Chief Executive Officer.

SECTION 5. Chief Executive Officer. The Chief Executive Officer shall, in the absence of the Chairman of the Board, if available and present, preside at each meeting of the Board of Directors or the stockholders. The Chief Executive Officer shall have the powers and duties customarily and usually associated with the position of Chief Executive Officer and such other powers and duties as may from time to time be assigned to him or her by the Board of Directors.

SECTION 6. President. The President shall have the powers and duties customarily and usually associated with the office of the President and such other powers and duties as may from time to time be assigned to him or her by the Board of Directors. The Chairman of the Board, Chief Executive Officer and the President may be the same person.

SECTION 7. Vice-President. Each Vice-President shall have such powers and perform such duties as may from time to time be assigned to him or her by the Board of Directors. The Board of Directors may name Executive Vice Presidents or Senior Vice Presidents or otherwise establish different categories of vice presidents.

SECTION 8. Secretary. The Secretary shall have the powers and duties as are customarily and usually associated with the position of Secretary or as may from time to time be assigned to him or her by the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer.

SECTION 9. General Counsel. The General Counsel shall have the powers and duties customarily and usually associated with the office of the General Counsel and such other powers and duties as may from time to time be assigned to him or her by the Board of Directors.

SECTION 10. Other Officers. The Chief Operating Officer, Chief Financial Officer, Chief Accounting Officer, Treasurer, Assistant Secretaries and Assistant Treasurers, if any, any other officers shall perform such duties as from time to time may be assigned by the Board of Directors.

SECTION 11. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

## ARTICLE V

### Capital Stock

SECTION 1. Issuance of Stock. Unless otherwise voted by stockholders and subject to the provisions of the Restated Certificate of Incorporation and the DGCL, the whole or any part of any unissued balance of the authorized capital stock of the Corporation or the whole or any part of any unissued balance of the authorized capital stock of the Corporation held in its treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such consideration and on such terms as the Board of Directors may determine.

SECTION 2. Stock Certificates. The stock of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation by the Chairman of the Board, or the President or Vice President, and by the Treasurer or an

Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation.

SECTION 3. Facsimile Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 4. Lost Certificates. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed, except upon production of such evidence of such loss, theft or destruction and upon delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors in its discretion may require.

SECTION 5. Transfers of Stock. Transfers of stock shall be made on the books of the Corporation by the holder of the shares in person or by such holder's attorney upon surrender and cancellation of certificates for a like number of shares, or as otherwise provided by law with respect to uncertificated shares.

SECTION 6. Fixing the Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to express consent to corporate action in writing without a meeting (to the extent permitted by the Restated Certificate of Incorporation and By-Laws), or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may establish, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting of stockholders, nor more than sixty days prior to any other action as hereinbefore described.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 7. Registered Stockholders. The names and addresses of the holders of record of the shares of stock of the Corporation's capital, together with the number of shares of each class and series held by each record holder and the date of issue of such shares, shall be entered on the books of the Corporation. The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock as the person entitled to exercise the rights of a stockholder, including to receive dividends and to vote as such owner. The Corporation shall not be bound to recognize any equitable or other claim to or

interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

SECTION 8. Dividends. Subject to applicable law and the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the Corporation as and when it deems expedient. Dividends may be paid in cash, in property or in shares of stock of the Corporation, unless otherwise provided by statute or the Restated Certificate of Incorporation. Before declaring any dividend there may be set apart out of any funds of the Corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the Corporation.

SECTION 9. Transfer Agents and Registrars. The Board of Directors may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

SECTION 10. Regulations. The Board of Directors may make such additional rules and regulations, not inconsistent with these By-Laws, as it may deem expedient concerning the issue, transfer and registration of certificates for shares of stock or with respect to uncertificated shares of stock of the Corporation.

## ARTICLE VI

### Indemnification

SECTION 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or trustee or in any other capacity while serving as a director, officer or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article VI with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

SECTION 2. Right to Advancement of Expenses. In addition to the right to indemnification conferred in Section 1 of this Article VI, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the DGCL requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

SECTION 3. Right of Indemnitee to Bring Suit. If a claim under Section 1 or 2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI or otherwise shall be on the Corporation.

SECTION 4. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Restated Certificate of

Incorporation, these By-laws, agreement, vote of stockholders or directors or otherwise.

SECTION 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

SECTION 6. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VI with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

SECTION 7. Nature of Rights. The rights conferred upon indemnitees in this Article VI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

## ARTICLE VII

### General Provisions

SECTION 1. Seal. The seal of the Corporation shall be in such form as shall be approved by the Board of Directors.

SECTION 2. Fiscal Year. The fiscal year of the Corporation shall be fixed, and once fixed, may thereafter be changed, by resolution of the Board of Directors.

SECTION 3. Checks, Notes, Drafts, Etc. All checks, notes, drafts or other orders for the payment of money of the Corporation shall be signed, endorsed or accepted in the name of the Corporation by such officer, officers, person or persons as from time to time may be designated by the Board of Directors or by an officer or officers authorized by the Board of Directors to make such designation.

SECTION 4. Execution of Contracts. The Board of Directors may authorize any officer or officers, agent or agents, in the name and on behalf of the Corporation, to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

SECTION 5. Certificate of Incorporation. All references in these By-Laws to the Restated Certificate of Incorporation shall be deemed to refer to the Restated Certificate of Incorporation of the Corporation, as amended or restated and in effect from time to time.

SECTION 6. Evidence of Authority. A certificate by the Secretary or any Assistant Secretary as to any action taken by the stockholders, directors, a committee or any officer or representative of the Corporation shall, as to all persons who rely on the certificate in good faith, be conclusive evidence of such action.

SECTION 7. Severability and Inconsistency. Any determination that any provision of these By-Laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-Laws. In the event that any provision of these By-Laws is or becomes inconsistent with any provision of the Restated Certificate of Incorporation, the DGCL or any other applicable law, the provision of these By-Laws shall not be given any effect to the extent of such inconsistency, but shall otherwise be given full force and effect.

SECTION 8. Notice and Waiver of Notice. Whenever any notice is required by these By-Laws to be given to the stockholders, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if made in the manner prescribed by these By-Laws or if given by depositing the same in the United States mail, postage prepaid, addressed to the person entitled thereto at his or her address as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise required by law.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Restated Certificate of Incorporation of the Corporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

SECTION 9. Voting of Stock in Other Corporations. Unless otherwise provided by resolution of the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer or the Chief Financial Officer, from time to time, may (or may appoint one or more attorneys or agents to) cast the votes which the Corporation may be entitled to cast as a shareholder or otherwise in any other corporation, any of whose shares or securities may be held by the Corporation, at meetings of the holders of the shares or other securities of such other corporation.

## ARTICLE VIII

### Amendments

These By-Laws may be amended or repealed or new by-laws adopted (a) if the Restated Certificate of Incorporation so provides, by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present, or (b) when a quorum is present at any annual or special meeting of stockholders, by the vote of the holders of a majority of the voting power of the issued and outstanding stock of the Corporation entitled to vote thereon, present and voting, in person or represented by proxy. Approved and adopted as of October 16, 2008

*[Amended and Restated By-Laws of McJunkin Red Man Holding Corporation]*



**STATE of DELAWARE**  
**CERTIFICATE of INCORPORATION**  
**A STOCK CORPORATION**

- **First:** The name of this Corporation is McJunkin Development Corporation.
- **Second:** Its Registered office in the State of Delaware is to be located at 1209 Orange Street, in the City of Wilmington County of New Castle Zip Code 19801. The registered agent in charge thereof is The Corporation Trust Company
- **Third:** The purpose of the corporation is to engage in any lawful act of activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total authorized capital stock of this corporation is \_\_\_\_\_ Dollars (\$\_\_\_\_\_) divided into 1,000 shares of \$1.00 \_\_\_\_\_ Dollars (\$\_\_\_\_\_) each.
- **Fifth:** The name and mailing address of the incorporator are as follows:

Name            H. B. Wehrle, III  
Mailing Address        835 Hillcrest Drive  
                                 Charleston, WV Zip Code 25311

- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 3rd day of April, A.D. 2003.

BY: /s/ H. B. Wehrle, III  
(Incorporator)

NAME: H. B. Wehrle, III  
(Type or Print)

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**CERTIFICATE OF AMENDMENT OF  
THE CERTIFICATE OF INCORPORATION OF  
McJUNKIN DEVELOPMENT CORPORATION**

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Pursuant to Section 242 of the  
General Corporation Law of the State of Delaware

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McJunkin Development Corporation, a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "Corporation"), does hereby certify as follows, as of this 31<sup>st</sup> day of October, 2007:

(1) ARTICLE 1 of the Certificate of Incorporation of the Corporation is amended to read in its entirety as follows:

"1: The name of the corporation (hereinafter called the "Corporation") is McJunkin Red Man Development Corporation."

(2) This Certificate of Amendment has been duly adopted by the stockholders of the Corporation in accordance with Sections 228 and 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of the Certificate of Incorporation to be executed and acknowledged by its duly authorized officer on the date first written above.

By: /s/ Tom Graff, Jr.

Name: Tom Graff, Jr.

Title: Secretary

Adopted by the Board of Directors as of June 19, 2006

**BYLAWS  
OF  
MCJUNKIN DEVELOPMENT CORPORATION  
A Delaware Corporation (the “Corporation”)**

**ARTICLE I — OFFICES**

**Section 1.01 Location.** The address of the registered office of the Corporation in the State of Delaware and the name of the registered agent at such address shall be as specified in the Certificate of Incorporation. The Corporation may also have other offices at such places within or without the State of Delaware as the Board of Directors may from time to time designate or the business of the Corporation may require.

**Section 1.02 Change of Location.** In the manner permitted by law, the Board of Directors or the registered agent may change the address of the Corporation’s registered office in the State of Delaware and the Board of Directors may make, revoke or change the designation of the registered agent.

**ARTICLE II — MEETINGS OF STOCKHOLDERS**

**Section 2.01 Annual Meeting.** The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at the registered office of the Corporation, or at such other place within or without the State of Delaware as the Board of Directors may designate, on the date specified in the notice of such annual meeting.

**Section 2.02 Special Meetings.** Special meetings of stockholders, unless otherwise prescribed by law, may be called at any time by the President, by order of the Board of Directors, or at the request of stockholders owning a majority of the voting stock. Special meetings of stockholders shall be held at such place within or without the State of Delaware as shall be designated in the notice of such special meeting.

**Section 2.03 List of Stockholders Entitled to Vote.** The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list, based upon the record date for such meeting determined pursuant to Section 5.06, of the stockholders entitled to vote at the meeting, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open, for at least ten (10) days prior to the meeting, during ordinary business hours, to the examination of any stockholder for any purpose germane to the meeting. For purposes of stockholder examination, the list shall be either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if such place shall not be so specified, at the place where said meeting is to be held. The list shall also be produced and kept during the entire meeting, and may be inspected by any stockholder who is present.

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The stock ledger shall be the only evidence as to who are the stockholders entitled (i) to examine the stock ledger, the list of stockholders entitled to vote at any meeting, or the books of the Corporation; or (ii) to vote in person or by proxy at any meeting of stockholders.

**Section 2.04 Notice of Meeting.** Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice shall be given not less than five (5) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote thereat. If mailed, such notice shall be deposited in the United States mail, postage prepaid, directed to such stockholder at his address as the same appears on the records of the Corporation.

**Section 2.05 Adjourned Meetings and Notice Thereof.** Any meeting of stockholders may be adjourned to another time or place, and the Corporation may transact at any adjourned meeting any business which might have been transacted at the original meeting. Notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty (30) days, or if after adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Section 2.06 Quorum.** At any meeting of stockholders, except as otherwise expressly required by law, the holders of record of at least a majority of the outstanding shares of capital stock entitled to vote or act at such meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. Less than a quorum shall have power to adjourn any meeting until a quorum shall be present. When a quorum is once present to organize a meeting, the quorum cannot be destroyed by the subsequent withdrawal or revocation of the proxy of any stockholder.

**Section 2.07 Voting.** At any meeting of stockholders, each stockholder entitled to vote at such meeting shall have one (1) vote for each share of stock held by such stockholder.

Unless otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, the vote of the holders of a majority of shares present at a meeting which has a quorum is required for action by the stockholders.

Each stockholder entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy, provided that no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest, whether in the stock itself or in the Corporation, sufficient in law to support an irrevocable power.

**Section 2.08 Action by Consent of Stockholders.** Unless otherwise provided or prevented by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, any action required or permitted to be taken at any annual or special meeting of

the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be executed by the stockholders entitled to vote thereon in accordance with Section 228 of the Delaware General Corporation Law.

### ARTICLE III — BOARD OF DIRECTORS

**Section 3.01 General Powers.** The property, business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors may exercise all such powers of the Corporation and have such authority and do all such lawful acts and things as are permitted by law, the Certificate of Incorporation or these Bylaws.

**Section 3.02 Number of Directors.** The Board of Directors of the Corporation shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors.

**Section 3.03 Qualification.** Directors need not be stockholders of the Corporation.

**Section 3.04 Election.** Except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, directors of the Corporation shall be elected each year at the annual meeting of stockholders, or at a special meeting in lieu of the annual meeting called for such purpose, by a majority of votes cast at such meeting.

**Section 3.05 Term.** The Board of Directors shall initially consist of the persons named as directors by the incorporator, and each director so elected shall hold office until the first annual meeting of stockholders or until his successor is elected and qualified. Except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, each director shall hold office for a term of one year or until his successor is elected and qualified, except in the event of the earlier termination of his term of office by reason of death, resignation, removal or other reason.

**Section 3.06 Resignation and Removal.** Any director may resign at any time upon written notice to the Board of Directors, the President and the Secretary. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise provided by law, any director may be removed at any time with or without cause by the stockholders at a special meeting called for such purpose by a majority vote cast at such meeting.

**Section 3.07 Vacancies.** Vacancies in the Board of Directors and newly-created directorships resulting from an increase in the authorized number of directors shall be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director.

If one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned at a future date, shall have the power to fill such vacancy or vacancies. The vote thereon shall take

effect and the vacancy shall be filled when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section.

Each director chosen to fill a vacancy on the Board of Directors shall hold office until the next annual election of directors and until his successor shall be elected and qualified, except in the event of the earlier termination of his office by reason of death, resignation, removal or other reason.

**Section 3.08 Quorum and Voting.** A majority of the total number of directors shall constitute a quorum for the transaction of business. A director interested in a contract or transaction may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes the contract or transaction. In the absence of a quorum, a majority of the directors present may adjourn the meeting until a quorum shall be present.

Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in a meeting can hear each other. The participation in such a meeting shall constitute presence in person at such meeting for all purposes. A person holding a general power of attorney for a member of the Board of Directors or a person holding a special power of attorney empowering such person to act for such member on the Board of Directors may participate in a meeting of the Board of Directors or in a meeting of any Committee of the Board of Directors on behalf of such member.

The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless applicable law, the Certificate of Incorporation, these Bylaws, or an agreement of the stockholders shall require a vote of a greater number.

**Section 3.09 Rules and Regulations.** The Board of Directors may adopt such rules and regulations for the conduct of the business and management of the Corporation, not inconsistent with law or the Certificate of Incorporation or these Bylaws, as the Board of Directors may deem proper. The Board of Directors may hold its meetings and cause the books and records of the Corporation to be kept at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine. A member of the Board of Directors shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board of Directors or any committee of the Board of Directors, or in relying in good faith upon other records of the Corporation.

**Section 3.10 Annual Meeting of Board of Directors.** An annual meeting of the Board of Directors shall be called and held for the purpose of organization, election of officers and transaction of any other business. No notice of the annual meeting of the Board of Directors need be given if such meeting is held promptly after and at the place specified for the annual meeting of stockholders. Otherwise, such annual meeting shall be held at such time (but

not more than thirty (30) days after the annual meeting of stockholders) and place as may be specified in a notice of the meeting.

**Section 3.11 Regular Meetings.** Regular meetings of the Board of Directors shall be held at least quarterly, at the time and place, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors. Except as otherwise provided by law, any business may be transacted at any regular meeting.

**Section 3.12 Special Meetings.** Special meetings of the Board of Directors may be called from time to time by the President, and shall be called by the President or the Secretary upon written request of a majority of the entire Board of Directors directed to the President or Secretary. Except as provided below, notice of any special meeting of the Board of Directors, stating the time, place and purpose of such special meeting, shall be given to each director.

**Section 3.13 Notice of Meetings; Waiver of Notice.** Except as provided in this Section 3.13 and in Section 3.09, notice of any meeting of the Board of Directors must be given to all directors. Notice of any meeting of the Board of Directors shall be deemed to be duly given to a director (i) if mailed to such director, addressed to him at his address as it appears upon the books of the Corporation, or at the address last made known in writing to the Corporation by such director as the address to which such notices are to be sent, at least four (4) days before the day on which such special meeting is to be held; or (ii) if sent to him at such address by facsimile, telegraph or cable, not later than the day before the day on which such meeting is to be held; or (iii) if delivered to him personally or orally, by telephone or otherwise, not later than the day before the day on which such special meeting is to be held. Each such notice shall state the time and place of the meeting and the purposes thereof.

Notice of any meeting of the Board of Directors need not be given to any director if waived by him in writing (or by telegram or cable and confirmed in writing), whether before or after the holding of such meeting, or if such director is present at such meeting. Any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all directors then in office shall be present thereat.

**Section 3.14 Compensation of Directors.** The Compensation Committee of the Board of Directors may from time to time, in its discretion, fix the amounts which shall be payable to outside directors and to members of any committee of the Board of Directors for attendance at the meetings of the Board of Directors or of such committee and for services rendered to the Corporation.

**Section 3.15 Action Without Meeting.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee.

**Section 3.16 Committees.** The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee

to consist of one or more of the directors or the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

#### **ARTICLE IV — OFFICERS**

**Section 4.01 Principal Officers.** The principal officers of the Corporation shall be elected by the Board of Directors and shall include a President and Chief Executive Officer, one or more Vice Presidents, a Secretary and a Treasurer and may, at the discretion of the Board of Directors, also include a Chairman of the Board. One person may hold the offices and perform the duties of any two (2) or more of said principal offices except the offices and duties of President and Secretary. None of the principal officers need be directors of the Corporation.

**Section 4.02 Election of Principal Officers; Term of Office.** The principal officers of the Corporation shall be elected annually by the Board of Directors at each annual meeting of the Board of Directors. Failure to elect any principal officer annually shall not dissolve the Corporation.

If the Board of Directors shall fail to fill any principal office at an annual meeting, or if any vacancy in any principal office shall occur, or if any principal office shall be newly created, such principal office may be filled at any regular or special meeting of the Board of Directors.

**Section 4.03 Subordinate Officers, Agents and Employees.** In addition to the principal officers, the Corporation may have one or more Assistant Treasurers, Assistant Secretaries and such other subordinate officers, agents and employees as the Board of Directors may deem advisable. Each shall hold office for such period and have such authority and perform such duties as the Board of Directors, the President or any officer designated by the Board of Directors may from time to time determine. The Board of Directors at any time may appoint and remove, or may delegate to any principal officer the power to appoint and to remove, any subordinate officer, agent or employee of the Corporation.

**Section 4.04 Delegation of Duties of Officers.** The Board of Directors may delegate the duties and powers of any officer of the Corporation to any other officer or to any director for a specified period of time for any reason that the Board of Directors may deem sufficient.



**Section 4.05 Removal of Officers.** Any officer of the Corporation may be removed with or without cause by resolution adopted by a majority of all of the directors then in office at any regular or special meeting of the Board of Directors or by a written consent signed by all of the directors then in office.

**Section 4.06 Resignations.** Any officer may resign at any time by giving written notice of resignation to the Board of Directors, to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of a resignation shall not be necessary to make the resignation effective.

**Section 4.07 Chief Executive Officer.** Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are:

- (i) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation;
- (ii) To preside at all meetings of the stockholders;
- (iii) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (iv) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board of Directors has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board of Directors shall be the Chief Executive Officer.

**Section 4.08 President.** The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairperson of the Board of Directors, and/or to any other officer, the President shall have the responsibility for the general management the control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and

agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

**Section 4.09 Vice Presidents.** In the absence or disability of the President or if the office of President is vacant, the Vice Presidents, in the order determined by the Board of Directors, or if no such determination has been made in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board of Directors at any time to extend or confine such powers and duties or to assign them to others. Any Vice President may have such additional designations in his title as the Board of Directors may determine. The Vice Presidents shall generally assist the President in such manner as the President shall direct. Each Vice President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.10 Secretary.** The Secretary shall act as Secretary of all meetings of stockholders and of the Board of Directors at which he is present, shall record all the proceedings of all such meetings in a book to be kept for that purpose, shall have supervision over the giving and service of notices of the Corporation, and shall have supervision over the care and custody of the corporate records and the corporate seal of the Corporation. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Corporation under its seal is duly authorized, and when so affixed may attest the same. The Secretary shall have all powers and duties usually incident to the office of the Secretary, except as specifically limited by a resolution of the Board of Directors. The Secretary shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President. In the absence or disability of the Secretary, any Assistant Secretary shall exercise the powers and perform the duties of the Secretary.

**Section 4.11 Treasurer.** The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Corporation and shall cause the funds of the Corporation to be deposited in the name of the Corporation in such banks or other depositories as the Board of Directors may designate. The Treasurer shall have supervision over the care and safekeeping of the securities of the Corporation. The Treasurer shall have all powers and duties usually incident to the office of Treasurer, except as specifically limited by a resolution of the Board of Directors. The Treasurer shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.12 Bond.** The Board of Directors shall have the power, to the extent permitted by law, to require any officer, agent or employee of the Corporation to give bond for the faithful discharge of his duties in such form and with such surety or sureties as the Board of Directors may determine.

## ARTICLE V — CAPITAL STOCK

**Section 5.01 Certificates for Stock.** Each stockholder of the Corporation shall be entitled to a certificate signed by, or in the name of, the Corporation by the President or a

Vice President and by either the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares of capital stock of the Corporation owned by such stockholder. The certificate shall bear the seal of the Corporation or a printed or engraved facsimile thereof

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such signer were such officer, transfer agent or registrar at the date of issue.

**Section 5.02 Stock Ledger.** A record of all certificates for capital stock issued by the Corporation shall be kept by the Secretary or any other officer, employee or agent designated by the Board of Directors. Such record shall show the name and address of the person, firm or corporation in which certificates for capital stock are registered, the number of shares represented by each such certificate, the date of each such certificate and, in the case of certificates which have been cancelled, the dates of cancellation thereof

The Corporation shall be entitled to treat the holder of record of shares of capital stock as shown on the stock ledger as the owner thereof and as the only person entitled to receive dividends thereon, to vote such shares and to receive notice of meetings, and for all other purposes. The Corporation shall not be bound to recognize any equitable or other claim to or interest in any share of capital stock on the part of any person who is not a stockholder of record whether or not the Corporation shall have express or other notice thereof.

**Section 5.03 Regulations Relating to Transfer.** The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with law, the Certificate of Incorporation or these Bylaws, concerning issuance, transfer and registration of certificates for shares of capital stock of the Corporation. The Board of Directors may appoint, or authorize any principal officer to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars and may require all certificates for capital stock to bear the signature or signatures of any of them.

**Section 5.04 Cancellation.** Each certificate for capital stock surrendered to the Corporation for exchange or transfer shall be cancelled and no new certificate or certificates shall be issued in exchange for any existing certificate (other than pursuant to Section 5.05) until such existing certificate shall have been cancelled.

**Section 5.05 Lost, Stolen, Destroyed or Mutilated Certificates.** In the event that any certificate for shares of capital stock of the Corporation shall be mutilated, the Corporation shall issue a new certificate in place of such mutilated certificate. In case any such certificate shall be lost, stolen or destroyed the Corporation may, in the discretion of the Board of Directors or a committee designated thereby with power so to act, issue a new certificate for capital stock in the place of any such lost, stolen or destroyed certificate. The applicant for any substituted certificate or certificates shall surrender any mutilated certificate or, in the case of any lost, stolen or destroyed certificate, furnish satisfactory proof of such loss, theft or destruction of such certificate and of the ownership thereof. The Board of Directors or such committee may, in its discretion, require the owner of a lost, stolen or destroyed certificate, or his

representatives, to furnish to the Corporation a bond with an acceptable surety or sureties and in such sum as will be sufficient to indemnify the Corporation against any claim that may be made against it on account of the lost, stolen or destroyed certificate or the issuance of such new certificate. A new certificate may be issued without requiring a bond when, in the judgment of the Board of Directors, it is proper to do so.

**Section 5.06 Fixing of Record Dates.** The Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to any other action, for the purpose of determining stockholders entitled to notice of or to vote at such meeting of stockholders or any adjournment thereof, or to express consent to dissent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect to any change, conversion or exchange of stock or for the purpose of any other lawful action.

If no record date is fixed by the Board of Directors:

- (i) The record date for determining stockholders shall be at the close of business on the day before the day on which notice is given or, if notice is waived, at the close of business on the day before the day on which the meeting is held;
- (ii) The record date for determining stockholders entitled to express consent to Corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed;
- (iii) The record date for determining stockholders for any other purpose shall be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto; and
- (iv) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided that the Board of Directors may fix a new record date for the adjourned meeting.

## ARTICLE VI — INDEMNIFICATION

**Section 6.01 Indemnification.** The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Indemnification will, however, only apply if he acted in good faith and in a manner he believed in good faith to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its

equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

**Section 6.02 Indemnification Insurance.** The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under applicable law.

## ARTICLE VII — MISCELLANEOUS PROVISIONS

**Section 7.01 Corporate Seal.** The seal of the Corporation shall be circular in form with the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The seal may be used by causing it to be affixed or impressed, or a facsimile thereof may be reproduced or otherwise used, in such manner as the Board of Directors may determine.

**Section 7.02 Fiscal Year.** The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

**Section 7.03 Waiver of Notice.** Whenever any notice is required to be given under any provision of law, the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

**Section 7.04 Execution of Instruments and Contracts.** All checks, drafts, bills of exchange, notes or other obligations or orders for the payment of money shall be signed in the name of the Corporation by such officer or officers or person or persons as the Board of Directors may from time to time designate.

Except as otherwise provided by law, the Board of Directors, any committee given specific authority in the premises by the Board of Directors, or any committee given authority to exercise generally the powers of the Board of Directors during the intervals between meetings of the Board of Directors, may authorize any officer, employee or agent, in the name of and on behalf of the Corporation, to enter into or execute and deliver deeds, bonds, mortgages,

contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

All applications, written instruments and papers required by any department of the United States government or by any state, county, municipal or other governmental authority, may be executed in the name of the Corporation by any principal officer or subordinate officer of the Corporation, or, to the extent designated for such purpose from time to time by the Board of Directors, by an employee or agent of the Corporation. Such designation may contain the power to substitute, in the discretion of the person named, one or more persons.

**Section 7.05 Relation to Certificate of Incorporation.** These Bylaws are subject to, and governed by, the Certificate of Incorporation.

#### **ARTICLE VIII — AMENDMENTS**

**Section 8.01 By Board of Directors.** The power to amend or repeal the Bylaws is vested exclusively with the Board of Directors.

**CERTIFICATE OF INCORPORATION**  
**OF**  
**McJUNKIN ACQUISITION CORPORATION**

FIRST. The name of the Corporation is **McJunkin Acquisition Corporation**.

SECOND. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares which the corporation shall have authority to issue is 1,000 shares of common stock and the par value of each such shares is \$1.00.

FIFTH. The board of directors is authorized to make, alter or repeal the bylaws of the corporation Election of directors need not be by written ballot.

SIXTH. The name and mailing address of the sole incorporator is.

L. J. Vitalo  
Corporation Trust Center  
1209 Orange Street  
Wilmington, Delaware 19801

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 1st day of April, 1998.

/s/ L. J. Vitalo  
\_\_\_\_\_  
Sole Incorporator  
L. J. Vitalo

**STATE OF DELAWARE**  
**SECRETARY OF STATE**  
**DIVISION OF CORPORATIONS**  
**FILED 10:00 AM 04/01/1998**  
**981125186 – 2878724**

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**STATE of DELAWARE**  
**CERTIFICATE of AMENDMENT of**  
**CERTIFICATE of INCORPORATION**

- **First:** That at a meeting of the Board of Directors of McJunkin Acquisition Corporation resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

**Resolved,** that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered “ First” so that, as amended, said Article shall be and read as follows:

“ McJunkin Nigeria Limited”

- **Second:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.
- **Third:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.
- **Fourth:** That the capital of said corporation shall not be reduced under or by reason of said amendment.

BY: /s/ Joan C. Burns

(Authorized Officer)

NAME: Joan C. Burns

(Type or Print)

**STATE OF DELAWARE**  
**SECRETARY OF STATE**  
**DIVISION OF CORPORATIONS**  
**FILED 09:00 AM 03/19/2001**  
**010137379 – 2878724**

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**STATE of DELAWARE**  
**CERTIFICATE of AMENDMENT of**  
**CERTIFICATE of INCORPORATION**

- **First:** That at a meeting of the Board of Directors of McJunkin Acquisition Corporation resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

**Resolved,** that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered “First” so that, as amended, said Article shall be and read as follows:

“ McJunkin Nigeria Limited”

- **Second:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.
- **Third:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.
- **Fourth:** That the capital of said corporation shall not be reduced under or by reason of said amendment.

BY: /s/ Joan C. Burns  
(Authorized Officer)

NAME: Joan C. Burns  
(Type or Print)

**STATE OF DELAWARE**  
**SECRETARY OF STATE**  
**DIVISION OF CORPORATIONS**  
**FILED 09:00 AM 03/19/2001**  
**010137379 – 2878724**

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**STATE of DELAWARE**  
**CERTIFICATE of AMENDMENT of**  
**CERTIFICATE of INCORPORATION**

- **First:** That at a meeting of the Board of Directors of McJunkin Acquisition Corporation (4-1-98) resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

**Resolved,** that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered “ First” so that, as amended, said Article shall be and read as follows:

“ McJunkin Nigeria Limited – 3-19-01”

- **Second:** That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.
- **Third:** That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.
- **Fourth:** That the capital of said corporation shall not be reduced under or by reason of said amendment.

BY: /s/ Joan C. Burns

(Authorized Officer)

NAME: Joan C. Burns

(Type or Print)

**BYLAWS**  
**OF**  
**MCJUNKIN ACQUISITION CORPORATION**

**ARTICLE I. OFFICES**

The principal office of the corporation in the State of West Virginia shall be located in the City of Charleston, County of Kanawha. The corporation may have such other office or offices, and transact business, either within or without the State of West Virginia, as the board of directors may designate or as the business of the corporation may require from time to time.

**ARTICLE II. SHAREHOLDERS**

**SECTION 1. Annual Meeting.** The annual meeting of the shareholders shall be held on the fourth Thursday in the month of April, in each year, beginning with the year 1998, at the hour of 4:00 o'clock p.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of West Virginia, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for an annual meeting of the shareholders, or at any adjournment thereof, the board of directors shall cause the election to be held at an annual meeting of the shareholders as soon thereafter as conveniently may be held.

**SECTION 2. Special Meetings.** Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by and at the request of the holders of not less than ten percent (10%) of all the outstanding shares of the corporation entitled to vote at the meeting.

**SECTION 3. Place of Meeting.** The board of directors may designate in a notice, or in a waiver of notice of a meeting signed by all shareholders entitled to vote at a meeting, unless otherwise prescribed by statute, any place, either within or without the State of West Virginia unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the State of West Virginia.

**SECTION 4. Notice of Meeting.** Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

**SECTION 5. Written Agreement in Lieu of Meeting.** Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such shareholders may be dispensed with if all of the shareholders who would have been

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entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all shareholders entitled to vote at a meeting of such shareholders duly called and legally held.

**SECTION 6. Closing of Transfer Books or Fixing of Record Date.** For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

**SECTION 7. Voting Lists.** The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete list of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

**SECTION 8. Quorum.** At all meetings of the shareholders, a quorum of the shareholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders.

If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

**SECTION 9. Organization.** The president shall call meetings of the shareholders to order and shall act as chairman of such meeting. The shareholders present may appoint any shareholder to act as chairman of any meeting in the absence of the president or with his consent if present.

The secretary of the corporation shall act as secretary of all meetings of the shareholders. In the absence of the secretary at any such meeting, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

**SECTION 10. Voting.** At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates, and the directors shall not be elected in any other manner, except as provided in Article III, Section 2, of the bylaws.

Except as otherwise provided in the preceding paragraph, or in the Articles of Incorporation of the corporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

**SECTION 11. Proxies.** At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

**SECTION 12. Voting of Shares by Certain Holders.** Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provisions, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

### **ARTICLE III. BOARD OF DIRECTORS**

**SECTION 1. Powers, Qualifications, Number and Term of Office.** The business and property of the corporation shall be managed and controlled by the board of directors to be elected at each regular annual meeting of the corporation. The number of directors of the corporation shall be the number elected by the shareholders at each annual meeting, but may be more in the interim between such annual meetings as

determined by a vote of the existing directors from time to time. Each director shall hold office from the time of his election until the next regular annual meeting of the shareholders of the corporation, or until his successor is elected and qualified, or until he is removed by a vote of the stockholders. No director need be a resident of the State of West Virginia or a shareholder of the corporation in order to hold said office.

**SECTION 2. Vacancies.** Any vacancies existing in the board of directors and any directorship to be filled by reason of an increase in the number of directors unless the Articles of Incorporation or bylaws provide that a vacancy shall be filled in some other manner, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

**SECTION 3. Regular Meetings.** A regular meeting of the board of directors shall be held without other notice than these bylaws immediately after, and at the same place as, the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

**SECTION 4. Special Meetings.** Special meetings of the board of directors may be called by or at the request of the president or not less than ten percent (10%) of the existing directors. The person or persons authorized to call special meetings of the board of directors may fix the place for holding any special meeting of the board of directors called by them.

**SECTION 5. Notice.** No notice shall be required of the regular meeting of the board of directors. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his last known address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting.

**SECTION 6. Written Agreement in Lieu of Meeting.** Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall consent and agree in writing to such corporate action being taken, and such agreement (which shall set forth the action so taken and be signed by all of the directors) shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

**SECTION 7. Manner of Acting.** The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

**SECTION 8. Quorum.** A majority of the number of directors fixed by Section 1 of this Article III shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time and place to place without further notice and until a quorum is present.

**SECTION 9. Presiding Officer, Recording Officer.** At all meetings of the board of directors, the president or a vice president, or in the absence of them, any director elected by the directors present, shall preside. The secretary or any person appointed by the directors present, shall keep a record

of the proceedings. The records shall be verified by the signature of the person acting as chairman of the meeting.

**SECTION 10. Compensation.** By resolution of the board of directors, each director may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board of directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

**SECTION 11. Presumption of Assent.** A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

**SECTION 12. Ratification by Shareholders.** The board of directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the shareholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting, providing only that a quorum of the shareholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every shareholder of the corporation.

**SECTION 13. General Powers.** The board of directors shall elect the officers hereinafter provided for in Article IV, Section 1 of these bylaws, and in case of the absence of the president and/or the vice president, the board may appoint a president pro tempore who for the time shall discharge the official duties of the president, and the board of directors shall determine what is such absence as will justify the election of the president pro tempore.

The board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the board of directors, except in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, or amending the bylaws of the corporation. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

**SECTION 14. Removal.** At a meeting of shareholders called expressly for that purpose, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him.

## ARTICLE IV. OFFICERS

**SECTION 1. Number.** The officers of the corporation shall be a president, a secretary and a treasurer, and may be one or more vice presidents, each of whom shall be elected by the board of directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the board of directors.

One person may hold more than one office, except that the president and secretary shall not be the same person. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or the bylaws to be executed, acknowledged and verified or countersigned by two or more officers.

**SECTION 2. Election and Term of Office.** The officers of the corporation to be elected by the board of directors shall be elected annually by the board of directors at the annual meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

None of the directors or officers of the corporation need be shareholders. All appointees, agents, and employees, other than officers, shall hold office at the discretion of the president.

**SECTION 3. Removal.** Any officer or agent may be removed by the board of directors whenever in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

**SECTION 4. Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors at a special meeting for the unexpired portion of the term.

**SECTION 5. President.** The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders and of the board of directors. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the president and such other duties as may be prescribed by the board of directors from time to time.

**SECTION 6. Vice President.** Each vice president, if any, shall, concurrently with the president, but subject to his superior right and authority, have all the right, power and authority to perform all the duties of the president of the corporation. In the absence of the president or in event of his death, inability or refusal to act, the senior vice president, if any, as designated by the board of directors prior to such absence of the president, shall perform the duties of the president until such time as the board of directors may appoint a successor president pursuant to Section 4, above, and when so acting, shall have all the



powers of and be subject to all the restrictions upon the president. Each vice president shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors.

**SECTION 7. Secretary.** The secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

**SECTION 8. Treasurer.** The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these bylaws; (c) keep accurate accounts, in such form as may be approved by the board of directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year; (d) whenever required by the president, the vice president, or by the board of directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation; and (e) in general perform all of the duties as from time to time may be assigned to him by the president or by the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

**SECTION 9. General Provisions.** All books, records and files of the corporation shall at all times be open to the inspection of the president, the vice president, and the board of directors.

Any or all of the officers shall give such bond or bonds for the faithful discharge of their respective duties in such sum or sums as and when the board of directors may from time to time in its discretion require.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

**SECTION 10. Salaries.** The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

## **ARTICLE V. CONTRACTS AND ACCOUNTS**

**SECTION 1. Receipts.** The president, vice president, secretary and treasurer are each authorized to receive and receipt for all moneys due and payable to the corporation from any source whatsoever, and to endorse for deposit checks, drafts, and other money orders in the name of the corporation or on its behalf, and to give full discharge and receipt therefore.

**SECTION 2. Contracts.** The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

**SECTION 3. Loans.** No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

**SECTION 4. Deposits.** All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

**SECTION 5. Checks, Drafts, etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

## **ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER**

**SECTION 1. Certificates for Shares.** Certificates representing shares of the corporation shall be in such form as shall be determined by the board of directors. Such certificates shall be signed by the president and by the secretary or by such other officers authorized by law and by the board of directors so to do, and sealed with the corporate seal or a facsimile thereof. The signatures of the president or vice president and the secretary or assistant secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued pursuant to Section 4 of this Article.

**SECTION 2. Transfer of Shares.** Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of title certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

**SECTION 3. Dividends.** Dividends may be declared by the board of directors, from time to time, and paid in cash or property only out of the unreserved and unrestricted earned surplus of the corporation, except that no dividend may be paid when the corporation is insolvent or where the payment thereof would render it insolvent or when the declaration or payment thereof would be contrary to any restriction

contained in the Articles of Incorporation. Dividends may be declared and paid in the corporation's own treasury shares or out of any treasury shares that have been reacquired out of corporate surplus. Dividends may be declared and paid in the corporation's own authorized but unissued shares out of any unreserved and unrestricted surplus, provided: (1) in the case of par value shares, such shares shall be issued at not less than par value thereof and an amount equal to the aggregate par value of the shares issued as a dividend shall be transferred to stated capital from surplus; and (2) in the case of shares without par value, such shares shall be issued at such stated value as fixed by the board of directors and there shall be transferred from surplus to stated capital an amount equal to the stated value fixed for such shares and the amount per share so transfer-red shall be disclosed to the shareholders receiving the dividends.

**SECTION 4. Lost, Destroyed or Stolen Certificates.** A shareholder requesting the issuance of a stock certificate of the corporation in lieu of a lost, destroyed or stolen certificate shall promptly give notice to the corporation of such loss, destruction or theft, and publish in a newspaper of general circulation published in the County within which the corporation then has its principal place of business, a notice of such loss once a week for two (2) successive weeks. Such shareholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the best of his knowledge and belief and, second, proof of the required publication. He shall also, in the discretion of the board of directors, execute and deliver to the corporation a bond with good security in a penalty of an amount deemed reasonable and necessary by the board of directors, which, amount may be an unlimited amount, conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

The corporation will issue the new stock certificate if the above requirements are completed before the corporation has notice that the certificate has been acquired by a bona fide purchaser.

The board of directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost, destroyed or stolen without requiring the publication of said notice or the giving of a bond.

#### **ARTICLE VII. ACCOUNTING PERIOD**

The accounting period of the corporation shall begin on the 1st day of January, and end on the 31st day of December, in each year.

#### **ARTICLE VIII. CORPORATE SEAL**

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation and the words, "Corporate Seal."

#### **ARTICLE IX. MISCELLANEOUS**

**SECTION 1. Voting Upon Stocks.** Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, this corporation

might have possessed and exercised if present. The board of directors by resolution may, from time to time, confer like powers upon any other person or persons.

**SECTION 2. Contracts With Directors and Officers.** No contract or other transaction between a corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if: (1) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or (2) the fact of such relationship or interest is disclosed or known to the stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (3) the contract or transaction is fair and reasonable to the corporation.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof, which authorizes, approves or ratifies such contract or transaction.

On any question involving the authorization, approval or ratification of any such contract or transaction, the names of those voting each way shall be entered on the record of the proceedings.

**SECTION 3. Indemnification of Directors and Officers.** The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys fees), judgments, fines, taxes and penalties and interest thereon, and amounts paid in settlement actually and reasonably incurred by him in connection with such action or proceeding, if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, that such person did not have reasonable cause to believe that this conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, that such person did have reasonable cause to believe that his conduct was unlawful.

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding by or in the right of the corporation to procure judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. Provided, however, that no indemnification shall be made in respect of any matter described in the immediately preceding sentence, including, but not limited to

taxes or any interest or penalties thereon, as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action or proceeding heretofore referred to, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification provided for herein shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth. Such determination shall be made: (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action or proceeding; or (2) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the stockholders.

Expenses (including attorneys' fees) incurred in defending a civil or criminal action or proceeding may be paid by the corporation in advance of the final disposition of such action or proceeding as authorized in the manner herein provided, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

The indemnification provided for herein shall not be deemed exclusive of any other rights to which any stockholder or member may be entitled under any bylaw, agreement, vote of stockholders, members or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators.

The directors of the corporation may, from time to time by resolution, provide for such additional indemnification or advancement of expenses as they deem appropriate to any person, acting for or on behalf of the corporation by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Such indemnification or advancement of expenses may be authorized in such resolution or resolutions to the extent the directors deem appropriate under the circumstances, but at no time may the directors of the corporation provide for additional indemnification or advancement of expenses that is contrary to the laws of the State of West Virginia.

**SECTION 4. Inspection of Books and Records.** Any person who shall have been a holder of record of shares or of voting trust certificates therefor at least six months immediately preceding his demand or shall be the holder of record of, or the holder of record of voting trust certificates for, at least five percent (5%) of all the outstanding shares of the corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose its relevant books and records of accounts, minutes, and record of stockholders and to make extracts therefrom.

**SECTION 5. Waiver of Notice.** Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or directors of the corporation under the provisions of these bylaws or under the provisions of the Articles of Incorporation or under the provisions of the West Virginia Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice and attendance of the person at a meeting shall constitute a waiver of notice, unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**SECTION 6. Telephonic Attendance and Voting at Meetings.** Notwithstanding anything herein contained to the contrary, one or more directors or shareholders may participate in a meeting of the board, a committee of the board or of the shareholders by means of conference telephonic or similar electronic communication equipment by means of which all persons participating in the meeting can hear each other.

Whenever a vote of the shareholders or directors is required or permitted in connection with any corporate action this vote may be taken orally during this electronic conference. The agreement thus reached shall have like effect and validity as though the action were duly taken by the action of the shareholders or directors at a meeting of shareholders or directors if the agreement is reduced to writing and approved by the shareholders or directors at the next regular meeting of the shareholders or directors after the conference.

**SECTION 7. Usage of Terms.** Except as otherwise specifically provided, for the purposes of these bylaws, the term majority shall mean a number greater than one-half (1/2) of the total.

Except as otherwise specifically provided, for the purposes of these bylaws, and as the context may require, the use of pronouns of the masculine gender shall be deemed to include pronouns of the feminine and neuter genders, and the use of pronouns of the feminine gender shall be deemed to include pronouns of the masculine and neuter genders.

## **ARTICLE X AMENDMENTS**

These bylaws may be altered, amended or repealed and new bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors, subject to repeal or alteration by action of the shareholders.

- Name H.B. Wehrle, III  
Mailing Address 835 Hillcrest Drive  
Charleston, WV Zip Code 25311

- State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 10:45 AM 06/09/2004  
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SRV 040426312 - 3813784 FILE

**BYLAWS  
OF  
MCJUNKIN PUERTO RICO CORPORATION  
A Delaware Corporation (the “Corporation”)**

**ARTICLE I — OFFICES**

**Section 1.01 Location.** The address of the registered office of the Corporation in the State of Delaware and the name of the registered agent at such address shall be as specified in the Certificate of Incorporation. The Corporation may also have other offices at such places within or without the State of Delaware as the Board of Directors may from time to time designate or the business of the Corporation may require.

**Section 1.02 Change of Location.** In the manner permitted by law, the Board of Directors or the registered agent may change the address of the Corporation’s registered office in the State of Delaware and the Board of Directors may make, revoke or change the designation of the registered agent.

**ARTICLE II — MEETINGS OF STOCKHOLDERS**

**Section 2.01 Annual Meeting.** The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at the registered office of the Corporation, or at such other place within or without the State of Delaware as the Board of Directors may designate, on the date specified in the notice of such annual meeting.

**Section 2.02 Special Meetings.** Special meetings of stockholders, unless otherwise prescribed by law, may be called at any time by the President, by order of the Board of Directors, or at the request of stockholders owning a majority of the voting stock. Special meetings of stockholders shall be held at such place within or without the State of Delaware as shall be designated in the notice of such special meeting.

**Section 2.03 List of Stockholders Entitled to Vote.** The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list, based upon the record date for such meeting determined pursuant to Section 5.06, of the stockholders entitled to vote at the meeting, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open, for at least ten (10) days prior to the meeting, during ordinary business hours, to the examination of any stockholder for any purpose germane to the meeting. For purposes of stockholder examination, the list shall be either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if such place shall not be so specified, at the place where said meeting is to be held. The list shall also be produced and kept during the entire meeting, and may be inspected by any stockholder who is present.

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The stock ledger shall be the only evidence as to who are the stockholders entitled (i) to examine the stock ledger, the list of stockholders entitled to vote at any meeting, or the books of the Corporation; or (ii) to vote in person or by proxy at any meeting of stockholders.

**Section 2.04 Notice of Meeting.** Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice shall be given not less than five (5) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote thereat. If mailed, such notice shall be deposited in the United States mail, postage prepaid, directed to such stockholder at his address as the same appears on the records of the Corporation.

**Section 2.05 Adjourned Meetings and Notice Thereof.** Any meeting of stockholders may be adjourned to another time or place, and the Corporation may transact at any adjourned meeting any business which might have been transacted at the original meeting. Notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty (30) days, or if after adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Section 2.06 Quorum.** At any meeting of stockholders, except as otherwise expressly required by law, the holders of record of at least a majority of the outstanding shares of capital stock entitled to vote or act at such meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. Less than a quorum shall have power to adjourn any meeting until a quorum shall be present. When a quorum is once present to organize a meeting, the quorum cannot be destroyed by the subsequent withdrawal or revocation of the proxy of any stockholder.

**Section 2.07 Voting.** At any meeting of stockholders, each stockholder entitled to vote at such meeting shall have one (1) vote for each share of stock held by such stockholder.

Unless otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, the vote of the holders of a majority of shares present at a meeting which has a quorum is required for action by the stockholders.

Each stockholder entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy, provided that no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest, whether in the stock itself or in the Corporation, sufficient in law to support an irrevocable power.

**Section 2.08 Action by Consent of Stockholders.** Unless otherwise provided or prevented by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, any action required or permitted to be taken at any annual or special meeting of

the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be executed by the stockholders entitled to vote thereon in accordance with Section 228 of the Delaware General Corporation Law.

### ARTICLE III — BOARD OF DIRECTORS

**Section 3.01 General Powers.** The property, business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors may exercise all such powers of the Corporation and have such authority and do all such lawful acts and things as are permitted by law, the Certificate of Incorporation or these Bylaws.

**Section 3.02 Number of Directors.** The Board of Directors of the Corporation shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors.

**Section 3.03 Qualification.** Directors need not be stockholders of the Corporation.

**Section 3.04 Election.** Except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, directors of the Corporation shall be elected each year at the annual meeting of stockholders, or at a special meeting in lieu of the annual meeting called for such purpose, by a majority of votes cast at such meeting.

**Section 3.05 Term.** The Board of Directors shall initially consist of the persons named as directors by the incorporator, and each director so elected shall hold office until the first annual meeting of stockholders or until his successor is elected and qualified. Except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, each director shall hold office for a term of one year or until his successor is elected and qualified, except in the event of the earlier termination of his term of office by reason of death, resignation, removal or other reason.

**Section 3.06 Resignation and Removal.** Any director may resign at any time upon written notice to the Board of Directors, the President and the Secretary. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise provided by law, any director may be removed at any time with or without cause by the stockholders at a special meeting called for such purpose by a majority vote cast at such meeting.

**Section 3.07 Vacancies.** Vacancies in the Board of Directors and newly-created directorships resulting from an increase in the authorized number of directors shall be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director.

If one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned at a future date, shall have the power to fill such vacancy or vacancies. The vote thereon shall take

effect and the vacancy shall be filled when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section.

Each director chosen to fill a vacancy on the Board of Directors shall hold office until the next annual election of directors and until his successor shall be elected and qualified, except in the event of the earlier termination of his office by reason of death, resignation, removal or other reason.

**Section 3.08 Quorum and Voting.** A majority of the total number of directors shall constitute a quorum for the transaction of business. A director interested in a contract or transaction may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes the contract or transaction. In the absence of a quorum, a majority of the directors present may adjourn the meeting until a quorum shall be present.

Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in a meeting can hear each other. The participation in such a meeting shall constitute presence in person at such meeting for all purposes. A person holding a general power of attorney for a member of the Board of Directors or a person holding a special power of attorney empowering such person to act for such member on the Board of Directors may participate in a meeting of the Board of Directors or in a meeting of any Committee of the Board of Directors on behalf of such member.

The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless applicable law, the Certificate of Incorporation, these Bylaws, or an agreement of the stockholders shall require a vote of a greater number.

**Section 3.09 Rules and Regulations.** The Board of Directors may adopt such rules and regulations for the conduct of the business and management of the Corporation, not inconsistent with law or the Certificate of Incorporation or these Bylaws, as the Board of Directors may deem proper. The Board of Directors may hold its meetings and cause the books and records of the Corporation to be kept at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine. A member of the Board of Directors shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board of Directors or any committee of the Board of Directors, or in relying in good faith upon other records of the Corporation.

**Section 3.10 Annual Meeting of Board of Directors.** An annual meeting of the Board of Directors shall be called and held for the purpose of organization, election of officers and transaction of any other business. No notice of the annual meeting of the Board of Directors need be given if such meeting is held promptly after and at the place specified for the annual meeting of stockholders. Otherwise, such annual meeting shall be held at such time (but

not more than thirty (30) days after the annual meeting of stockholders) and place as may be specified in a notice of the meeting.

**Section 3.11 Regular Meetings.** Regular meetings of the Board of Directors shall be held at least quarterly, at the time and place, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors. Except as otherwise provided by law, any business may be transacted at any regular meeting.

**Section 3.12 Special Meetings.** Special meetings of the Board of Directors may be called from time to time by the President, and shall be called by the President or the Secretary upon written request of a majority of the entire Board of Directors directed to the President or Secretary. Except as provided below, notice of any special meeting of the Board of Directors, stating the time, place and purpose of such special meeting, shall be given to each director.

**Section 3.13 Notice of Meetings; Waiver of Notice.** Except as provided in this Section 3.13 and in Section 3.09, notice of any meeting of the Board of Directors must be given to all directors. Notice of any meeting of the Board of Directors shall be deemed to be duly given to a director (i) if mailed to such director, addressed to him at his address as it appears upon the books of the Corporation, or at the address last made known in writing to the Corporation by such director as the address to which such notices are to be sent, at least four (4) days before the day on which such special meeting is to be held; or (ii) if sent to him at such address by facsimile, telegraph or cable, not later than the day before the day on which such meeting is to be held; or (iii) if delivered to him personally or orally, by telephone or otherwise, not later than the day before the day on which such special meeting is to be held. Each such notice shall state the time and place of the meeting and the purposes thereof.

Notice of any meeting of the Board of Directors need not be given to any director if waived by him in writing (or by telegram or cable and confirmed in writing), whether before or after the holding of such meeting, or if such director is present at such meeting. Any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all directors then in office shall be present thereat.

**Section 3.14 Compensation of Directors.** The Compensation Committee of the Board of Directors may from time to time, in its discretion, fix the amounts which shall be payable to outside directors and to members of any committee of the Board of Directors for attendance at the meetings of the Board of Directors or of such committee and for services rendered to the Corporation.

**Section 3.15 Action Without Meeting.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee.

**Section 3.16 Committees.** The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee

to consist of one or more of the directors or the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

#### **ARTICLE IV — OFFICERS**

**Section 4.01 Principal Officers.** The principal officers of the Corporation shall be elected by the Board of Directors and shall include a President and Chief Executive Officer, one or more Vice Presidents, a Secretary and a Treasurer and may, at the discretion of the Board of Directors, also include a Chairman of the Board. One person may hold the offices and perform the duties of any two (2) or more of said principal offices except the offices and duties of President and Secretary. None of the principal officers need be directors of the Corporation.

**Section 4.02 Election of Principal Officers; Term of Office.** The principal officers of the Corporation shall be elected annually by the Board of Directors at each annual meeting of the Board of Directors. Failure to elect any principal officer annually shall not dissolve the Corporation.

If the Board of Directors shall fail to fill any principal office at an annual meeting, or if any vacancy in any principal office shall occur, or if any principal office shall be newly created, such principal office may be filled at any regular or special meeting of the Board of Directors.

**Section 4.03 Subordinate Officers, Agents and Employees.** In addition to the principal officers, the Corporation may have one or more Assistant Treasurers, Assistant Secretaries and such other subordinate officers, agents and employees as the Board of Directors may deem advisable. Each shall hold office for such period and have such authority and perform such duties as the Board of Directors, the President or any officer designated by the Board of Directors may from time to time determine. The Board of Directors at any time may appoint and remove, or may delegate to any principal officer the power to appoint and to remove, any subordinate officer, agent or employee of the Corporation.

**Section 4.04 Delegation of Duties of Officers.** The Board of Directors may delegate the duties and powers of any officer of the Corporation to any other officer or to any director for a specified period of time for any reason that the Board of Directors may deem sufficient.

**Section 4.05 Removal of Officers.** Any officer of the Corporation may be removed with or without cause by resolution adopted by a majority of all of the directors then in

office at any regular or special meeting of the Board of Directors or by a written consent signed by all of the directors then in office.

**Section 4.06 Resignations.** Any officer may resign at any time by giving written notice of resignation to the Board of Directors, to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of a resignation shall not be necessary to make the resignation effective.

**Section 4.07 Chief Executive Officer.** Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are:

- (i) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation;
- (ii) To preside at all meetings of the stockholders;
- (iii) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (iv) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board of Directors has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board of Directors shall be the Chief Executive Officer.

**Section 4.08 President.** The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairperson of the Board of Directors, and/or to any other officer, the President shall have the responsibility for the general management the control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are

commonly incident to the office of President or that are delegated to the President by the Board of Directors.

**Section 4.09 Vice Presidents.** In the absence or disability of the President or if the office of President is vacant, the Vice Presidents, in the order determined by the Board of Directors, or if no such determination has been made in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board of Directors at any time to extend or confine such powers and duties or to assign them to others. Any Vice President may have such additional designations in his title as the Board of Directors may determine. The Vice Presidents shall generally assist the President in such manner as the President shall direct. Each Vice President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.10 Secretary.** The Secretary shall act as Secretary of all meetings of stockholders and of the Board of Directors at which he is present, shall record all the proceedings of all such meetings in a book to be kept for that purpose, shall have supervision over the giving and service of notices of the Corporation, and shall have supervision over the care and custody of the corporate records and the corporate seal of the Corporation. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Corporation under its seal is duly authorized, and when so affixed may attest the same. The Secretary shall have all powers and duties usually incident to the office of the Secretary, except as specifically limited by a resolution of the Board of Directors. The Secretary shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President. In the absence or disability of the Secretary, any Assistant Secretary shall exercise the powers and perform the duties of the Secretary.

**Section 4.11 Treasurer.** The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Corporation and shall cause the funds of the Corporation to be deposited in the name of the Corporation in such banks or other depositories as the Board of Directors may designate. The Treasurer shall have supervision over the care and safekeeping of the securities of the Corporation. The Treasurer shall have all powers and duties usually incident to the office of Treasurer, except as specifically limited by a resolution of the Board of Directors. The Treasurer shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.12 Bond.** The Board of Directors shall have the power, to the extent permitted by law, to require any officer, agent or employee of the Corporation to give bond for the faithful discharge of his duties in such form and with such surety or sureties as the Board of Directors may determine.

## ARTICLE V — CAPITAL STOCK

**Section 5.01 Certificates for Stock.** Each stockholder of the Corporation shall be entitled to a certificate signed by, or in the name of, the Corporation by the President or a Vice President and by either the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares of capital stock of the Corporation

owned by such stockholder. The certificate shall bear the seal of the Corporation or a printed or engraved facsimile thereof

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such signer were such officer, transfer agent or registrar at the date of issue.

**Section 5.02 Stock Ledger.** A record of all certificates for capital stock issued by the Corporation shall be kept by the Secretary or any other officer, employee or agent designated by the Board of Directors. Such record shall show the name and address of the person, firm or corporation in which certificates for capital stock are registered, the number of shares represented by each such certificate, the date of each such certificate and, in the case of certificates which have been cancelled, the dates of cancellation thereof.

The Corporation shall be entitled to treat the holder of record of shares of capital stock as shown on the stock ledger as the owner thereof and as the only person entitled to receive dividends thereon, to vote such shares and to receive notice of meetings, and for all other purposes. The Corporation shall not be bound to recognize any equitable or other claim to or interest in any share of capital stock on the part of any person who is not a stockholder of record whether or not the Corporation shall have express or other notice thereof.

**Section 5.03 Regulations Relating to Transfer.** The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with law, the Certificate of Incorporation or these Bylaws, concerning issuance, transfer and registration of certificates for shares of capital stock of the Corporation. The Board of Directors may appoint, or authorize any principal officer to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars and may require all certificates for capital stock to bear the signature or signatures of any of them.

**Section 5.04 Cancellation.** Each certificate for capital stock surrendered to the Corporation for exchange or transfer shall be cancelled and no new certificate or certificates shall be issued in exchange for any existing certificate (other than pursuant to Section 5.05) until such existing certificate shall have been cancelled.

**Section 5.05 Lost, Stolen, Destroyed or Mutilated Certificates.** In the event that any certificate for shares of capital stock of the Corporation shall be mutilated, the Corporation shall issue a new certificate in place of such mutilated certificate. In case any such certificate shall be lost, stolen or destroyed the Corporation may, in the discretion of the Board of Directors or a committee designated thereby with power so to act, issue a new certificate for capital stock in the place of any such lost, stolen or destroyed certificate. The applicant for any substituted certificate or certificates shall surrender any mutilated certificate or, in the case of any lost, stolen or destroyed certificate, furnish satisfactory proof of such loss, theft or destruction of such certificate and of the ownership thereof. The Board of Directors or such committee may, in its discretion, require the owner of a lost, stolen or destroyed certificate, or his representatives, to furnish to the Corporation a bond with an acceptable surety or sureties and in such sum as will be sufficient to indemnify the Corporation against any claim that may be made



against it on account of the lost, stolen or destroyed certificate or the issuance of such new certificate. A new certificate may be issued without requiring a bond when, in the judgment of the Board of Directors, it is proper to do so.

**Section 5.06 Fixing of Record Dates.** The Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to any other action, for the purpose of determining stockholders entitled to notice of or to vote at such meeting of stockholders or any adjournment thereof, or to express consent to dissent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect to any change, conversion or exchange of stock or for the purpose of any other lawful action.

If no record date is fixed by the Board of Directors:

- (i) The record date for determining stockholders shall be at the close of business on the day before the day on which notice is given or, if notice is waived, at the close of business on the day before the day on which the meeting is held;
- (ii) The record date for determining stockholders entitled to express consent to Corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed;
- (iii) The record date for determining stockholders for any other purpose shall be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto; and
- (iv) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided that the Board of Directors may fix a new record date for the adjourned meeting.

## ARTICLE VI — INDEMNIFICATION

**Section 6.01 Indemnification.** The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Indemnification will, however, only apply if he acted in good faith and in a manner he believed in good faith to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the

Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

**Section 6.02 Indemnification Insurance.** The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under applicable law.

## **ARTICLE VII — MISCELLANEOUS PROVISIONS**

**Section 7.01 Corporate Seal.** The seal of the Corporation shall be circular in form with the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The seal may be used by causing it to be affixed or impressed, or a facsimile thereof may be reproduced or otherwise used, in such manner as the Board of Directors may determine.

**Section 7.02 Fiscal Year.** The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

**Section 7.03 Waiver of Notice.** Whenever any notice is required to be given under any provision of law, the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

**Section 7.04 Execution of Instruments and Contracts.** All checks, drafts, bills of exchange, notes or other obligations or orders for the payment of money shall be signed in the name of the Corporation by such officer or officers or person or persons as the Board of Directors may from time to time designate.

Except as otherwise provided by law, the Board of Directors, any committee given specific authority in the premises by the Board of Directors, or any committee given authority to exercise generally the powers of the Board of Directors during the intervals between meetings of the Board of Directors, may authorize any officer, employee or agent, in the name of and on behalf of the Corporation, to enter into or execute and deliver deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

All applications, written instruments and papers required by any department of the United States government or by any state, county, municipal or other governmental authority, may be executed in the name of the Corporation by any principal officer or subordinate officer of the Corporation, or, to the extent designated for such purpose from time to time by the Board of Directors, by an employee or agent of the Corporation. Such designation may contain the power to substitute, in the discretion of the person named, one or more persons.

**Section 7.05 Relation to Certificate of Incorporation.** These Bylaws are subject to, and governed by, the Certificate of Incorporation.

#### **ARTICLE VIII — AMENDMENTS**

**Section 8.01 By Board of Directors.** The power to amend or repeal the Bylaws is vested exclusively with the Board of Directors.

*State of Delaware*  
*Secretary of State*  
*Division of Corporations*  
*Delivered 08:00 AM 02/14/2006*  
*FILED 08:00 AM 02/14/2006*  
*SRV 060136327 — 4109683 FILE*

**STATE of DELAWARE**  
**CERTIFICATE of INCORPORATION**  
**A STOCK CORPORATION**

- **First:** The name of this Corporation is McJunkin-West Africa Corporation
- **Second:** Its registered office in the State of Delaware is to be located at 615 South Dupont Highway, in the City of Dover County of Kent Zip Code 19901. The registered agent in charge thereof is Capitol Services, Inc.  
**Third:** The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total stock of this corporation is authorized to issue is 1,000 shares (number of authorized shares) with a par value of \$1.00 per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:  
Name H.B. Wehrle, III  
Mailing Address 835 Hillcrest Drive  
Charleston, WV Zip Code 25311
- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 10<sup>th</sup> day of February, A.D. 2006.

BY: /s/ H.B. Wehrle, III  
(Incorporator)  
NAME: H.B. Wehrle, III  
(Type or print)

Adopted by the Board of Directors as of March 7, 2006

**BYLAWS  
OF  
MCJUNKIN WEST-AFRICA CORPORATION  
A Delaware Corporation (the “Corporation”)**

**ARTICLE I — OFFICES**

**Section 1.01 Location.** The address of the registered office of the Corporation in the State of Delaware and the name of the registered agent at such address shall be as specified in the Certificate of Incorporation. The Corporation may also have other offices at such places within or without the State of Delaware as the Board of Directors may from time to time designate or the business of the Corporation may require.

**Section 1.02 Change of Location.** In the manner permitted by law, the Board of Directors or the registered agent may change the address of the Corporation’s registered office in the State of Delaware and the Board of Directors may make, revoke or change the designation of the registered agent.

**ARTICLE II — MEETINGS OF STOCKHOLDERS**

**Section 2.01 Annual Meeting.** The annual meeting of the stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held at the registered office of the Corporation, or at such other place within or without the State of Delaware as the Board of Directors may designate, on the date specified in the notice of such annual meeting.

**Section 2.02 Special Meetings.** Special meetings of stockholders, unless otherwise prescribed by law, may be called at any time by the President, by order of the Board of Directors, or at the request of stockholders owning a majority of the voting stock. Special meetings of stockholders shall be held at such place within or without the State of Delaware as shall be designated in the notice of such special meeting.

**Section 2.03 List of Stockholders Entitled to Vote.** The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list, based upon the record date for such meeting determined pursuant to Section 5.06, of the stockholders entitled to vote at the meeting, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open, for at least ten (10) days prior to the meeting, during ordinary business hours, to the examination of any stockholder for any purpose germane to the meeting. For purposes of stockholder examination, the list shall be either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if such place shall not be so specified, at the place where said meeting is to be held. The list shall also be produced and kept during the entire meeting, and may be inspected by any stockholder who is present.

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The stock ledger shall be the only evidence as to who are the stockholders entitled (i) to examine the stock ledger, the list of stockholders entitled to vote at any meeting, or the books of the Corporation; or (ii) to vote in person or by proxy at any meeting of stockholders.

**Section 2.04 Notice of Meeting.** Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice shall be given not less than five (5) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote thereat. If mailed, such notice shall be deposited in the United States mail, postage prepaid, directed to such stockholder at his address as the same appears on the records of the Corporation.

**Section 2.05 Adjourned Meetings and Notice Thereof.** Any meeting of stockholders may be adjourned to another time or place, and the Corporation may transact at any adjourned meeting any business which might have been transacted at the original meeting. Notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty (30) days, or if after adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

**Section 2.06 Quorum.** At any meeting of stockholders, except as otherwise expressly required by law, the holders of record of at least a majority of the outstanding shares of capital stock entitled to vote or act at such meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. Less than a quorum shall have power to adjourn any meeting until a quorum shall be present. When a quorum is once present to organize a meeting, the quorum cannot be destroyed by the subsequent withdrawal or revocation of the proxy of any stockholder.

**Section 2.07 Voting.** At any meeting of stockholders, each stockholder entitled to vote at such meeting shall have one (1) vote for each share of stock held by such stockholder.

Unless otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, the vote of the holders of a majority of shares present at a meeting which has a quorum is required for action by the stockholders.

Each stockholder entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy, provided that no proxy shall be voted or acted upon after eleven (11) months from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest, whether in the stock itself or in the Corporation, sufficient in law to support an irrevocable power.

**Section 2.08 Action by Consent of Stockholders.** Unless otherwise provided or prevented by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, any action required or permitted to be taken at any annual or special meeting of

the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be executed by the stockholders entitled to vote thereon in accordance with Section 228 of the Delaware General Corporation Law.

### ARTICLE III — BOARD OF DIRECTORS

**Section 3.01 General Powers.** The property, business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors may exercise all such powers of the Corporation and have such authority and do all such lawful acts and things as are permitted by law, the Certificate of Incorporation or these Bylaws.

**Section 3.02 Number of Directors.** The Board of Directors of the Corporation shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors.

**Section 3.03 Qualification.** Directors need not be stockholders of the Corporation.

**Section 3.04 Election.** Except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, directors of the Corporation shall be elected each year at the annual meeting of stockholders, or at a special meeting in lieu of the annual meeting called for such purpose, by a majority of votes cast at such meeting.

**Section 3.05 Term.** The Board of Directors shall initially consist of the persons named as directors by the incorporator, and each director so elected shall hold office until the first annual meeting of stockholders or until his successor is elected and qualified. Except as otherwise provided by law, the Certificate of Incorporation, these Bylaws or agreement of the stockholders, each director shall hold office for a term of one year or until his successor is elected and qualified, except in the event of the earlier termination of his term of office by reason of death, resignation, removal or other reason.

**Section 3.06 Resignation and Removal.** Any director may resign at any time upon written notice to the Board of Directors, the President and the Secretary. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise provided by law, any director may be removed at any time with or without cause by the stockholders at a special meeting called for such purpose by a majority vote cast at such meeting.

**Section 3.07 Vacancies.** Vacancies in the Board of Directors and newly-created directorships resulting from an increase in the authorized number of directors shall be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director.

If one or more directors shall resign from the Board of Directors effective at a future date, a majority of the directors then in office, including those who have so resigned at a future date, shall have the power to fill such vacancy or vacancies. The vote thereon shall take

effect and the vacancy shall be filled when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section.

Each director chosen to fill a vacancy on the Board of Directors shall hold office until the next annual election of directors and until his successor shall be elected and qualified, except in the event of the earlier termination of his office by reason of death, resignation, removal or other reason.

**Section 3.08 Quorum and Voting.** A majority of the total number of directors shall constitute a quorum for the transaction of business. A director interested in a contract or transaction may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes the contract or transaction. In the absence of a quorum, a majority of the directors present may adjourn the meeting until a quorum shall be present.

Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in a meeting can hear each other. The participation in such a meeting shall constitute presence in person at such meeting for all purposes. A person holding a general power of attorney for a member of the Board of Directors or a person holding a special power of attorney empowering such person to act for such member on the Board of Directors may participate in a meeting of the Board of Directors or in a meeting of any Committee of the Board of Directors on behalf of such member.

The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless applicable law, the Certificate of Incorporation, these Bylaws, or an agreement of the stockholders shall require a vote of a greater number.

**Section 3.09 Rules and Regulations.** The Board of Directors may adopt such rules and regulations for the conduct of the business and management of the Corporation, not inconsistent with law or the Certificate of Incorporation or these Bylaws, as the Board of Directors may deem proper. The Board of Directors may hold its meetings and cause the books and records of the Corporation to be kept at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine. A member of the Board of Directors shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care by the Board of Directors or any committee of the Board of Directors, or in relying in good faith upon other records of the Corporation.

**Section 3.10 Annual Meeting of Board of Directors.** An annual meeting of the Board of Directors shall be called and held for the purpose of organization, election of officers and transaction of any other business. No notice of the annual meeting of the Board of Directors need be given if such meeting is held promptly after and at the place specified for the annual meeting of stockholders. Otherwise, such annual meeting shall be held at such time (but



not more than thirty (30) days after the annual meeting of stockholders) and place as may be specified in a notice of the meeting.

**Section 3.11 Regular Meetings.** Regular meetings of the Board of Directors shall be held at least quarterly, at the time and place, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors. Except as otherwise provided by law, any business may be transacted at any regular meeting.

**Section 3.12 Special Meetings.** Special meetings of the Board of Directors may be called from time to time by the President, and shall be called by the President or the Secretary upon written request of a majority of the entire Board of Directors directed to the President or Secretary. Except as provided below, notice of any special meeting of the Board of Directors, stating the time, place and purpose of such special meeting, shall be given to each director.

**Section 3.13 Notice of Meetings; Waiver of Notice.** Except as provided in this Section 3.13 and in Section 3.09, notice of any meeting of the Board of Directors must be given to all directors. Notice of any meeting of the Board of Directors shall be deemed to be duly given to a director (i) if mailed to such director, addressed to him at his address as it appears upon the books of the Corporation, or at the address last made known in writing to the Corporation by such director as the address to which such notices are to be sent, at least four (4) days before the day on which such special meeting is to be held; or (ii) if sent to him at such address by facsimile, telegraph or cable, not later than the day before the day on which such meeting is to be held; or (iii) if delivered to him personally or orally, by telephone or otherwise, not later than the day before the day on which such special meeting is to be held. Each such notice shall state the time and place of the meeting and the purposes thereof.

Notice of any meeting of the Board of Directors need not be given to any director if waived by him in writing (or by telegram or cable and confirmed in writing), whether before or after the holding of such meeting, or if such director is present at such meeting. Any meeting of the Board of Directors shall be a legal meeting without any notice thereof having been given if all directors then in office shall be present thereat.

**Section 3.14 Compensation of Directors.** The Compensation Committee of the Board of Directors may from time to time, in its discretion, fix the amounts which shall be payable to outside directors and to members of any committee of the Board of Directors for attendance at the meetings of the Board of Directors or of such committee and for services rendered to the Corporation.

**Section 3.15 Action Without Meeting.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board of Directors or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee.

**Section 3.16 Committees.** The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee

to consist of one or more of the directors or the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

#### **ARTICLE IV — OFFICERS**

**Section 4.01 Principal Officers.** The principal officers of the Corporation shall be elected by the Board of Directors and shall include a President and Chief Executive Officer, one or more Vice Presidents, a Secretary and a Treasurer and may, at the discretion of the Board of Directors, also include a Chairman of the Board. One person may hold the offices and perform the duties of any two (2) or more of said principal offices except the offices and duties of President and Secretary. None of the principal officers need be directors of the Corporation.

**Section 4.02 Election of Principal Officers; Term of Office.** The principal officers of the Corporation shall be elected annually by the Board of Directors at each annual meeting of the Board of Directors. Failure to elect any principal officer annually shall not dissolve the Corporation.

If the Board of Directors shall fail to fill any principal office at an annual meeting, or if any vacancy in any principal office shall occur, or if any principal office shall be newly created, such principal office may be filled at any regular or special meeting of the Board of Directors.

**Section 4.03 Subordinate Officers, Agents and Employees.** In addition to the principal officers, the Corporation may have one or more Assistant Treasurers, Assistant Secretaries and such other subordinate officers, agents and employees as the Board of Directors may deem advisable. Each shall hold office for such period and have such authority and perform such duties as the Board of Directors, the President or any officer designated by the Board of Directors may from time to time determine. The Board of Directors at any time may appoint and remove, or may delegate to any principal officer the power to appoint and to remove, any subordinate officer, agent or employee of the Corporation.

**Section 4.04 Delegation of Duties of Officers.** The Board of Directors may delegate the duties and powers of any officer of the Corporation to any other officer or to any director for a specified period of time for any reason that the Board of Directors may deem sufficient.

**Section 4.05 Removal of Officers.** Any officer of the Corporation may be removed with or without cause by resolution adopted by a majority of all of the directors then in office at any regular or special meeting of the Board of Directors or by a written consent signed by all of the directors then in office.

**Section 4.06 Resignations.** Any officer may resign at any time by giving written notice of resignation to the Board of Directors, to the President or to the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein. Unless otherwise specified in the notice, the acceptance of a resignation shall not be necessary to make the resignation effective.

**Section 4.07 Chief Executive Officer.** Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are:

- (i) To act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation;
- (ii) To preside at all meetings of the stockholders;
- (iii) To call meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and
- (iv) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board of Directors or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board of Directors, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board of Directors has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board of Directors shall be the Chief Executive Officer.

**Section 4.08 President.** The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board of Directors to the Chairperson of the Board of Directors, and/or to any other officer, the President shall have the responsibility for the general management the control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and

agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

**Section 4.09 Vice Presidents.** In the absence or disability of the President or if the office of President is vacant, the Vice Presidents, in the order determined by the Board of Directors, or if no such determination has been made in the order of their seniority, shall perform the duties and exercise the powers of the President, subject to the right of the Board of Directors at any time to extend or confine such powers and duties or to assign them to others. Any Vice President may have such additional designations in his title as the Board of Directors may determine. The Vice Presidents shall generally assist the President in such manner as the President shall direct. Each Vice President shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.10 Secretary.** The Secretary shall act as Secretary of all meetings of stockholders and of the Board of Directors at which he is present, shall record all the proceedings of all such meetings in a book to be kept for that purpose, shall have supervision over the giving and service of notices of the Corporation, and shall have supervision over the care and custody of the corporate records and the corporate seal of the Corporation. The Secretary shall be empowered to affix the corporate seal to documents, the execution of which on behalf of the Corporation under its seal is duly authorized, and when so affixed may attest the same. The Secretary shall have all powers and duties usually incident to the office of the Secretary, except as specifically limited by a resolution of the Board of Directors. The Secretary shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President. In the absence or disability of the Secretary, any Assistant Secretary shall exercise the powers and perform the duties of the Secretary.

**Section 4.11 Treasurer.** The Treasurer shall have general supervision over the care and custody of the funds and over the receipts and disbursements of the Corporation and shall cause the funds of the Corporation to be deposited in the name of the Corporation in such banks or other depositories as the Board of Directors may designate. The Treasurer shall have supervision over the care and safekeeping of the securities of the Corporation. The Treasurer shall have all powers and duties usually incident to the office of Treasurer, except as specifically limited by a resolution of the Board of Directors. The Treasurer shall have such other powers and perform such other duties as may be assigned to him from time to time by the Board of Directors or the President.

**Section 4.12 Bond.** The Board of Directors shall have the power, to the extent permitted by law, to require any officer, agent or employee of the Corporation to give bond for the faithful discharge of his duties in such form and with such surety or sureties as the Board of Directors may determine.

## ARTICLE V — CAPITAL STOCK

**Section 5.01 Certificates for Stock.** Each stockholder of the Corporation shall be entitled to a certificate signed by, or in the name of, the Corporation by the President or a

Vice President and by either the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares of capital stock of the Corporation owned by such stockholder. The certificate shall bear the seal of the Corporation or a printed or engraved facsimile thereof.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if such signer were such officer, transfer agent or registrar at the date of issue.

**Section 5.02 Stock Ledger.** A record of all certificates for capital stock issued by the Corporation shall be kept by the Secretary or any other officer, employee or agent designated by the Board of Directors. Such record shall show the name and address of the person, firm or corporation in which certificates for capital stock are registered, the number of shares represented by each such certificate, the date of each such certificate and, in the case of certificates which have been cancelled, the dates of cancellation thereof.

The Corporation shall be entitled to treat the holder of record of shares of capital stock as shown on the stock ledger as the owner thereof and as the only person entitled to receive dividends thereon, to vote such shares and to receive notice of meetings, and for all other purposes. The Corporation shall not be bound to recognize any equitable or other claim to or interest in any share of capital stock on the part of any person who is not a stockholder of record whether or not the Corporation shall have express or other notice thereof.

**Section 5.03 Regulations Relating to Transfer.** The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with law, the Certificate of Incorporation or these Bylaws, concerning issuance, transfer and registration of certificates for shares of capital stock of the Corporation. The Board of Directors may appoint, or authorize any principal officer to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars and may require all certificates for capital stock to bear the signature or signatures of any of them.

**Section 5.04 Cancellation.** Each certificate for capital stock surrendered to the Corporation for exchange or transfer shall be cancelled and no new certificate or certificates shall be issued in exchange for any existing certificate (other than pursuant to Section 5.05) until such existing certificate shall have been cancelled.

**Section 5.05 Lost, Stolen, Destroyed or Mutilated Certificates.** In the event that any certificate for shares of capital stock of the Corporation shall be mutilated, the Corporation shall issue a new certificate in place of such mutilated certificate. In case any such certificate shall be lost, stolen or destroyed the Corporation may, in the discretion of the Board of Directors or a committee designated thereby with power so to act, issue a new certificate for capital stock in the place of any such lost, stolen or destroyed certificate. The applicant for any substituted certificate or certificates shall surrender any mutilated certificate or, in the case of any lost, stolen or destroyed certificate, furnish satisfactory proof of such loss, theft or destruction of such certificate and of the ownership thereof. The Board of Directors or such committee may, in its discretion, require the owner of a lost, stolen or destroyed certificate, or his

representatives, to furnish to the Corporation a bond with an acceptable surety or sureties and in such sum as will be sufficient to indemnify the Corporation against any claim that may be made against it on account of the lost, stolen or destroyed certificate or the issuance of such new certificate. A new certificate may be issued without requiring a bond when, in the judgment of the Board of Directors, it is proper to do so.

**Section 5.06 Fixing of Record Dates.** The Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to any other action, for the purpose of determining stockholders entitled to notice of or to vote at such meeting of stockholders or any adjournment thereof, or to express consent to dissent to corporate action in writing without a meeting, or to receive payment of any dividend or other distribution or allotment of any rights, or to exercise any rights in respect to any change, conversion or exchange of stock or for the purpose of any other lawful action.

If no record date is fixed by the Board of Directors:

- (i) The record date for determining stockholders shall be at the close of business on the day before the day on which notice is given or, if notice is waived, at the close of business on the day before the day on which the meeting is held;
- (ii) The record date for determining stockholders entitled to express consent to Corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed;
- (iii) The record date for determining stockholders for any other purpose shall be at the close of business on the date on which the Board of Directors adopts the resolution relating thereto; and
- (iv) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, provided that the Board of Directors may fix a new record date for the adjourned meeting.

## ARTICLE VI — INDEMNIFICATION

**Section 6.01 Indemnification.** The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding. Indemnification will, however, only apply if he acted in good faith and in a manner he believed in good faith to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its

equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

**Section 6.02 Indemnification Insurance.** The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under applicable law.

## **ARTICLE VII — MISCELLANEOUS PROVISIONS**

**Section 7.01 Corporate Seal.** The seal of the Corporation shall be circular in form with the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The seal may be used by causing it to be affixed or impressed, or a facsimile thereof may be reproduced or otherwise used, in such manner as the Board of Directors may determine.

**Section 7.02 Fiscal Year.** The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

**Section 7.03 Waiver of Notice.** Whenever any notice is required to be given under any provision of law, the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

**Section 7.04 Execution of Instruments and Contracts.** All checks, drafts, bills of exchange, notes or other obligations or orders for the payment of money shall be signed in the name of the Corporation by such officer or officers or person or persons as the Board of Directors may from time to time designate.

Except as otherwise provided by law, the Board of Directors, any committee given specific authority in the premises by the Board of Directors, or any committee given authority to exercise generally the powers of the Board of Directors during the intervals between meetings of the Board of Directors, may authorize any officer, employee or agent, in the name of and on behalf of the Corporation, to enter into or execute and deliver deeds, bonds, mortgages,

contracts and other obligations or instruments, and such authority may be general or confined to specific instances.

All applications, written instruments and papers required by any department of the United States government or by any state, county, municipal or other governmental authority, may be executed in the name of the Corporation by any principal officer or subordinate officer of the Corporation, or, to the extent designated for such purpose from time to time by the Board of Directors, by an employee or agent of the Corporation. Such designation may contain the power to substitute, in the discretion of the person named, one or more persons.

**Section 7.05 Relation to Certificate of Incorporation.** These Bylaws are subject to, and governed by, the Certificate of Incorporation.

#### **ARTICLE VIII — AMENDMENTS**

**Section 8.01 By Board of Directors.** The power to amend or repeal the Bylaws is vested exclusively with the Board of Directors.



I. The undersigned agree to become a corporation by the name of (I)

**MILTON OIL & GAS COMPANY**

(1) The name of the corporation shall contain one of the words "association," "company," "corporation," "club," "incorporated" "society," "union," or "syndicate," or one of the abbreviations, "co," or "inc.," ; but no name shall be assumed already in use by another existing corporation of this State, or by a foreign corporation lawfully doing business in this State, or so similar thereto, in the opinion of the Secretary of State, as to lead to confusion.

II. The principal Office or Place of Business of said Corporation will be located at (1) No 1400 Hansford street, in the city (2) of Charleston in county of Kanawha and State of West Virginia Its chief works will be located (3) in Charleston and elsewhere in West Virginia.

(1) Insert number and name of street, if in a city having street numbers, if not, strike out.

(2) Erase the word "city" "town" or "village," leaving the one required.

(3) Give location of chief works; if at the same place as principal office or place of business, say "Its chief works will be located at the same place." If there be no chief works, say "Said corporation will have no chief works." If chief works are in West Virginia, give name of majesterial district and county in which they are or will be located. In case of oil well, gas well, or prospecting companies, and other like companies, where the chief works will be shifting, and in cases of companies that will have chief works, or works at different points in this State, say "chief works will be located in \_\_\_\_\_ district, in \_\_\_\_\_ county, State of West Virginia, and elsewhere in said State." If chief works are not to be in West Virginia, then it is only necessary to give the name of the State or county in which they will be located.

III. The objects for which this Corporation is formed are as follows:

(Please type double space. If not sufficient room here to cover this point add one or more sheets of paper of this size.)

(1) To engage in and carry on the business of buying, selling and leasing personal property and real estate, or any related activity thereto, and to purchase, hire, lease, rent, or otherwise acquire, hold, own, handle, construct, erect, improve, manage, operate, and in any manner dispose of, all kinds and character of personal property or real property or mixed properties needful and to do or have done all manufacturing, repairing, replacing or remodeling of such properties.

(2) To engage in and carry on the business of acquiring, producing, buying, selling, leasing and otherwise disposing of and turning to account and dealing in natural gas, petroleum, coal, gasoline, hydrocarbon products of all kinds, all other minerals, metallic substances, sub-soil and surface products and deposits of every nature, mineral leases and royalties; and prospecting, exploring, drilling for, producing, mining, treating, manufacturing, transporting, storing, selling, dealing and otherwise turning to account each and every one of the substances above specified, either in its natural form or in any altered manufactured form.

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(3) To engage in and carry on the business of importing, exporting, manufacturing, producing, buying, selling and otherwise dealing with and in goods, wares and merchandise of every class and description.

(4) To engage in and carry on any other business which may conveniently be conducted in conjunction with any of the business of the corporation.

(5) To purchase, lease, hire or otherwise acquire, hold, own, develop, improve and in any manner dispose of, and to aid and subscribe toward the acquisition, development or improvement of, real and personal property, and rights and privileges therein.

(6) To purchase, lease, hire, or otherwise acquire, hold, own, construct, erect, improve, manage, operate and in any manner dispose of, and to aid and subscribe toward the acquisition, construction or improvement of offices, places of business, shops, stations, garages, hangers, docks, works, buildings, machinery, equipment and facilities, and any other property, facilities or appliances.

(7) To acquire all or any part of the good will, rights, property and business of any person, firm, association or corporation heretofore or hereafter engaged in any business which the corporation has the power to conduct; and to hold, utilize, enjoy and in any manner dispose of, the whole or any part of the rights, property and business so acquired, and to assume in connection therewith any liabilities of any such person, firm, association or corporation.

(8) To apply for, obtain, purchase or otherwise acquire, any patents, copyrights, licenses, franchises, trade-marks, trade names, rights, processes, formulas, and the like, which may seem capable of being used for any of the purposes of the

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corporation; and to use, exercise, develop, grant licenses in respect of, sell and otherwise turn to account, the same.

(9) To acquire by purchase, subscription or in any other manner, take, receive, hold, use, employ, sell, assign, transfer, exchange, pledge, mortgage, lease, dispose of and otherwise deal in and with, any shares of stock, shares, bonds, debentures, notes, mortgages, or other obligations, and any certificate, receipts, warrants or other instruments evidencing rights or options to receive, purchase, or subscribe for the same or representing any other rights or interests therein or in any property or assets, issued or created by any person, firms, corporations, associations, syndicates, or by any governments, or agencies or subdivisions thereof; and to possess and exercise in respect thereof any and all the rights, powers and privileges of individual holders.

(10) To purchase or otherwise acquire, and to hold, sell or otherwise dispose of, and to retire and reissue, shares of its own stock of any class in any manner now or hereafter authorized or permitted by law.

(11) To borrow or raise money for any of the purposes of the corporation, and to issue bonds, debentures, notes or other obligations of any nature, and in any manner permitted by law, for moneys so borrowed or in payment for property purchased, or for any other lawful consideration, and to secure the payment thereof and of the interest thereon by mortgage or pledge or conveyance or assignment in trust of the whole or any part of the property of the corporation, real or personal, including contract rights, whether at the time owned or thereafter acquired; and to sell, pledge, discount or otherwise dispose of such bonds, debentures, notes or other obligations of the corporation for its corporate purposes.

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(12) To aid in any manner any person, firm, association, corporation or syndicate, any shares of stock, shares, bonds, debentures, notes, mortgages or other obligations of which, or any certificates, receipts, warrants or other instruments evidencing rights or options to receive, purchase or subscribe for the same, or representing any other rights or interests therein, which are held by or for this corporation, or in the welfare of which this corporation shall have any interest, and to do any acts or things designated to protect, preserve, improve and enhance the value of any such property or interest, or any other property of this corporation.

(13) To guarantee the payment of dividends upon any shares of stock or shares in, or the performance of any contract by, any other corporation or association, and to endorse or otherwise guarantee the payment of the principal and interest, or either, of any bonds, debentures, notes or other evidence of indebtedness created or issued by any such other corporation or association.

(14) To carry out all or any part of the foregoing objects as principal, factor, agent, contractor, or otherwise, either alone or through or in conjunction with any person, firm, association, or corporation, and, in carrying on its business and for the purpose of attaining or furthering any of its objects and purposes, to make and perform any contracts and to do any acts and things, and to exercise any powers suitable, convenient or proper for the accomplishment of any of the objects and purposes herein enumerated or incidental to the powers herein specified or which at any time may appear conducive to or expedient for the accomplishment of any of such objects and purposes.

(15) To carry out all or any part of the foregoing objects and purposes, and to conduct its business in all or any of its branches, in any or all states, territories, districts and

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possessions of the United States of America and in foreign countries; and to maintain offices and agencies in any or all states, territories, districts and possessions of the United States of America and in foreign countries.

The foregoing objects and purposes shall, except when otherwise expressed, be in no way limited or restricted by reference to or interference from the terms of any other claims of this or any other article of this certificate of incorporation or of any amendment thereto, and shall each be regarded as independent and construed as powers as well as objects and purposes.

The corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to, or conferred upon, corporations of a similar character by the laws of the State of West Virginia now or hereafter in force, and the enumeration of the foregoing powers shall not be deemed to exclude any powers, rights or privileges so granted or conferred.

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IV. The amount of the total authorized capital stock of said corporation shall be FIVE HUNDRED THOUSAND and NO/100 \_\_\_\_\_ dollars, which shall be divided into 50,000 shares of the par value of Ten and no/100 \_\_\_\_\_ dollars each.

Note: Use space below for statement as to stock without par value, or where more than one class of stock is to be issued, or one or more series within a class, and as to any designations, powers, etc., as provided in subdivision (d), § 6, art 1, c. 31, Code.

In the case of a corporation not organized for profit and not authorized to issue capital stock, a statement to that effect shall be set forth together with a statement as to the conditions of membership, Code 31-1-6(d).

The amount of capital stock with which it will commence business is ONE THOUSAND and NO/100 \_\_\_\_\_ (Shall not be less than one thousand dollars)  
Dollars (\$1,000.00) being One Hundred (100) \_\_\_\_\_ shares Ten and no/100 \_\_\_\_\_ Dollars (\$10.00) each.

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V. Name (5) and P. O. Address (6) — Write plainly, typewrite if possible; W. Va. Code 31-1-6 (e) — The full names and addresses, including street and street numbers, if any, and the city, town or village, of the incorporators, and if a stock corporation, the number of shares subscribed by each.

(The number of incorporators to be not less than three as to stock, nor less than five as to nonstock corporations.)

NAME (5)	ADDRESS (6)	No. of Shares Common Stock	No. of Shares Preferred Stock	Total No. of Shares
Frances A. Baldwin	1200 Commerce Square Charleston, W. Va.	98	-0-	98
Patricia A. Willard	1200 Commerce Square Charleston, W. Va.	1	-0-	1
Barbara S. Hibbs	1200 Commerce Square Charleston, W. Va.	1	-0-	1

VI. The existence of this corporation is to be perpetual.

VII. The stockholders may adopt by-law provisions to reasonably restrict the transfer of shares of stock of this corporation during the lifetime of, or upon the death of, any stockholder.

VII. For any additional provisions desired and which are authorized by law, see art. 1, c. 31, Code. Also set forth number of acres of land desired to be held in West Virginia. If such number be above 10,000 acres pursuant to section \_\_\_\_\_ (illegible) \_\_\_\_\_ 12, c. 11, Code. If more space is required, add one or more sheets of paper this size.

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WE, THE UNDERSIGNED, for the purpose of forming a Corporation under the laws of the State of West Virginia do make and file this Agreement; and we have accordingly hereunto set our respective hands this 7<sup>th</sup> day of November, 1974.

All the incorporators must sign below signatures being the same as shown in Article V

/s/ Frances A. Baldwin

Frances A. Baldwin

/s/ Patricia A. Willard

Patricia A. Willard

/s/ Barbara S. Hibbs

Barbara S. Hibbs

Ch. 31, Art. 1, Sec. 6, 1931, as amended

Effective June 10, 1967.

AGREEMENT OF INCORPORATION prepared by

(Name & Address)

Roger W. Tompkins

1200 Commerce Square

Charleston, West Virginia



B Y - L A W S  
OF  
MILTON OIL & GAS COMPANY

ARTICLE I

SEAL

The common seal of this corporation shall be circular in form and shall have inscribed thereon the words "Milton Oil & Gas Company, Corporate Seal," and for such purposes there is adopted the seal whose impression is made on the margin hereof.

ARTICLE II

LOCATION

The principal office of the corporation shall be in the City of Charleston, West Virginia. The corporation may however, maintain an office or offices and the business of the corporation may be transacted at such other place or places in the State of West Virginia or elsewhere as the Board of Directors may from time to time determine.

ARTICLE III

STOCKHOLDERS' MEETING

Section 1 - Annual Meeting

The regular annual meeting of the stockholders of the corporation for the election of directors and for the transaction of the lawful business of the corporation shall be held on the third Saturday in March in each year, either at the principal office of the corporation, or at such other

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place in or outside West Virginia as shall be designated in the notice or waiver of notice of such regular annual meeting. Should said date fall on a legal holiday, the regular annual meeting shall be on the first business day following.

Section 2 - General or Special Meeting

A general, regular or special meeting of the stockholders may be held at the principal office of the corporation, or at such other place in or outside West Virginia as shall be designated in the notice or waiver of notice of such special or general meeting whenever called by the Board of Directors, by the President and Secretary, or by any number of stockholders owning in the aggregate at least one-tenth of the number of shares outstanding.

Section 3 - Notice of Meetings

Notice of the regular annual meeting of the stockholders shall be given in writing by the President or Vice President or Secretary of the corporation.

Notice of a general or special meeting of the stockholders shall be given by notice in writing signed by the stockholders making the call for said meeting, or if called by the Board of Directors shall be signed by the President or Vice President or Secretary of the corporation, and/or if called by the President and Secretary shall be signed by them.

Said notice shall be mailed, postage prepaid, addressed to each of the stockholders of record at the post office address of each of the stock holders appearing on the books of the corporation, or, if an address is specified for this purpose by a stockholder, then to such address. Said notice shall be mailed as aforesaid at least ten days prior to the date of said meeting. No other notice shall be necessary unless expressly required by law.

A notice of any regular, general or special meeting other than the annual meeting shall indicate briefly the object or objects thereof, and the business to be transacted.

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#### Section 4 - Waiver of Notice

Any meeting of the stockholders may be held without notice and publication of notice by waiver thereof in writing signed by all of the stockholders filed with the records of the meeting either before or after the holding thereof. When, however, it is required by statute that notice shall be given in a particular manner and such notice cannot be legally waived, then such notice shall be given in the manner provided by such statute.

#### Section 5 - Written Agreement in Lieu of Meeting

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all stockholders entitled to vote at a meeting of such stockholders duly called and legally held.

#### Section 6 - Quorum

At all meetings of the stockholders, a quorum of the stockholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy.

#### Section 7 - Adjournment and Recesses

Any number of shares less than a quorum present and/or represented by proxy at any stockholders' meeting may adjourn said meeting from time to time until a quorum is present.

Every meeting of the stockholders may adjourn or recess from time to time until its business is completed.

#### Section 8 - Organization

The President shall call meetings of the stockholders to order and shall act as Chairman of such meeting. The stockholders present may appoint any stockholder to act

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as Chairman of any meeting in the absence of the President or with his consent if present.

The Secretary of the corporation shall act as Secretary of all meetings of the stockholders. In the absence of the Secretary at any such meeting, the Assistant Secretary present shall act as Secretary thereof; and if neither the Secretary nor an Assistant Secretary be present, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

#### Section 9 - Voting

In all elections for directors, each stockholder shall have the right to cast one vote for each share of stock owned by him and entitled to a vote, and he may cast the same in person or by proxy for as many persons as there are directors to be elected, or he may cumulate such votes and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares of stock shall equal; or he may distribute them on the same principle among as many candidates and in such manner as he shall desire, and the directors shall not be elected in any other manner, except as provided in Article IV, Section 2, of the by-laws.

On any other question to be determined by a vote of shares of any meeting of stockholders, each stockholder shall be entitled to one vote for each share of stock owned by him and entitled to vote and he may exercise this right in person or by proxy.

### ARTICLE IV

#### BOARD OF DIRECTORS

##### Section 1 - Powers, Qualifications, Number and Term of Office

The business and property of the corporation shall be managed and controlled by the Board of Directors to be elected at each regular annual meeting of the corporation. The Board of Directors shall not be less than three, nor more than seven, but such number may be altered from time to time by an amendment to these by-laws, but never decreased below three; provided, that when all the shares of the

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corporation are owned beneficially and of record by either one or two stockholders, the number of directors may be less than three but not less than the number of stockholders. Each director shall hold office from the time of his election until the next regular annual meeting of the stockholders of the corporation or until his successor is elected and qualified or until he is removed by a vote of the stockholders. No director need be a resident of the State of West Virginia or a stockholder of the corporation in order to hold said office.

#### Section 2 - Vacancies

In case of any increase in the number of directors, each additional director, if not elected by the stockholders, shall be elected by the affirmative vote of a majority of the directors then in office, such additional director to hold office until the next regular annual meeting of the stockholders or until removed by vote of the stockholders. In case of any vacancy arising through death, resignation, disqualification, or other cause, except removal, the remaining directors, though less than a quorum, by affirmative vote of a majority of their number, may fill such vacancy and the person elected shall hold office for the unexpired portion of the term in respect of which such vacancy occurred or was created, and until the election and qualification of his successor or until his removal by vote of the stockholders. Directors may be elected by the stockholders at the regular annual meeting or at a general or special meeting expressly called for that purpose or for that and other purposes.

#### Section 3 - Place of Meeting

The directors may hold their meetings and have an office or offices and keep the books of the corporation (except as is or may otherwise be provided by law) in such place or places in or out of the State of West Virginia, as may from time to time be determined.

#### Section 4 - Regular Meetings

The regular meetings of the Board of Directors shall be held annually on the third Saturday in March of each year following the annual meeting of stockholders.

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#### Section 5 - Special Meetings

Special meetings of the Board of Directors shall be held whenever called by direction of the President, Vice President, or any two of the directors.

#### Section 6 - Notice - Waiver of Notice

No notice shall be required of the regular meetings of the Board of Directors. Notice of special meetings of the Board of Directors shall be given by mailing a written notice to each director at his last known post office address at least two days before the time of the meeting. Notice of such special meeting shall state the time, place and purpose of such special meeting.

Notice of such special meetings of the Board of Directors may be dispensed with if every director shall attend in person or if every director shall in writing file with the records of the meeting either before or after the holding of such meeting a written waiver of such notice.

#### Section 7 - Written Agreement in Lieu of Meeting

Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

#### Section 8 - Quorum

A majority of the members of the Board of Directors shall constitute a quorum thereof for the transaction of business, but if at any meeting of said Board of Directors there shall be less than a quorum present, any number of said directors may adjourn said meeting from time to time and place to place until a quorum is present.

#### Section 9 - Presiding Officer - Recording Officer

At all meetings of the Board of Directors, the President or a Vice President, or in the absence of them,

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any director elected by the directors present, shall preside. The Secretary or an Assistant Secretary, or in the absence of both, any person appointed by the directors present, shall keep a record of the proceedings. The records shall be verified by the signature of the person acting as Chairman of the meeting.

#### Section 10 - Voting When Interested

No member of the Board of Directors shall vote on a question in which he is interested otherwise than as a stockholder, except the election of a president or other officer or employee, or be present at the Board while the same is being considered; but if his retirement from the Board in such case reduces the number present below a quorum, the question may nevertheless be decided by those who remain. On any question the names of those voting each way shall be entered on the record of their proceedings, if any member at the time requires it.

#### Section 11 - Compensation of Directors

For attendance at any meeting of the Board of Directors or any committee thereof, each director shall receive such compensation as may be fixed from time to time by the Board. If no compensation be fixed by the Board in such cases, no director shall be entitled to receive any compensation for his attendance.

#### Section 12 - Ratification of Stockholders

The Board of Directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the stockholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting, providing only that a quorum of the stockholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every stockholder of the corporation.

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### Section 13 - General Powers

The Board of Directors shall elect the officers hereinafter provided for in Article V, Section 1, of the by-laws, and in case of the absence of the President and/or the Vice President, the Board may appoint a President pro tempore who for the time shall discharge the official duties of the President, and the Board of Directors shall determine what is such absence as will justify the election of the President pro tempore. The Board of Directors may appoint such officer and agents of the corporation as they may deem proper and may by resolution or resolutions passed by a majority of the whole Board of Directors designate one or more committees, each committee to consist of two or more of the directors of the corporation which, to the extent provided in such resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolutions adopted by the Board of Directors.

### Section 14 - Inspection of Records

The minutes and resolutions of the Board of Directors shall at all times be open to examination by any member of the Board of Directors or by any committee appointed by the stockholders, and such minutes shall be produced whenever required by the stockholders at any meeting.

### Section 15 - Books of Account

The Board of Directors shall require the officers to cause accurate accounts to be kept of the corporation's transactions.

## ARTICLE V

### OFFICERS

#### Section 1 - Officers

The officers of the corporation shall consist of

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President, Vice President, Secretary and Treasurer. The President shall be a member of the Board of Directors. The Board of Directors may, from time to time, also appoint or elect such other additional officers and agents, and prescribe the duties thereof, as the Board of Directors shall deem expedient. One person may hold more than one office, except that the President and Vice President shall not be the same person. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or by the by-laws to be executed, acknowledged and verified or countersigned by two or more officers.

#### Section 2 - Election and Terms of Office

The Board of Directors shall elect the aforementioned officers, who shall hold office until the next regular annual meeting of the stockholders, or until their successors are elected and qualified. None of the directors or officers of the corporation need be stockholders. Unless otherwise provided by law, all officers shall be subject to removal with or without cause, and at any time, by the affirmative vote of a majority of the Board of Directors, but all appointees, agents, and employees, other than officers, shall hold office at the discretion of the President. The Board of Directors shall fix the salary and compensation for all officers, agents and employees.

#### Section 3 - Powers and Duties of the President

The President shall be the chief executive officer and the head of the corporation; he shall have general charge and supervision over the business and affairs of the corporation, subject to the control of the Board of Directors. The President shall annually prepare a full and true statement of the affairs of the corporation which shall be submitted by him at the annual meeting of the stockholders and filed within twenty (20) days thereafter at the principal office of the corporation in this State, where it shall during the usual business hours of each secular day be open for inspection by any stockholder of the corporation. He shall have authority to sign, execute and acknowledge and deliver any and all deeds, assignments and trust deeds, releases, powers of attorney, assignments of mortgages and other similar documents, or any other instruments of whatsoever kind or nature authorized, generally or specially, by the Board of Directors, and shall perform all other duties required of him by the laws of the State of West Virginia, and such other duties as

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may be prescribed by these by-laws or as may from time to time be assigned to him by the Board of Directors.

#### Section 4 - Vice President

The Vice President shall, concurrently with the President, but subject to his superior right and authority, have all the rights, powers and authority and perform all the duties of the President of the corporation. Any additional vice president shall have the powers conferred by and perform the duties assigned by the Board of Directors.

#### Section 5 - Secretary

The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall keep correct minutes of all the proceedings of all such meetings and record the same in a book or books to be kept by him for such purpose. He shall have power to affix the seal of the corporation to all instruments by him attested, and, together with the President or Vice President, to execute all conveyances or other formal instruments requiring formal execution by the corporation under its corporate name and seal. He shall be the custodian of all records and files of the corporation, and shall, from time to time, whenever requested to do so, make full detailed reports regarding the same to the President, the Vice President, the Board of Directors, and to the stockholders when in meeting lawfully assembled.

#### Section 6 - Treasurer

The Treasurer shall have custody of all the funds and securities of the corporation which shall come into his hands. He shall keep accurate accounts, in such form as may be approved by the Board of Directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year. He shall, whenever required by the President, the Vice President, or by the Board of Directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation, and shall perform such other appropriate duties and have such power as may be required of, or conferred upon him, by the Board of Directors.

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#### Section 7 - General Provisions

All employees and agents of the corporation shall at any time be subject to dismissal, and shall perform such duties as may be imposed upon them, and have such powers as may be given them by the President or by the Board of Directors.

All books, records and files of the corporation shall at all times be open to the inspection of the President, the Vice President, and the Board of Directors.

Any or all of the officers shall give such bond or bonds for the faithful discharge of their respective duties in such sum or sums as and when the Board of Directors may from time to time in its discretion require.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

#### ARTICLE VI

#### FUNDS AND ACCOUNTS

##### Section 1 - Receipts

The President, Vice President, Secretary and Treasurer are each authorized to receive and receipt for all moneys due and payable to the corporation from any source whatsoever, and to endorse for deposit checks, drafts, and other money orders in the name of the corporation or on its behalf, and to give full discharge and receipt therefor.

##### Section 2 - Deposits

All funds of the corporation shall be deposited in such banks or trust companies (or with such other corporations and firms) as have been or may from time to time be designated for such purposes by the Board of Directors.

##### Section 3 - Checks, Notes, etc.

All bills, notes, checks, drafts, or other orders for money and negotiable instruments of the corporation

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shall be made in the name of the corporation and shall be signed by such officer or employee of the corporation as may be designated for such purposes by the Board of Directors.

## ARTICLE VII

### CERTIFICATES OF STOCK

#### Section 1 - Issue and Registration

All certificates for shares of the capital stock of the corporation shall be signed by the President or Vice President and by the Secretary or the Treasurer, and sealed with the seal of the corporation. The certificates shall be numbered and shall be entered on the stock register in the name of the person owning the shares represented by such certificate, and in case of cancellation, the date of cancellation also shall be entered on the stock register. Every certificate surrendered to the corporation for transfer shall be cancelled and preserved by the officer or agent of the corporation having custody of the stock certificates, and no new certificate shall be issued until the old certificate has been thus cancelled, except as provided in Section 4 of this Article.

#### Section 2 - Transfer

Title to a certificate of stock and to the shares represented thereby shall be transferred only as provided by Article 8, Chapter 46 of the Code of West Virginia.

#### Section 3 - Dividends

The Board of Directors may, from time to time, declare and pay dividends of so much of the net profits as they deem it prudent to divide.

#### Section 4 - Lost or Destroyed Certificates

A stockholder requesting the issue of a stock certificate of the corporation in lieu of a lost or destroyed certificate shall promptly give notice to the corporation of such loss or destruction and publish in a newspaper of general circulation published in the City of Charleston,

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West Virginia, a notice of such loss once a week for two successive weeks. Such stockholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the best of his knowledge and belief, and, second, proof of his having advertised the loss in a newspaper of general circulation, published in the City of Charleston, West Virginia, once a week for two weeks. He shall also execute and deliver to the corporation a bond with good security in a penalty of unlimited amount conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

The Board of Directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost without requiring the publication of said notice or the giving of a bond.

#### ARTICLE VIII

##### FISCAL YEAR

The fiscal year of the corporation shall begin the calendar year beginning January 1st and ending December 31st each year.

#### ARTICLE IX

##### MISCELLANEOUS

###### Section 1 - Voting Upon Stocks

Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, this corporation might have possessed and exercised if present. The Board of Directors by resolution may, from time to time, confer like powers upon any other person or persons.

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## Section 2 - Contracts with Directors and Officers

No contract, act, or other transaction between this corporation and any other corporation, association, firm, person or persons, shall, in the absence of fraud, be vacated or invalidated by the fact that any director or officer of this corporation is a director or officer of such other corporation, or is or are interested in such association or firm or is or are a party or parties interested in such contract, act, or transaction, or in any way connected with such other corporation, association, firm, person or persons, individually or jointly, directly or indirectly, and each and every person who may become a director or officer of this corporation acting in good faith and without fraud, is hereby relieved from any liability that might otherwise exist from contracting with this corporation for the benefit of himself or any other corporation, association, or firm, person or persons, in which or with whom he may be in anywise interested, provided he is authorized so to do by a resolution adopted by the stockholders or his act is subsequently ratified by a resolution adopted by the stockholders.

## Section 3 - Indemnification of Directors and Officers

The corporation shall indemnify any and all persons who may serve or who have served at any time as directors or officers, or who at the request of the Board of Directors of the corporation may serve or at any time have served as directors or officers of another corporation in which the corporation at such time owned or may own shares of stock or of which it was or may be a creditor, and their respective heirs, administrators, successors, and assigns, against any and all expenses, including amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by said person in connection with the defense or settlement of any claim, action, suit, or proceeding in which they, or any of them, are made parties, or a party, or which may be asserted against them, or any of them, by reason of being or having been directors or officers or a director or officer of the corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former directors or officer or person shall be adjudged in any action, suit, or proceeding to be liable for his own negligence or misconduct in the performance of his duty. Such indemnification shall in addition to any other rights to which those indemnified may be entitled under any law, by-laws, agreement, vote of stockholders, or otherwise.

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## ARTICLE X

### AMENDMENTS

The stockholders shall have power, by vote of a majority of all the stock outstanding, and entitled to vote, to make, alter, amend or rescind any or all of the by-laws of this corporation at any annual, general or special meeting of said corporation, when the notice or waiver of notice shall specify among the purposes of such meeting the purpose of making, altering or rescinding the by-laws or any of them.

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Said by-laws having been adopted, as aforesaid, the Chairman announced that the next order of business was the election of directors; whereupon, on motion of Mrs. Hibbs, seconded by Mrs. Willard, and unanimously adopted, the following were elected members of the board of Directors of this corporation to serve as provided by the by-laws until the next annual meeting of the stockholders or until their successors are elected and qualified:

Henry B. Wehrle, Jr.  
R. S. Wehrle  
Howard P. McJunkin  
George S. Herscher  
David G. Huffman

The adoption of stock certificates form being next in order of business, the following resolution was offered by Mrs. Hibbs, and, upon motion duly made and seconded and carried by the unanimous affirmative vote of all the stockholders, was adopted:

RESOLVED: That the form of stock certificate for shares of stock in this corporation shall be in words and figures substantially as follows:



I. The undersigned agree to become a corporation by the name of (1)

RUFFNER REALTY COMPANY

(1) The name of the corporation shall contain one of the words "association," "company," "corporation," "club," "In-corporated," "society," "union," or "syndicate," or one of the abbreviations, "co." or "inc."; but no name shall be assumed already in use by another existing corporation of this State, or by a foreign corporation lawfully doing business in this State, or so similar thereto, in the opinion of the Secretary of State, as to lead to confusion.

II. The principal Office or Place of Business of said Corporation will be located at (1) No. 1400 Hansford street, in the city (2) of Charleston in county of Kanawha and State of West Virginia Its chief works will be located (3) in Charleston and elsewhere in West Virginia.

(1) Insert number and name of street, if in a city having street numbers, if not, strike out.

(2) Erase the word "city" "town" or "village," leaving the one required.

(3) Give location of chief works; if at the same place as principal office or place of business, say "Its chief works will be located at the same place." If there be no chief works, say "Said corporation will have no chief works." If chief works are in West Virginia, give name of magisterial district and county in which they are or will be located. In case of oil well, gas well, or prospecting companies, and other like companies, where the chief works will be shifting, and in cases of companies that will have chief works, or works at different points in this State, say "chief works will be located in \_\_\_\_\_ district, in \_\_\_\_\_ county, State of West Virginia, and elsewhere in said State." If chief works are not to be in West Virginia, then it is only necessary to give the name of the State or county in which they will be located.

III. The objects for which this Corporation is formed are as follows:

(Please type double space. If not sufficient room here to cover this point add one or more sheets of paper of this size.)

(1) To engage in and carry on the business of buying, selling and leasing personal property and real estate, or any related activity thereto, and to purchase, hire, lease, rent, or otherwise acquire, hold, own, handle, construct, erect, improve, manage, operate, and in any manner dispose of, all kinds and character of personal property or real property or mixed properties needful and to do or have done all manufacturing, repairing, replacing or remodeling of such properties.

(2) To engage in and carry on the business of acquiring, producing, buying, selling, leasing and otherwise disposing of and turning to account and dealing in natural gas, petroleum, coal, gasoline, hydrocarbon products of all kinds, all other minerals, metallic substances, sub-soil and surface products and deposits of every nature, mineral leases and royalties; and prospecting, exploring, drilling for, producing, mining, treating, manufacturing, transporting, storing, selling, dealing and otherwise turning to account each and every one of the substances above specified, either in its natural form or in any altered manufactured form.

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(3) To engage in and carry on the business of importing, exporting, manufacturing, producing, buying, selling and otherwise dealing with and in goods, wares and merchandise of every class and description.

(4) To engage in and carry on any other business which may conveniently be conducted in conjunction with any of the business of the corporation.

(5) To purchase, lease, hire or otherwise acquire, hold, own, develop, improve and in any manner dispose of, and to aid and subscribe toward the acquisition, development or improvement of, real and personal property, and rights and privileges therein.

(6) To purchase, lease, hire, or otherwise acquire, hold, own, construct, erect, improve, manage, operate and in any manner dispose of, and to aid and subscribe toward the acquisition, construction or improvement of offices, places of business, shops, stations, garages, hangers, docks, works, buildings, machinery, equipment and facilities, and any other property, facilities or appliances.

(7) To acquire all or any part of the good will, rights, property and business of any person, firm, association or corporation heretofore or hereafter engaged in any business which the corporation has the power to conduct; and to hold, utilize, enjoy and in any manner dispose of, the whole or any part of the rights, property and business so acquired, and to assume in connection therewith any liabilities of any such person, firm, association or corporation.

(8) To apply for, obtain, purchase or otherwise acquire, any patents, copyrights, licenses, franchises, trade-marks, trade names, rights, processes, formulas, and the like, which may seem capable of being used for any of the purposes of the corporation; and to use, exercise, develop, grant licenses in respect of, sell and otherwise turn to account, the same.

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(9) To acquire by purchase, subscription or in any other manner, take, receive, hold, use, employ, sell, assign, transfer, exchange, pledge, mortgage, lease, dispose of and otherwise deal in and with, any shares of stock, shares, bonds, debentures, notes, mortgages, or other obligations, and any certificate, receipts, warrants or other instruments evidencing rights or options to receive, purchase, or subscribe for the same or representing any other rights or interests therein or in any property or assets, issued or created by any person, firms, corporations, associations, syndicates, or by any governments, or agencies or subdivisions thereof; and to possess and exercise in respect thereof any and all the rights, powers and privileges of individual holders.

(10) To purchase or otherwise acquire, and to hold, sell or otherwise dispose of, and to retire and reissue, shares of its own stock of any class in any manner now or hereafter authorized or permitted by law.

(11) To borrow or raise money for any of the purposes of the corporation, and to issue bonds, debentures, notes or other obligations of any nature, and in any manner permitted by law, for moneys so borrowed or in payment for property purchased, or for any other lawful consideration, and to secure the payment thereof and of the interest thereon by mortgage or pledge or conveyance or assignment in trust of the whole or any part of the property of the corporation, real or personal, including contract rights, whether at the time owned or thereafter acquired; and to sell, pledge, discount or otherwise dispose of such bonds, debentures, notes or other obligations of the corporation for its corporate purposes.

(12) To aid in any manner any person, firm, association, corporation or syndicate, any shares of stock, shares, bonds, debentures, notes, mortgages or other obligations of which, or

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any certificates, receipts, warrants or other instruments evidencing rights or options to receive, purchase or subscribe for the same, or representing any other rights or interests therein, which are held by or for this corporation, or in the welfare of which this corporation shall have any interest, and to do any acts or things designated to protect, preserve, improve and enhance the value of any such property or interest, or any other property of this corporation.

(13) To guarantee the payment of dividends upon any shares of stock or shares in, or the performance of any contract by, any other corporation or association, and to endorse or otherwise guarantee the payment of the principal and interest, or either, of any bonds, debentures, notes or other evidence of indebtedness created or issued by any such other corporation or association.

(14) To carry out all or any part of the foregoing objects as principal, factor, agent, contractor, or otherwise, either alone or through or in conjunction with any person, firm, association, or corporation, and, in carrying on its business and for the purpose of attaining or furthering any of its objects and purposes, to make and perform any contracts and to do any acts and things, and to exercise any powers suitable, convenient or proper for the accomplishment of any of the objects and purposes herein enumerated or incidental to the powers herein specified or which at any time may appear conducive to or expedient for the accomplishment of any of such objects and purposes.

(15) To carry out all or any part of the foregoing objects and purposes, and to conduct its business in all or any of its branches, in any or all states, territories, districts and possessions of the United States of America and in foreign countries; and to maintain offices and agencies in any or all states, territories, districts and possessions of the United States of America and in foreign countries.

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The foregoing objects and purposes shall, except when otherwise expressed, be in no way limited or restricted by reference to or interference from the terms of any other claims of this or any other article of this certificate of incorporation or of any amendment thereto, and shall each be regarded as independent and construed as powers as well as objects and purposes.

The corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to, or conferred upon, corporations of a similar character by the laws of the State of West Virginia now or hereafter in force, and the enumeration of the foregoing powers shall not be deemed to exclude any powers, rights or privileges so granted or conferred.

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IV. The amount of the total authorized capital stock of said corporation shall be EIGHT HUNDRED THOUSAND and NO/100 \_\_\_\_\_ dollars, which shall be divided into 80,000 shares of the par value of Ten and no/100 \_\_\_\_\_ dollars each.

Note: Use space below for statement as to stock without par value, or where more than one class of stock is to be issued, or one or more series within a class, and as to any designations, powers, etc., as provided in subdivision (d), § 6, art 1, c. 31, Code.

In the case of a corporation not organized for profit and not authorized to issue capital stock, a statement to that effect shall be set forth together with a statement as to the conditions of membership, Code 31-1-6(d)

The amount of capital stock with which it will commence business is ONE THOUSAND and NO/100 \_\_\_\_\_ Dollars  
(\$1,000.00) being One Hundred (100) shares Ten and no/100 \_\_\_\_\_ Dollars (\$10.00) each. (Shall not be less than one thousand dollars)

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- V. Name (5) and P. O. Address (6) — Write plainly, typewrite if possible; W. Va. Code 31-1-6 (e) — The full names and addresses, including street and street numbers, if any, and the city, town or village, of the incorporators, and if a stock corporation, the number of shares subscribed by each.

(The number of incorporators to be not less than three as to stock, nor less than five as to nonstock corporations.)

NAME (5)	ADDRESS (6)	No. of Shares Common Stock	No. of Shares Preferred Stock	Total No. of Shares
Frances A. Baldwin	1200 Commerce Square Charleston, West Virginia	98	-0-	98
Patricia A. Willard	1200 Commerce Square Charleston, West Virginia	1	-0-	1
Barbara S. Hibbs	1200 Commerce Square Charleston, West Virginia	1	-0-	1

- VI. The existence of this corporation is to be perpetual.

- VII. The stockholders may adopt by-law provisions to reasonably restrict the transfer of shares of stock of this corporation during the lifetime of, or upon the death of, any stockholder.

VII. For any additional provisions desired and which are authorized by law, see art. 1, c. 31, Code. Also set forth number of acres of land desired to be held in West Virginia, if such number be above 10,000 acres, pursuant to § 75. art, 12, c. 11, Code. If more space is required, add one or more sheets of paper this size.

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WE, THE UNDERSIGNED, for the purpose of forming a Corporation under the laws of the State of West Virginia do make and file this Agreement; and we have accordingly hereunto set our respective hands this 7th day of November, 1974.

All the incorporators must sign below,  
signatures being the same as shown in Article V

/s/ Frances A. Baldwin

Frances A. Baldwin

/s/ Patricia A. Willard

Patricia A. Willard

/s/ Barbara S. Hibbs

Barbara S. Hibbs

Ch. 31, Art. 1, Sec. 6, 1931, as amended.

Effective June 10, 1967.

AGREEMENT OF INCORPORATION prepared by:  
(Name and Address)

Roger W. Tompkins  
1200 Commerce Square  
Charleston, West Virginia



B Y - L A W S  
OF  
RUFFNER REALTY COMPANY

ARTICLE I

SEAL

The common seal of this corporation shall be circular in form and shall have inscribed thereon the words "Ruffner Realty Company, Corporate Seal," and for such purposes there is adopted the seal whose impression is made on the margin hereof.

ARTICLE II

LOCATION

The principal office of the corporation shall be in the City of Charleston, West Virginia. The corporation may however, maintain an office or offices and the business of the corporation may be transacted at such other place or places in the State of West Virginia or elsewhere as the Board of Directors may from time to time determine.

ARTICLE III

STOCKHOLDERS' MEETING

Section 1 - Annual Meeting

The regular annual meeting of the stockholders of the corporation for the election of directors and for the transaction of the lawful business of the corporation shall be held on the third Saturday in March in each year, either at the principal office of the corporation, or at such other

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place in or outside West Virginia as shall be designated in the notice or waiver of notice of such regular annual meeting. Should said date fall on a legal holiday, the regular annual meeting shall be on the first business day following.

#### Section 2 - General or Special Meeting

A general, regular or special meeting of the stockholders may be held at the principal office of the corporation, or at such other place in or outside West Virginia as shall be designated in the notice or waiver of notice of such special or general meeting whenever called by the Board of Directors, by the President and Secretary, or by any number of stockholders owning in the aggregate at least one-tenth of the number of shares outstanding.

#### Section 3 - Notice of Meetings

Notice of the regular annual meeting of the stockholders shall be given in writing by the President or Vice President or Secretary of the corporation.

Notice of a general or special meeting of the stockholders shall be given by notice in writing signed by the stockholders making the call for said meeting, or if called by the Board of Directors shall be signed by the President or Vice President or Secretary of the corporation, and / or if called by the President and Secretary shall be signed by them.

Said notice shall be mailed, postage prepaid, addressed to each of the stockholders of record at the post office address of each of the stock holders appearing on the books of the corporation, or, if an address is specified for this purpose by a stockholder, then to such address. Said notice shall be mailed as aforesaid at least ten days prior to the date of said meeting. No other notice shall be necessary unless expressly required by law.

A notice of any regular, general or special meeting other than the annual meeting shall indicate briefly the object or objects thereof, and the business to be transacted.

#### Section 4 - Waiver of Notice

Any meeting of the stockholders may be held without notice and publication of notice by waiver thereof in

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writing signed by all of the stockholders filed with the records of the meeting either before or after the holding thereof. When, however, it is required by statute that notice shall be given in a particular manner and such notice cannot be legally waived, then such notice shall be given in the manner provided by such statute.

#### Section 5 - Written Agreement in Lieu of Meeting

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all stockholders entitled to vote at a meeting of such stockholders duly called and legally held.

#### Section 6 - Quorum

At all meetings of the stockholders, a quorum of the stockholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy.

#### Section 7 - Adjournment and Recesses

Any number of shares less than a quorum present and / or represented by proxy at any stockholders' meeting may adjourn said meeting from time to time until a quorum is present.

Every meeting of the stockholders may adjourn or recess from time to time until its business is completed.

#### Section 8 - Organization

The President shall call meetings of the stockholders to order and shall act as Chairman of such meeting. The stockholders present may appoint any stockholder to act as Chairman of any meeting in the absence of the President or with his consent if present.

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The Secretary of the corporation shall act as Secretary of all meetings of the stockholders. In the absence of the Secretary at any such meeting, the Assistant Secretary present shall act as Secretary thereof; and if neither the Secretary nor an Assistant Secretary be present, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

#### Section 9 - Voting

In all elections for directors, each stockholder shall have the right to cast one vote for each share of stock owned by him and entitled to a vote, and he may cast the same in person or by proxy for as many persons as there are directors to be elected, or he may cumulate such votes and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares of stock shall equal; or he may distribute them on the same principle among as many candidates and in such manner as he shall desire, and the directors shall not be elected in any other manner, except as provided in Article IV, Section 2, of the by-laws.

On any other question to be determined by a vote of shares of any meeting of stockholders, each stockholder shall be entitled to one vote for each share of stock owned by him and entitled to vote and he may exercise this right in person or by proxy.

### ARTICLE IV

#### BOARD OF DIRECTORS

##### Section 1 - Powers, Qualifications, Number and Term of Office

The business and property of the corporation shall be managed and controlled by the Board of Directors to be elected at each regular annual meeting of the corporation. The Board of Directors shall not be less than three, nor more than seven, but such number may be altered from time to time by an amendment to these by-laws, but never decreased below three; provided, that when all the shares of the corporation are owned beneficially and of record by either one or two stockholders, the number of directors may be less than three but not less than the number of stockholders.

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Each director shall hold office from the time of his election until the next regular annual meeting of the stockholders of the corporation or until his successor is elected and qualified or until he is removed by a vote of the stockholders. No director need be a resident of the State of West Virginia or a stockholder of the corporation in order to hold said office.

#### Section 2 - Vacancies

In case of any increase in the number of directors, each additional director, if not elected by the stockholders, shall be elected by the affirmative vote of a majority of the directors then in office, such additional director to hold office until the next regular annual meeting of the stockholders or until removed by vote of the stockholders. In case of any vacancy arising through death, resignation, disqualification, or other cause, except removal, the remaining directors, though less than a quorum, by affirmative vote of a majority of their number, may fill such vacancy and the person elected shall hold office for the unexpired portion of the term in respect of which such vacancy occurred or was created, and until the election and qualification of his successor or until his removal by vote of the stockholders. Directors may be elected by the stockholders at the regular annual meeting or at a general or special meeting expressly called for that purpose or for that and other purposes.

#### Section 3 - Place of Meeting

The directors may hold their meetings and have an office or offices and keep the books of the corporation (except as is or may otherwise be provided by law) in such place or places in or out of the State of West Virginia, as may from time to time be determined.

#### Section 4 - Regular Meetings

The regular meetings of the Board of Directors shall be held annually on the third Saturday in March of each year following the annual meeting of stockholders.

#### Section 5 - Special Meetings

Special meetings of the Board of Directors shall be held whenever called by direction of the President, Vice President, or any two of the directors.

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#### Section 6 - Notice - Waiver of Notice

No notice shall be required of the regular meetings of the Board of Directors. Notice of special meetings of the Board of Directors shall be given by mailing a written notice to each director at his last known post office address at least two days before the time of the meeting. Notice of such special meeting shall state the time, place and purpose of such special meeting.

Notice of such special meetings of the Board of Directors may be dispensed with if every director shall attend in person or if every director shall in writing file with the records of the meeting either before or after the holding of such meeting a written waiver of such notice.

#### Section 7 - Written Agreement in Lieu of Meeting

Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

#### Section 8 - Quorum

A majority of the members of the Board of Directors shall constitute a quorum thereof for the transaction of business, but if at any meeting of said Board of Directors there shall be less than a quorum present, any number of said directors may adjourn said meeting from time to time and place to place until a quorum is present.

#### Section 9 - Presiding Officer - Recording Officer

At all meetings of the Board of Directors, the President or a Vice President, or in the absence of them, any director elected by the directors present, shall preside. The Secretary or an Assistant Secretary, or in the absence of both, any person appointed by the directors present, shall keep a record of the proceedings. The records shall be verified by the signature of the person acting as Chairman of the meeting.

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#### Section 10 - Voting When Interested

No member of the Board of Directors shall vote on a question in which he is interested otherwise than as a stockholder, except the election of a president or other officer or employee, or be present at the Board while the same is being considered; but if his retirement from the Board in such case reduces the number present below a quorum, the question may nevertheless be decided by those who remain. On any question the names of those voting each way shall be entered on the record of their proceedings, if any member at the time requires it.

#### Section 11 - Compensation of Directors

For attendance at any meeting of the Board of Directors or any committee thereof, each director shall receive such compensation as may be fixed from time to time by the Board. If no compensation be fixed by the Board in such cases, no director shall be entitled to receive any compensation for his attendance.

#### Section 12 - Ratification of Stockholders

The Board of Directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the stockholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting, providing only that a quorum of the stockholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every stockholder of the corporation.

#### Section 13 - General Powers

The Board of Directors shall elect the officers hereinafter provided for in Article V, Section 1, of the bylaws, and in case of the absence of the President and / or the Vice President, the Board may appoint a President pro tempore who for the time shall discharge the official duties of the President, and the Board of Directors shall determine what is such absence as will justify the election of the

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President pro tempore. The Board of Directors may appoint such officer and agents of the corporation as they may deem proper and may by resolution or resolutions passed by a majority of the whole Board of Directors designate one or more committees, each committee to consist of two or more of the directors of the corporation which, to the extent provided in such resolution or resolutions, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolutions adopted by the Board of Directors.

#### Section 14 - Inspection of Records

The minutes and resolutions of the Board of Directors shall at all times be open to examination by any member of the Board of Directors or by any committee appointed by the stockholders, and such minutes shall be produced whenever required by the stockholders at any meeting.

#### Section 15 - Books of Account

The Board of Directors shall require the officers to cause accurate accounts to be kept of the corporation's transactions.

### ARTICLE V

#### OFFICERS

##### Section 1 - Officers

The officers of the corporation shall consist of President, Vice President, Secretary and Treasurer. The President shall be a member of the Board of Directors. The Board of Directors may, from time to time, also appoint or elect such other additional officers and agents, and prescribe the duties thereof, as the Board of Directors shall deem expedient. One person may hold more than one office, except that the President and Vice President shall not be the same person. No officer shall execute, acknowledge or

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verify any instrument in more than one capacity, if such instrument is required by law or by the by-laws to be executed, acknowledged and verified or countersigned by two or more officers.

#### Section 2 - Election and Terms of Office

The Board of Directors shall elect the aforementioned officers, who shall hold office until the next regular annual meeting of the stockholders, or until their successors are elected and qualified. None of the directors or officers of the corporation need be stockholders. Unless otherwise provided by law, all officers shall be subject to removal with or without cause, and at any time, by the affirmative vote of a majority of the Board of Directors, but all appointees, agents, and employees, other than officers, shall hold office at the discretion of the President. The Board of Directors shall fix the salary and compensation for all officers, agents and employees.

#### Section 3 - Powers and Duties of the President

The President shall be the chief executive officer and the head of the corporation; he shall have general charge and supervision over the business and affairs of the corporation, subject to the control of the Board of Directors. The President shall annually prepare a full and true statement of the affairs of the corporation which shall be submitted by him at the annual meeting of the stockholders and filed within twenty (20) days thereafter at the principal office of the corporation in this State, where it shall during the usual business hours of each secular day be open for inspection by any stockholder of the corporation. He shall have authority to sign, execute and acknowledge and deliver any and all deeds, assignments and trust deeds, releases, powers of attorney, assignments of mortgages and other similar documents, or any other instruments of whatsoever kind or nature authorized, generally or specially, by the Board of Directors, and shall perform all other duties required of him by the laws of the State of West Virginia, and such other duties as may be prescribed by these by-laws or as may from time to time be assigned to him by the Board of Directors.

#### Section 4 - Vice President

The Vice President shall, concurrently with the President, but subject to his superior right and authority,

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have all the rights, powers and authority and perform all the duties of the President of the corporation. Any additional vice president shall have the powers conferred by and perform the duties assigned by the Board of Directors.

#### Section 5 - Secretary

The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall keep correct minutes of all the proceedings of all such meetings and record the same in a book or books to be kept by him for such purpose. He shall have power to affix the seal of the corporation to all instruments by him attested, and, together with the President or Vice President, to execute all conveyances or other formal instruments requiring formal execution by the corporation under its corporate name and seal. He shall be the custodian of all records and files of the corporation, and shall, from time to time, whenever requested to do so, make full detailed reports regarding the same to the President, the Vice President, the Board of Directors, and to the stockholders when in meeting lawfully assembled.

#### Section 6 - Treasurer

The Treasurer shall have custody of all the funds and securities of the corporation which shall come into his hands. He shall keep accurate accounts, in such form as may be approved by the Board of Directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year. He shall, whenever required by the President, the Vice President, or by the Board of Directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation, and shall perform such other appropriate duties and have such power as may be required of, or conferred upon him, by the Board of Directors.

#### Section 7 - General Provisions

All employees and agents of the corporation shall at any time be subject to dismissal, and shall perform such duties as may be imposed upon them, and have such powers as may be given them by the President or by the Board of Directors.

All books, records and files of the corporation shall at all times be open to the inspection of the President, the Vice President, and the Board of Directors.

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Any or all of the officers shall give such bond or bonds for the faithful discharge of their respective duties in such sum or sums as and when the Board of Directors may from time to time in its discretion require.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

## ARTICLE VI

### FUNDS AND ACCOUNTS

#### Section 1 - Receipts

The President, Vice President, Secretary and Treasurer are each authorized to receive and receipt for all moneys due and payable to the corporation from any source whatsoever, and to endorse for deposit checks, drafts, and other money orders in the name of the corporation or on its behalf, and to give full discharge and receipt therefor.

#### Section 2 - Deposits

All funds of the corporation shall be deposited in such banks or trust companies (or with such other corporations and firms) as have been or may from time to time be designated for such purposes by the Board of Directors.

#### Section 3 - Checks, Notes, etc.

All bills, notes, checks, drafts, or other orders for money and negotiable instruments of the corporation shall be made in the name of the corporation and shall be signed by such officer or employee of the corporation as may be designated for such purposes by the Board of Directors.

## ARTICLE VII

### CERTIFICATES OF STOCK

#### Section 1 - Issue and Registration

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All certificates for shares of the capital stock of the corporation shall be signed by the President or Vice President and by the Secretary or the Treasurer, and sealed with the seal of the corporation. The certificates shall be numbered and shall be entered on the stock register in the name of the person owning the shares represented by such certificate, and in case of cancellation, the date of cancellation also shall be entered on the stock register. Every certificate surrendered to the corporation for transfer shall be cancelled and preserved by the officer or agent of the corporation having custody of the stock certificates, and no new certificate shall be issued until the old certificate has been thus cancelled, except as provided in Section 4 of this Article.

#### Section 2 - Transfer

Title to a certificate of stock and to the shares represented thereby shall be transferred only as provided by Article 8, Chapter 46 of the Code of West Virginia.

#### Section 3 - Dividends

The Board of Directors may, from time to time, declare and pay dividends of so much of the net profits as they deem it prudent to divide.

#### Section 4 - Lost or Destroyed Certificates

A stockholder requesting the issue of a stock certificate of the corporation in lieu of a lost or destroyed certificate shall promptly give notice to the corporation of such loss or destruction and publish in a newspaper of general circulation published in the City of Charleston, West Virginia, a notice of such loss once a week for two successive weeks. Such stockholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the best of his knowledge and belief, and, second, proof of his having advertised the loss in a newspaper of general circulation, published in the City of Charleston, West Virginia, once a week for two weeks. He shall also execute and deliver to the corporation a bond with good security in a penalty of unlimited amount conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

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The Board of Directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost without requiring the publication of said notice or the giving of a bond.

#### ARTICLE VIII

##### FISCAL YEAR

The fiscal year of the corporation shall begin the calendar year beginning January 1st and ending December 31st each year.

#### ARTICLE IX

##### MISCELLANEOUS

###### Section 1 - Voting Upon Stocks

Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, this corporation might have possessed and exercised if present. The Board of Directors by resolution may, from time to time, confer like powers upon any other person or persons.

###### Section 2 - Contracts with Directors and Officers

No contract, act, or other transaction between this corporation and any other corporation, association, firm, person or persons, shall, in the absence of fraud, be vacated or invalidated by the fact that any director or officer of this corporation is a director or officer of such other corporation, or is or are interested in such association or firm or is or are a party or parties interested in such contract, act, or transaction, or in any way connected with such other corporation, association, firm, person or persons, individually or jointly, directly or indirectly,

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and each and every person who may become a director or officer of this corporation acting in good faith and without fraud, is hereby relieved from any liability that might otherwise exist from contracting with this corporation for the benefit of himself or any other corporation, association, or firm, person or persons, in which or with whom he may be in anywise interested, provided he is authorized so to do by a resolution adopted by the stockholders or his act is subsequently ratified by a resolution adopted by the stockholders.

#### Section 3 - Indemnification of Directors and Officers

The corporation shall indemnify any and all persons who may serve or who have served at any time as directors or officers, or who at the request of the Board of Directors of the corporation may serve or at any time have served as directors or officers of another corporation in which the corporation at such time owned or may own shares of stock or of which it was or may be a creditor, and their respective heirs, administrators, successors, and assigns, against any and all expenses, including amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by said person in connection with the defense or settlement of any claim, action, suit, or proceeding in which they, or any of them, are made parties, or a party, or which may be asserted against them, or any of them, by reason of being or having been directors or officers or a director or officer of the corporation, or of such other corporation, except in relation to matters as to which any such director or officer or former directors or officer or person shall be adjudged in any action, suit, or proceeding to be liable for his own negligence or misconduct in the performance of his duty. Such indemnification shall in addition to any other rights to which those indemnified may be entitled under any law, by-laws, agreement, vote of stockholders, or otherwise.

#### ARTICLE X

##### AMENDMENTS

The stockholders shall have power, by vote of a majority of all the stock outstanding, and entitled to vote, to make, alter, amend or rescind any or all of the by-laws of this corporation at any annual, general or special meeting of said corporation, when the notice or waiver of notice

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shall specify among the purposes of such meeting the purpose of making, altering or rescinding the by-laws or any of them.

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Said by-laws having been adopted, as aforesaid, the Chairman announced that the next order of business was the election of directors; whereupon, on motion of Mrs. Hibbs, seconded by Mrs. Willard, and unanimously adopted, the following were elected members of the board of Directors of this corporation to serve as provided by the by-laws until the next annual meeting of the stockholders or until their successors are elected and qualified:

Henry B. Wehrle, Jr.  
R. S. Wehrle  
Howard P. McJunkin  
George S. Herscher  
David G. Huffman

The adoption of stock certificates form being next in order of business, the following resolution was offered by Mrs. Hibbs, and, upon motion duly made and seconded and carried by the unanimous affirmative vote of all the stockholders, was adopted:

RESOLVED: That the form of stock certificate for shares of stock in this corporation shall be in words and figures substantially as follows:

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“INCORPORATED UNDER THE LAWS OF  
THE STATE OF WEST VIRGINIA

Number

Shares

RUFFNER REALTY COMPANY  
Capital Stock of \$800,000.00.

THIS CERTIFIES THAT \_\_\_\_\_ is the owner of \_\_\_\_\_ shares of the capital stock of

RUFFNER REALTY COMPANY  
fully paid and non-assessable

transferable only on the books of the corporation by the holder hereof in person or by attorney upon surrender of this certificate properly endorsed.

IN WITNESS WHEREOF, the said corporation has caused this certificate to be signed by its duly authorized officers and its corporate seal to be hereunto affixed this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_.

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
President

SHARES \$10.00 EACH”

The following resolution was then offered and upon motion duly made and seconded and carried by the unanimous affirmative vote of all the stockholders was adopted:

RESOLVED: That the directors of this corporation be empowered to authorize the issuance and delivery of the shares of the stock of this corporation until April 1, 1976, to such persons as may desire to purchase the same upon payment of not less than the par value of such shares in cash into the treasury of the corporation. Provided, however, the aggregate receipts (contributions to capital plus paid-in-surplus) from shares issued pursuant to this plan shall not exceed \$800,000.00.

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Thereupon, the following resolution, duly made and seconded, was carried by the unanimous vote of the stockholders:

RESOLVED FURTHER: That the Board of Directors be authorized to issue the capital stock of the corporation in payment wholly or partially for cash, real and/or personal property, leases, goodwill, customer accounts and other intangibles, or for the use thereof, at such price and upon such terms and conditions as may be fixed by agreement between the owner of such property and the officers of the corporation.

There being no further business to come before the meeting, the same, upon motion, adjourned.

/s/ Patricia A. Willard

Patricia A. Willard, Secretary

/s/ Frances A. Baldwin

Frances A. Baldwin, Chairman

Filed in the Office of  
Secretary of State of  
West Virginia,  
this date: MAY 24 1976

ARTICLES OF INCORPORATION  
OF  
GREENBRIER PETROLEUM CORPORATION

The undersigned, acting as incorporator(s) of a corporation under Section 27, Article 1, Chapter 31 of the Code of West Virginia adopt(s) the following Articles of Incorporation for such corporation, FILED IN DUPLICATE:

I. The undersigned agree to become a corporation by the name of Greenbrier Petroleum Corporation. (The name of the corporation shall contain one of the words "corporation," "company," "incorporated," "limited" or shall contain an abbreviation of one of such words.)

II. The address of the principal office of said corporation will be located at 604 Commerce Square, in the city, of Charleston in the county of Kanawha, State of West Virginia, ZIP 25301.

IF either the principal office or the principal place of business of said corporation is NOT located in the State of West Virginia, give address of the exact location.

III. The purpose or purposes for which this corporation is formed are as follows:

(Please type double space. If not sufficient room to cover this point, add one or more sheets of paper of this size.)

To carry on all business relating to the development and utilization of natural resources and to do all acts and things incidental to such businesses; to explore for, mine, mill, concentrate, convert, smelt, treat, refine, prepare for market, manufacture, buy, sell, exchange, and otherwise produce, process, and deal in all kinds of ores, metals, minerals, oil, natural gas, timber and timber rights, water power, and all other natural products and the products and by-products thereof of every kind and description and by whatever means the same can be and may hereafter be produced, processed, handled, or dealt in; and, generally and without limit as to amount, to buy, sell, exchange, lease, acquire, deal in lands, mines and mineral rights and claims, timber and timber rights, interests in oil and gas rights, plants, pipelines, and all other means of property transmission and transportation.

To establish and maintain a drilling business with authority to own and operate drilling rigs, machinery, tools or apparatus necessary in the boring or otherwise sinking of wells for the production of oil, gas, or water; to construct or acquire by lease or otherwise, and to maintain and operate pipelines for the conveyance of oil and natural gas, oil storage tanks and reservoirs, and tank cars of all kinds, tank steamers, and other vessels, wharves, docks, warehouses, storage houses, loading racks, and all other convenient instrumentalities for the shipping and transportation of crude or refined petroleum or natural gas and all other volatile, solid, or liquid mineral substances in any and all forms; to manufacture, buy, sell, lease, let and hire machines and machinery, equipment, tools, implements, and appliances, and all other property, real and personal, useful or available in prospecting for and in producing, transporting, storing, refining, or preparing for market, petroleum and natural gas and all other volatile and mineral substances and their products and by-products and of all articles and materials in any way resulting from or connected therewith; to purchase, lease, construct, or otherwise acquire, exchange, sell, let, or otherwise dispose of, own, maintain, develop, and improve any and all property, real or personal, plants, refineries, factories, warehouses, stores and buildings of all kinds useful in connection with the business of the corporation, including the drilling for oil and gas wells or mining in any manner or by any method permitted by law on such real property.

To purchase, hold, sell and to lease personal property of every kind, nature and description.

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To manufacture, purchase or otherwise acquire, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, to invest, trade, deal in and deal with goods, wares and merchandise and real and personal property of every class and description.

To acquire and undertake the goodwill, property, leases, rights, franchises and assets of every kind and/or the liabilities of any person, firm, association or corporation, either wholly or partly, and pay for the same in cash, stock or bonds of the company or otherwise.

To incur debts, and to raise, borrow and secure the payment of money in any lawful manner, including the issue or sale or other distribution of bonds, warrants, debentures, obligations, negotiable and transferrable instruments, and evidences of indebtedness of all kinds, whether secured by mortgage, pledge, deed of trust or otherwise, and without limit as to amount.

To enter into, make, perform and carry out contracts of every sort and kind with any person, firm, association, corporation, public, private or municipal, or body politic.

To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trade-marks and trade names, relating to or useful in connection with any business of the corporation.

To purchase, own, dispose of, underwrite and guarantee the shares of capital stock and/or bonds, securities and obligations of any other corporation or corporations, whether created under the laws of this state or any other state or country, or of any person, firm, partnership, association, trust, trusteeship or other organization, and while the owner thereof to exercise all the rights, powers and privileges of ownership, including the right to vote such shares in corporate meetings.

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To act as agent and representative of corporations, firms, and individuals, and as such to develop and extend business interests of corporations, firms and individuals.

To accept and execute trusts, and to administrate, fulfill and discharge the duties of such trust.

To enter into, make, perform and carry out all contracts of every kind and for any lawful purpose with any person, firm, association or corporation.

In general, to carry on any other incidental business in connection with the foregoing, and to have and to exercise all the powers conferred by the laws of the State of West Virginia upon corporations of this character.

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of the corporation.

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IV. Provisions granting preemptive rights are:

V. Provisions for the regulation of the internal affairs of the corporation are:

VI. The amount of the total authorized capital stock of said corporation shall be One Thousand (\$1,000.00) dollars, which shall be divided into ten (10) shares of the par value of One Hundred (\$100.00) dollars each.

NOTE: In the case of a corporation NOT organized for profit and not authorized to issue capital stock, a statement to that effect shall be set forth.

VII. The full names and addresses of the incorporator(s), including street and street numbers, if any, and the city, town or village, including ZIP number, and if a stock corporation, the number of shares subscribed for by each.

NAME	ADDRESS	NO. OF SHARES
		(Optional)
H. D. Wells, III	Suite 604 Commerce Square Charleston, West Virginia 25301	

VIII. The existence of this corporation is to be perpetual.

IX. The name and address of the appointed person to whom notice or process may be sent: H. D. Wells, III  
Suite 604 Commerce Square  
Charleston, West Virginia 25301

X. The number of directors constituting the initial board of directors of the corporation is \_\_\_\_\_, and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and shall qualify. (Naming the board of directors is optional.)

NAME	ADDRESS

I, THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the State of West Virginia, do make and file this Articles of Incorporation, and I have accordingly hereunto set our respective hands this \_\_\_\_\_ day of May, 1976.

(All incorporator/s must sign below. Names and signatures must appear the same throughout the Articles of Incorporation.)

/s/ H. D. Wells, III  
H. D. WELLS, III

Articles of Incorporation  
prepared by: (Name and Address)  
Thomas R. Goodwin  
1717 Charleston National Plaza  
Charleston, West Virginia 25301



Filing fee: \$5.00 #1846  
License tax: \$190.00 \$195.00

ARTICLES OF AMENDMENT  
to  
ARTICLES OF INCORPORATION  
of

GREENBRIER PETROLEUM CORPORATION

Pursuant to the provisions of Section 31, Article 1, Chapter 31 of the Code of West Virginia, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is Greenbrier Petroleum Corporation.

SECOND: The following Amendments of the Articles of Incorporation were adopted by the shareholders (Note 1) of the corporation on July 7, 1976, in the manner prescribed by Sections 107 and 147, Article 1, Chapter 31.

RESOLVED: That the total authorized capital stock of this corporation be increased from One Thousand Dollars (\$1,000.00), divided into ten (10) shares of the par value of One Hundred Dollars (\$100.00) each, to Three Hundred Fifty Thousand Dollars (\$350,000.00), divided into three hundred fifty thousand (350,000) shares of the par value of One Dollar (\$1.00) each; and that Article VI of the Articles of Incorporation of this corporation be amended to read and have force and effect as follows:.

“VI. The amount of the total authorized capital stock of this corporation shall be Three Hundred Fifty Thousand Dollars (\$350,000.00), which shall be divided into 350,000 shares of the par value of One Dollar (\$1.00) each.”

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THIRD: The number of shares of the corporation outstanding at the time of such adoption was 10; and the number of shares entitled to vote thereon was 10.

FOURTH: The designation and number of outstanding shares of each class entitled to vote thereon as a class were as follows:

Class	Number of Shares
Common	10

(Note 2)

FIFTH: The number of shares voted for such amendment was 10; and the number of shares voted against such amendment was 10.

(Note 2)

SEVENTH: The manner in which any exchange, reclassification, or cancellation of issued shares provided for in the amendment shall be effected is as follows:

None

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(Note 2)

Dated Aug 5, 1976.

Greenbrier Petroleum Corp. (Note 4)

By /s/ H. D. Wells III  
Its Vice President

(Note 5)

and /s/ H B Wehrle  
Its Secretary

STATE OF \_\_\_\_\_ SS  
COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a notary public, do hereby certify that on this 5 day of Aug, 1976, personally appeared before me H. D. Wells III, who, being by me first duly sworn, declared that he is the Vice President of Greenbrier Petroleum Corporation, that he signed the foregoing document as Vice President of the corporation, and that the statements therein contained are true.

[ILLEGIBLE] - (notarized)  
Notary Public

(NOTARIAL SEAL)

- Notes:
1. Change to "board of directors" if no shares have been issued.
  2. If inapplicable, omit.
  3. This article may be omitted if the subject matter is set forth in the amendment or if it is inapplicable.
  4. Exact corporate name of corporation adopting the Articles of Amendment.
  5. Signatures and titles of officers signing for the corporation.
  6. This articles of amendment to the articles of incorporation must be filed in duplicate.

Articles of Amendment  
prepared by:

Name Paul N. Bowles

Address P. O. Box 1386  
Charleston, W. Va. 25325

B Y - L A W S  
OF  
GREENBRIER PETROLEUM CORPORATION

ARTICLE I

SEAL

The common seal of this corporation shall be circular in form and shall have inscribed thereon the words "Greenbrier Petroleum Corporation Corporate Seal", and for such purposes there is adopted the seal whose impression is made on the margin hereof.

ARTICLE II

LOCATION

The principal office of the corporation shall be in the City of Charleston, West Virginia. The corporation may, however, maintain an office or offices and the business of the corporation may be transacted at such other place or places in the State of West Virginia or elsewhere as the board of directors may from time to time determine.

ARTICLE III

STOCKHOLDERS' MEETING

Section 1 - Annual Meeting.

The regular annual meeting of the stockholders of the corporation for the election of directors and for the transaction of the lawful business of the corporation shall be held on the third Wednesday in October each year, either at the principal office of the corporation, or at such other place in or outside West Virginia as shall be designated in

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the notice or waiver of notice of such regular annual meeting. Should said date fall on a legal holiday, the regular annual meeting shall be on the first business day following.

Section 2 - General or Special Meeting.

A general, regular or special meeting of the stockholders may be held at the principal office of the corporation, or at such other place in or outside West Virginia as shall be designated in the notice or waiver of notice of such special or general meeting whenever called by the board of directors, by the president and secretary, or by any number of stockholders owning in the aggregate at least one-tenth of the number of shares outstanding.

Section 3 - Notice of Meetings.

Notice of the regular annual meeting of the stockholders shall be given in writing by the president or vice president or secretary of the corporation.

Notice of a general or special meeting of the stockholders shall be given by notice in writing signed by the stockholders making the call for said meeting, or if called by the board of directors shall be signed by the president or vice president or secretary of the corporation, and/or if called by the president and secretary shall be signed by them. Said written notice shall state the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, and shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president, secretary, or the officer or persons calling the meeting, to each stockholder of record or member entitled to vote at such meeting. If such notice shall be mailed, the postage shall be prepaid, and it shall be addressed to each of the stockholders of record at the post office address of each of the stockholders appearing on the books of the corporation, or, if an address is specified for this purpose by a stockholder, then to such address.

Section 4 - Waiver of Notice.

Any meeting of the stockholders may be held without notice and publication of notice if a written waiver thereof be signed by all of the stockholders and filed with

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the records of the meeting either before or after the holding thereof. When, however, it is required by statute that notice shall be given in a particular manner and such notice cannot be legally waived, then such notice shall be given in the manner provided by such statute.

Section 5 - Written Agreement in Lieu of Meeting.

Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all stockholders entitled to vote at a meeting of such stockholders duly called and legally held.

Section 6 - Quorum.

At all meetings of the stockholders, a quorum of the stockholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy, but in no event shall a quorum consist of less than one-third (1/3rd) of the shares entitled to vote at the meeting. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the stockholders.

Section 7 - Adjournment and Recesses.

Any number of shares less than a quorum present and/or represented by proxy at any stockholders' meeting may adjourn said meeting from time to time until a quorum is present.

Every meeting of the stockholders may adjourn or recess from time to time until its business is completed.

Section 8 - Organization.

The president shall call meetings of the stockholders to order and shall act as chairman of such meeting.

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The stockholders present may appoint any stockholder to act as chairman of any meeting in the absence of the president or with his consent if present.

The secretary of the corporation shall act as secretary of all meetings of the stockholders. In the absence of the secretary at any such meeting, the assistant secretary present shall act as secretary thereof; and if neither the secretary nor an assistant secretary be present, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

#### Section 9 - Voting

At each election for directors every stockholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates, and the directors shall not be elected in any other manner, except as provided in Article IV, Section 2, of the by-laws.

On any other question to be determined by a vote of shares of any meeting of stockholders, each stockholder shall be entitled to one vote for each share of stock owned by him and entitled to vote and he may exercise this right in person or by proxy.

### ARTICLE IV

#### BOARD OF DIRECTORS

##### Section 1 - Powers, Qualifications, Number and Term of Office.

The business and property of the corporation shall be managed and controlled by the board of directors to be elected at each regular annual meeting of the corporation. The board of directors shall consist of one or more persons as may be provided for by the stockholders at the regular annual meeting. Each director shall hold office from the time of his election until the next regular annual meeting

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of the stockholders of the corporation or until his successor is elected and qualified or until he is removed by a vote of the stockholders. No director need be a resident of the State of West Virginia or a stockholder of the corporation in order to hold said office.

Section 2 - Vacancies.

Any vacancies occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors, unless the articles of incorporation or by-laws provide that a vacancy shall be filled in some other manner, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the stockholders.

Section 3 - Place of Meeting.

Meetings of the board of directors, regular or special, may be held either within or without this State.

Section 4 - Regular Meetings.

The regular meetings of the board of directors shall be held annually on the third Wednesday in October of each year following the annual meeting of stockholders.

Section 5 - Special Meetings.

Special meetings of the board of directors shall be held whenever called by direction of the president, vice president, or any two of the directors.

Section 6 - Notice; Waiver of Notice.

No notice shall be required of the regular meetings of the board of directors. Notice of special meetings of the board of directors shall be given by mailing a written notice to each director at his last known post office address

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at least two days before the time of the meeting. Such notice shall state the time, place and purpose of such special meeting.

Notice of such special meetings of the board of directors shall be considered waived if a director shall attend in person or if every director shall in writing file with the records of the meeting either before or after the holding of such meeting a written waiver of such notice, except that attendance of a director at a meeting shall not constitute a waiver of notice if such director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 7 - Written Agreement in Lieu of Meeting.

Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall consent and agree in writing to such corporate action being taken, and such agreement (which shall set forth the action so taken and be signed by all of the directors) shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

Section 8 - Quorum.

A majority of the members of the board of directors shall constitute a quorum thereof for the transaction of business, but if at any meeting of said board of directors there shall be less than a quorum present, any number of said directors may adjourn said meeting from time to time and place to place until a quorum is present.

Section 9 - Presiding Officer; Recording Officer.

At all meetings of the board of directors, the president or a vice president, or in the absence of them, any director elected by the directors present, shall preside. The secretary or an assistant secretary, or in the absence of both, any person appointed by the directors present, shall keep a record of the proceedings. The records shall be verified by the signature of the person acting as chairman of the meeting.

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#### Section 10 - Voting When Interested.

No contract or other transaction between a corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be void or voidable solely because of such relationship or interest or because such director or directors were present at the meeting of the board of directors which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose if (a) the fact of such relationship or interest is disclosed or known to the board of directors which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or (b) the fact of such relationship is disclosed or known to the stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (c) the contract or transaction is fair and reasonable to the corporation. Interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors which authorizes, approves or ratifies such contract or transaction. On any question involving the authorization, approval or ratification of any such contract or transaction, the names of those voting each way shall be entered on the record of their proceedings.

#### Section 11 - Compensation of Directors.

For attendance at any meeting of the board of directors or any committee thereof, each director shall receive such compensation as may be fixed from time to time by the board. If no compensation be fixed by the board in such cases, no director shall be entitled to receive any compensation for his attendance.

#### Section 12 - Ratification of Stockholders.

The board of directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the stockholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting,

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providing only that a quorum of the stockholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every stockholder of the corporation.

Section 13 - General Powers.

The board of directors shall elect the officers hereinafter provided for in Article V, Section 1 of the by-laws, and in case of the absence of the president and/or the vice president, the board may appoint a president pro tempore who for the time shall discharge the official duties of the president, and the board of directors shall determine what is such absence as will justify the election of the president pro tempore.

The board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the board of directors, except in reference to amending the articles of incorporation, adopting a plan of merger or consolidation, recommending to the stockholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the stockholders a voluntary dissolution of the corporation or a revocation thereof, or amending the by-laws of the corporation. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

Section 14 - Removal.

At a meeting of stockholders called expressly for that purpose, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him.

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## ARTICLE V

### OFFICERS

#### Section 1 - Officers.

The officers of the corporation shall consist of a president, vice president, secretary and treasurer. The board of directors may, from time to time, also appoint or elect such other additional officers and agents, and prescribe the duties thereof, as the board of directors shall deem expedient. One person may hold more than one office, except that the president and secretary shall not be the same person. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or by the by-laws to be executed, acknowledged and verified or countersigned by two or more officers.

#### Section 2 - Election and Terms of Office.

The board of directors shall elect the aforementioned officers, who shall hold office until the next regular annual meeting of the stockholders, or until their successors are elected and qualified. None of the directors or officers of the corporation need be stockholders. All appointees, agents, and employees, other than officers, shall hold office at the discretion of the president. The board of directors shall fix the salary and compensation for all officers, agents and employees.

#### Section 3 - Removal.

Any officer or agent may be removed by the board of directors whenever in its judgement the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

#### Section 4 - Powers and Duties of the President.

The president shall be the chief executive officer and the head of the corporation; he shall have general charge and supervision over the business and affairs of the corporation, subject to the control of the board of directors. The president shall annually prepare a full and true statement of the affairs of the corporation which shall be

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submitted by him at the annual meeting of the stockholders and filed within twenty (20) days thereafter at the principal office of the corporation in this State, where it shall during the usual business hours of each secular day be open for inspection by any stockholder of the corporation. He shall have authority to sign, execute and acknowledge and deliver any and all deeds, assignments and trust deeds, releases, powers of attorney, assignments of mortgages and other similar documents, or any other instruments of whatsoever kind or nature authorized, generally or specially, by the board of directors, and shall perform all other duties required of him by the laws of the State of West Virginia, and such other duties as may be prescribed by these by-laws or as may from time to time be assigned to him by the board of directors.

Section 5 - Vice President.

The vice president shall, concurrently with the president, but subject to his superior right and authority, have all the rights, powers and authority and perform all the duties of the president of the corporation. Any additional vice president shall have the powers conferred by and perform the duties assigned by the board of directors.

Section 6 - Secretary.

The secretary shall attend all meetings of the stockholders and of the board of directors and shall keep correct minutes of all the proceedings of all such meetings and record the same in a book or books to be kept by him for such purpose. He shall have power to affix the seal of the corporation to all instruments by him attested, and, together with the president or vice president, to execute all conveyances or other formal instruments requiring formal execution by the corporation under its corporate name and seal. He shall be the custodian of all records and files of the corporation, and shall, from time to time, whenever requested to do so, make full detailed reports regarding the same to the president, the vice president, the board of directors, and to the stockholders when in meeting lawfully assembled.

Section 7 - Treasurer.

The treasurer shall have custody of all the funds and securities of the corporation which shall come into his hands. He shall keep accurate accounts, in such form as may

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be approved by the board of directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year. He shall, whenever required by the president, the vice president, or by the board of directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation, and shall perform such other appropriate duties and have such power as may be required of, or conferred upon him, by the board of directors.

Section 8 - General Provisions.

All officers and agents of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be imposed upon them, and have such powers as may be given them by the president or by the board of directors.

All books, records and files of the corporation shall at all times be open to the inspection of the president, the vice president, and the board of directors.

Any or all of the officers shall give such bond or bonds for the faithful discharge of their respective duties in such sum or sums as and when the board of directors may from time to time in its discretion require.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 1 - Receipts.

The president, vice president, secretary and treasurer are each authorized to receive and receipt for all moneys due and payable to the corporation from any source whatsoever, and to endorse for deposit checks, drafts, and other money orders in the name of the corporation or on its behalf, and to give full discharge and receipt therefor.

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Section 2 - Deposits.

All funds of the corporation shall be deposited in such banks or trust companies (or with such other corporations and firms) as have been or may from time to time be designated for such purposes by the board of directors.

Section 3 - Checks, Notes, etc.

All bills, notes, checks, drafts, or other orders for money and negotiable instruments of the corporation shall be made in the name of the corporation and shall be signed by such officer or employee of the corporation as may be designated for such purposes by the board of directors.

ARTICLE VII

CERTIFICATES OF STOCK

Section 1 - Issue and Registration.

The shares of a corporation shall be represented by certificates signed by the president or a vice president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. The signatures of the president or vice president and the secretary or assistant secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

The certificates shall be numbered and shall be entered on the stock register in the name of the person owning the shares represented by such certificate, and in case of cancellation, the date of cancellation also shall be entered on the stock register and the statement of cancellation as required by the law shall be filed. Every certificate surrendered to the corporation for transfer shall be cancelled and preserved by the officer or agent of the corporation having custody of the stock certificates, and a statement of cancellation shall be filed, and no new certificate shall be

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issued until the old certificate has been thus cancelled, except as provided in Section 4 of this Article.

Section 2 - Transfer.

Title to a certificate of stock and to the shares represented thereby shall be transferred only as provided by Article 8, Chapter 46 of the Code of West Virginia.

Section 3 - Dividends.

Dividends may be declared by the board of directors, from time to time, and paid in cash or property only out of the unreserved and unrestricted earned surplus of the corporation, except that no dividend may be paid when the corporation is insolvent or where the payment thereof would render it insolvent or when the declaration or payment thereof would be contrary to any restriction contained in the articles of incorporation. Dividends may be declared and paid in the corporation's own treasury shares out of any treasury shares that have been reacquired out of corporate surplus. Dividends may be declared and paid in the corporation's own authorized but unissued shares out of any unreserved and unrestricted surplus, provided (1) in the case of par value shares, such shares shall be issued at not less than par value thereof and an amount equal to the aggregate par value of the shares issued as a dividend shall be transferred to stated capital from surplus; and (2) in the case of shares without par value, such shares shall be issued at such stated value as fixed by the board of directors and there shall be transferred from surplus to stated capital an amount equal to the stated value fixed for such shares and the amount per share so transferred shall be disclosed to the stockholders receiving the dividends.

Section 4 - Lost, Destroyed or Stolen Certificates.

A stockholder requesting the issuance of a stock certificate of the corporation in lieu of a lost, destroyed or stolen certificate shall promptly give notice to the corporation of such loss, destruction or theft, and publish in a newspaper of general circulation published in the County within which the corporation then has its principal place of business, a notice of such loss once a week for two successive weeks. Such stockholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the

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best of his knowledge and belief, and, second, proof of his having advertised the loss in a newspaper of general circulation, published in the County within which the corporation then has its principal place of business, once a week for two weeks. He shall also execute and deliver to the corporation a bond with good security in a penalty of unlimited amount conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

The corporation will issue the new stock certificate if the above requirements are completed before the corporation has notice that the certificate has been acquired by a bona fide purchaser.

The board of directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost, destroyed or stolen without requiring the publication of said notice or the giving of a bond.

#### ARTICLE VIII

##### FISCAL YEAR

The fiscal year of the corporation shall begin August 1st and end July 31st each year.

#### ARTICLE IX

##### MISCELLANEOUS

###### Section 1 - Voting Upon Stocks.

Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of

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such stock, and which, as the owner thereof, this corporation might have possessed and exercised if present. The board of directors by resolution may, from time to time, confer like powers upon any other person or persons.

Section 2 - Contracts with Directors and Officers.

No contract or other transaction between a corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if (1) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or (2) the fact of such relationship or interest is disclosed or known to the stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (3) the contract or transaction is fair and reasonable to the corporation.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

On any question involving the authorization, approval or ratification of any such contract or transaction, the names of those voting each way shall be entered on the record of their proceedings.

Section 3 - Indemnification of Directors and Officers.

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer,

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employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines, taxes and penalties and interest thereon, and amounts paid in settlement actually and reasonably incurred by him in connection with such action or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, that such person did have reasonable cause to believe that his conduct was unlawful.

The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding by or in the right of the corporation to procure judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter, including, but not limited to, taxes or any interest or penalties thereon, as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnify for such expenses which such court shall deem proper.

To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action or proceeding heretofore referred to, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses

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(including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Any indemnification provided for herein shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

Expenses (including attorneys' fees) incurred in defending a civil or criminal action or proceeding may be paid by the corporation in advance of the final disposition of such action or proceeding as authorized in the manner herein provided, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this section.

The indemnification provided for herein shall not be deemed exclusive of any other rights to which any stockholder or member may be entitled under any by-law, agreement, vote of stockholders, members or disinterested directors or otherwise, both as to action in his official capacity and as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

#### Section 4 - Keeping Books and Records.

The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its stockholders and board of directors; and shall keep at its principal office, or at the office of its transfer agent or registrar, a record of its stockholders, giving the names and addresses of all stockholders and the number and class of the shares held by each.

#### Section 5 - Inspection of Books and Records.

Any person who shall have been a holder of record of shares or of voting trust certificates therefor at least

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six months immediately preceding his demand or shall be the holder of record of, or the holder of record of voting trust certificates for, at least five percent (5%) of all the outstanding shares of the corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose its relevant books and records of accounts, minutes, and record of stockholders and to make extracts therefrom.

#### ARTICLE X

##### AMENDMENTS

The power to alter, amend or repeal the by-laws or adopt new by-laws, subject to repeal or alteration by action of the stockholders, shall be vested in the board of directors.

CERTIFICATE OF INCORPORATION  
OF

MIDWAY-TRISTATE CORPORATION

Under Section 402 of the Business Corporation Law

FIRST: The name of the Corporation (the "Corporation") shall be Midway-Tristate Corporation.

SECOND: The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the Business Corporation Law. The Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The office of the Corporation shall be located in New York County.

FOURTH: The aggregate number of shares which the Corporation shall have the authority to issue is Twenty Thousand (20,000), all of which shall consist of one class of common shares, one cent (\$.01) par value per share.

FIFTH: The Secretary of State is designated as the agent of the Corporation upon whom process against the

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corporation may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is c/o Scott L. Davis, Esq., The Selzer Group, Inc., 150 East 58th Street, 27th Floor, New York, New York 10155.

SIXTH: No holder of shares of the Corporation of any class shall have any preemptive right to subscribe for or purchase any: (a) shares of any class now or hereafter authorized or any notes, debentures, bonds or other securities convertible into shares; or (b) options or warrants evidencing rights to subscribe for the purchase of any such shares, notes, debentures, bonds, or securities, provided, however, the foregoing provision shall not be deemed to impair any conversion rights hereafter granted by the Corporation as permitted by law.

SEVENTH: By-laws may be adopted, amended or repealed by the Board of Directors by a vote of a majority of the Directors present at the time of such vote, if a quorum is present at such time.

EIGHTH: The personal liability of the Directors of the Corporation is hereby eliminated to the fullest extent permitted by the provisions of paragraph (b) of Section 402 of the Business Corporation Law of the State of New York, as the same may be amended and supplemented.

IN WITNESS WHEREOF, the undersigned, being the sole incorporator of the Corporation, has executed and subscribed this Certificate of Incorporation this 9<sup>th</sup> day of September, 1988 and affirms the contents thereof to be true under penalty of perjury.

/s/ Kathleen A. McEntyre

Kathleen A. McEntyre, Sole

Incorporator

805 Third Avenue

New York, New York 10022



BY-LAWS  
OF  
MIDWAY-TRISTATE CORPORATION  
(A New York Corporation)

ARTICLE I

Office

Section 1.1. Principal and Other Offices. The principal office of the Corporation shall be located in the City, County and State of New York. The Corporation may have offices at such other places within or without the State of New York or within or without the United States as the Board of Directors from time to time may designate or the business of the Corporation may require.

ARTICLE II

Shareholders

Section 2.1. Place of Meetings. Special and annual meetings of shareholders shall be held at the principal office of the Corporation or at such other place within or without the State of New York as fixed by the Board of Directors and set forth in the notice of the meeting.

Section 2.2. Annual Meetings. The annual meeting of shareholders shall be held for the election of directors and the transaction of such other business as properly may come before it at the time and on the 120th

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day of each year at ten o'clock in the morning, local time, if not a legal holiday and, if a legal holiday, on the next following business day not a legal holiday.

Section 2.3. Special Meetings. Special meetings of shareholders other than those regulated by statute may be called at any time by a majority of the members of the Board of Directors, the Chairman of the Board of Directors or the President and shall be called by any one of them or by the Secretary upon receipt of a written request to do so, specifying the matter or matters, appropriate for action at such a meeting proposed to be presented at the meeting and signed by holders of record of a majority of the shares of the Corporation issued and outstanding that would be entitled to vote on such matters if the meeting were held on the day such request is received and the record date for such meeting were the close of business on the preceding day. No business other than that specified in the notice of the meeting shall be transacted at any meeting of shareholders except with the unanimous consent of all shareholders entitled to notice thereof.

Section 2.4. Notices. Written notice of the annual meeting of shareholders stating the place, date and hour shall be given personally or by mail not less than ten (10) nor more than fifty (50) days before the date of the meeting to each shareholder entitled to vote at such

meeting. Written notice of each special meeting of shareholders stating the place, date and hour and indicating that it is issued by or at the direction of the person or persons calling the meeting and stating the purpose or purposes for which the meeting is called shall be given personally or by mail not less than ten (10) nor more than fifty (50) days before the date of the meeting to each shareholder entitled to vote at such meeting. Written notice of a meeting, if mailed, shall be deemed given when deposited in the United States mail, postage prepaid, and directed to a shareholder at his address as it appears on the record of shareholders. At any meeting at which any shareholders are present without protesting prior to the conclusion of the meeting the lack of notice of such meeting or of which shareholders not present have waived notice in writing, the giving of the notice specified above may be dispensed with.

Section 2.5. Quorum. Except as otherwise provided in the Certificate of Incorporation or as otherwise required by law, at any meeting of shareholders the holders of a majority of the shares entitled to vote thereat present in person or by proxy shall constitute a quorum for the transaction of any business; provided, however, when a specified item of business is required to be voted on by a class or series, voting as a class, the holders of

a majority of the shares of such class or series shall constitute a quorum for the transaction of such specified item of business. Once a quorum is present in person or by proxy to organize a meeting, such quorum shall not be broken by the subsequent withdrawal of any shareholders. Shareholders present in person or by proxy at any meeting may adjourn the meeting despite the absence of a quorum. At any adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally called.

Section 2.6. Voting. At every meeting of shareholders each shareholder shall be entitled to vote in person or by proxy appointed by a written instrument. Every shareholder of record shall be entitled to one vote for every share standing in his name on the record of shareholders on the record date. Except as otherwise provided in the Certificate of Incorporation and these By-Laws, all corporate action to be taken by vote of the shareholders shall be authorized by a majority of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon.

Section 2.7. Record Date. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment

thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the Board of Directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than fifty nor less than ten days before the date of such meeting, nor more than fifty days prior to any other action. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a shareholders' meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; the record date for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 2.8. Proxies. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent or action without a meeting may authorize another person or persons to act for him by proxy. Every proxy shall be in writing and shall be signed by the shareholder or his attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the

date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the option of the shareholder executing the proxy except as otherwise provided by law.

Section 2.9. Written Consents. Whenever under any provision of law, the Certificate of Incorporation or the By-Laws, shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent setting forth the action so taken signed by the holders of all outstanding shares entitled to vote thereon; provided, however, this provision shall not alter or modify any provision of law, the Certificate of Incorporation or the By-Laws under which the written consent of the holders of less than all outstanding shares is sufficient for corporate action.

Section 2.10. Shareholders' List. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or by a transfer agent, shall be produced at any meeting of shareholders upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear

from such list to be shareholders entitled to vote thereat may vote at such meeting.

### ARTICLE III

#### Directors

Section 3.1. Duties and Powers. The Board of Directors shall have control and management of the affairs and business of the Corporation. Directors in all cases shall act as a board, regularly convened. Except as otherwise provided by law or the Certificate of Incorporation, in the transaction of business the act of a majority of the directors present at the time of the vote at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.2. Qualifications. Each director shall be at least eighteen (18) years of age.

Section 3.3. Number. The number of directors constituting the entire board shall be three (3), except that where all the shares of the Corporation are owned beneficially and of record by less than three shareholders, the number may be less than three but not less than the number of shareholders of the Corporation.

Section 3.4. Election and Term. Directors shall be elected at each annual meeting of shareholders by a plurality of the votes cast at said meeting by the holders of shares entitled to vote in such an election. Each

director shall hold office until the expiration of the term for which he is elected and until his successor has been elected and qualified or he resigns or is removed.

Section 3.5. Meetings. The annual meeting of each newly elected Board of Directors shall be held at the place of the annual meeting of shareholders immediately following the annual meeting of shareholders for the purpose of electing officers and for the transaction of such other business as properly may come before the meeting. Regular meetings of the Board of Directors may be held without notice at such time and place as may be fixed by the Board of Directors. Special meetings of the Board of Directors shall be held upon notice to the members of the Board of Directors. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting of directors to another time and place.

Section 3.6. Quorum. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business or of any specified item of business. The vote of a majority of the Board of Directors present at the time of a vote, if a quorum is present at such time, shall be the act of the Board of Directors.

Section 3.7. Notices. The annual meeting of each newly elected Board of Directors and each regular meeting of the Board of Directors may be held without



notice to the directors. Special meetings of the Board of Directors shall be held upon written notice to the directors at the call of the President, the Secretary or any two or more directors. Notice of a special meeting of the Board of Directors shall state the place, date and hour of the meeting and shall indicate it is issued by or at the direction of the person or persons calling the meeting. Written notice to each director shall be given personally or by mail not less than ten (10) nor more than twenty (20) days before the date of the meeting. If given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid and addressed to each director at his address as it appears on the Corporation's records or at such other address as the director may have furnished the Corporation for that purpose.

Section 3.8. Newly Created Directorships and Vacancies. Except as otherwise provided by law, newly created directorships resulting from an increase in the number of members of the Board of Directors and vacancies occurring in the Board of Directors for any reason may be filled by vote of a majority of the directors then in office, although less than a quorum. A director elected to fill a vacancy shall be elected to hold office for the unexpired term of his predecessor and until his successor

has been elected and qualified or his resignation or removal.

Section 3.9. Removal. Any or all of the directors may be removed for cause or without cause by vote of the shareholders. If the Certificate of Incorporation provides for the election of directors by cumulative voting, then the removal of a director with or without cause may not be effected when the votes cast against the removal of the director would be sufficient to elect him if voted cumulatively at an election at which the same total number of votes were cast and the entire board was being elected.

Section 3.10. Resignation. Any director may resign at any time. A resignation shall be written and shall take effect at the time specified therein. If no time is so specified, a resignation shall take effect at the time of its receipt by the President or Secretary of the Corporation. The acceptance of a resignation shall not be necessary to make it effective. No resignation shall discharge any accrued obligation or duty of a director.

Section 3.11. Compensation. Directors, at such, shall not receive any salary for their services as directors. By resolution of the Board of Directors, a

fixed sum and expense of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors. Nothing contained in the By-Laws shall preclude any director from serving the Corporation in any capacity in addition to a director and receiving compensation therefor.

Section 3.12. Contracts or Other Transactions with Directors. No contract or other transaction between the Corporation and one or more of its directors or between the Corporation and any other corporation, firm, association or other entity in which one or more of its directors are directors or officers or have a substantial financial interest shall be either void or voidable for such reason alone or by reason alone that such director or directors are present at the meeting of the Board of Directors, or of a committee thereof, which approves such contract or transaction or by reason alone that his or their votes are counted for such purpose:

(a) If the fact of such common directorship, officership or financial interest is disclosed in good faith or known to the Board of Directors or committee and the Board of Directors or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested

director or directors or, if the votes of the disinterested directors are insufficient to constitute an act of the Board, by unanimous vote of the disinterested directors; or

(b) If such common directorship, officership or financial interest is disclosed in good faith or known to the shareholders entitled to vote thereon and such contract or transaction is approved by vote of the shareholders; or

(c) If the contract or transaction is fair and reasonable as to the Corporation at the time it is approved by the Board of Directors, a committee or the shareholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee which approves such contract or transaction.

Section 3.13. Chairman. At all meetings of the Board of Directors the Chairman of the Board of Directors, elected at the annual meeting of the Board of Directors, shall preside.

Section 3.14. Committees. The Board of Directors, by resolution adopted by a majority of the entire board, may designate from among its members an executive committee and other committees each consisting of three

(3) or more directors. Each committee shall serve at the direction and at the pleasure of the Board of Directors. To the extent provided in the resolution adopted by the Board of Directors, each committee may have all the authority of the Board of Directors except as prohibited by law.

Section 3.15. Written Consents. Any action required or permitted to be taken by the Board of Directors or any Committee thereof may be taken without a meeting if all the members of the Board of Directors or the Committee consent in writing to the adoption of a resolution authorizing the action.

Section 3.16. Participation by Telephone. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

#### ARTICLE IV

##### Officers

Section 4.1. Number. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer. Each officer shall be

elected by the Board of Directors. The Board of Directors may also elect a Chairman of the Board of Directors, a Comptroller, one or more Assistant Secretaries, one or more Assistant Treasurers and such other officers as it may from time to time deem appropriate.

Section 4.2. Election and Term. Each officer shall be elected or appointed by the Board of Directors to hold office until the meeting of the Board of Directors following the next annual meeting of shareholders. Each officer shall hold office for such term and until his successor is elected or appointed and qualified or until he resigns or is removed.

Section 4.3. Chairman of the Board of Directors. The Chairman of the Board of Directors, if such office be occupied, shall have such powers and duties as the By-Laws or the Board of Directors may from time to time prescribe.

Section 4.4. President. The President shall be the chief executive officer of the Corporation, and in general, shall supervise, manage and control the business and affairs of the Corporation subject to the control of the Board of Directors. He shall preside at all meetings of shareholders. He shall perform all duties customarily incident to the office of President. He also shall be an ex-officio member of all standing committees.

Section 4.5. Vice President. The Vice President, in the absence or disability of the President, shall perform the duties and exercise the powers of the President. The Vice President shall have such powers and shall perform such duties as may be delegated to him by the President or prescribed by the Board of Directors. If there is more than one Vice President, each Vice President shall have the powers and authority as prescribed by the President or Board of Directors.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and shareholders. He shall give or cause to be given notice of all meetings of directors and shareholders and all other notices required by law or the By-Laws. In the event of his absence or refusal to do so, any such notice may be given by any person so directed by the President or by the directors or by the shareholders upon whose request the meeting is called. He shall have charge of the corporate books and records. He shall have custody of the seal of the Corporation and shall affix the seal to all instruments requiring such seal when authorized by the directors or President and shall attest the same. In general, he shall perform all duties customarily incident to the office of Secretary.

Section 4.7. Treasurer. The Treasurer shall have custody of all valuable documents of the Corporation. He shall enter or cause to be entered in the books of the Corporation to be kept for the purpose, full and accurate accounts of all moneys received and paid out of account of the Corporation and, when required by the President or Board of Directors, shall render a statement of his accounts. He shall keep or cause to be kept such other books as will show a true record of the expenses, losses, gains, assets and liabilities of the Corporation. He at all reasonable times shall exhibit his books and accounts to any director of the Corporation upon application at the office of the Corporation during business hours. In general, he shall perform all duties customarily incident to the office of Treasurer.

Section 4.8. Resignation. Any officer may resign at any time. A resignation shall be written and shall take effect at the time specified therein. If no time is so specified a resignation shall take effect at the time of its receipt by the President or Secretary of the Corporation. The acceptance of a resignation shall not be necessary to make it effective. No resignation shall discharge any accrued obligation or duty of an officer.



Section 4.9. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors at any time with or without cause.

Section 4.10. Vacancies. If the office of any officer becomes vacant, the Board of Directors may appoint any qualified person to fill such vacancy. Any person so appointed shall hold office for the unexpired term of his predecessor and until his successor is elected or appointed and qualified or until he resigns or is removed.

## ARTICLE V

### Shares

Section 5.1. Shares. The shares of the Corporation shall be represented by a certificate or certificates, numbered consecutively, in such form as shall be approved by the Board of Directors. The certificates shall be signed by the Chairman of the Board of Directors or the President or Vice President and by the Secretary or Treasurer or Assistant Secretary or Assistant Treasurer of the Corporation. If such certificate is countersigned by (a) a transfer agent other than the Corporation or its employee, or (b) by a registrar other than the Corporation or its employee, the officers' signatures on the certificate may be facsimiles. Each certificate shall state upon the face thereof: (a) that the Corporation is formed under the laws of the State of New York; (b) the name of the

person or persons to whom issued; (c) the number and class of shares, and the designation of the series, if any, which such certificate represents; and (d) the par value of each share represented by such certificate or a statement that the shares are without par value. If the Corporation is authorized to issue shares of more than one class, each certificate representing shares shall set forth upon the face or back of the certificate, or shall state that the Corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, relative rights, preferences and limitations of the shares of each class authorized to be issued and, if the Corporation is authorized to issue any class of preferred shares in series, the designations, relative rights, preferences and limitations of each such series so far as the same have been fixed and the authority of the board to designate and fix the relative rights, preferences and limitations of other series.

Section 5.2. Lost, Destroyed and Stolen Certificates. Any person claiming a certificate representing shares to be lost, apparently destroyed or wrongfully taken shall execute an affidavit or affirmation of such fact, shall advertise the same in such manner as the Board of Directors may require, and shall give the Corporation

an indemnity bond in such form and with one or more sureties satisfactory to the Board in such amount as the Board of Directors may determine, which shall be at least double the par value of the shares represented by such certificate, to protect it or any person injured by the issue of the new certificate from any liability or expense which it or they may incur by reason of the original certificate remaining outstanding. Thereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost, destroyed or wrongfully taken if the claimant so requests prior to notice to the Corporation that the lost, apparently destroyed or wrongfully taken certificate has been acquired by a bona fide purchaser.

Section 5.3. Transfer. Shares of the Corporation shall be transferable only upon the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives. Upon any transfer, the old certificates duly endorsed or accompanied by evidence of succession, assignment or authority to transfer shall be surrendered to the Corporation by delivery thereof for cancellation to the person in charge of

the list of shareholders and the transfer books and ledgers or to such other person as the directors may designate. New certificates thereupon shall be issued. A record shall be made of each transfer. Whenever a transfer is made for collateral security, and not absolutely, such fact shall be expressed in the entry of the transfer on the record of shareholders of the Corporation. No shares will be transferred on the books of the Corporation in violation of a share transfer restriction imposed by the Corporation or a private share transfer restriction known to the Corporation and conspicuously endorsed on the share certificate.

Section 5.4 Record. The Corporation shall keep its office in this state or at the office of the transfer agent or registrar in this state, a record containing the names and addresses of all shareholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof in written form or in any other form capable of being converted into written form within a reasonable time. The Corporation shall be protected in treating the persons in whose names shares stand on the record of shareholders as the owners thereof for all purposes.

## ARTICLE VI

### Miscellaneous

Section 6.1. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6.2. Dividends. The Board of Directors may declare and the Corporation may pay, on its outstanding shares, dividends in cash or its shares or bonds or its property, including the shares or bonds of other corporations. Such dividends may be declared or paid out of surplus only and upon such terms and conditions as may be provided by the Certificate of Incorporation or by law. Before the declaration and payment of any dividend, there may be set aside out of the surplus available for dividends such sum or sums as the directors, from time to time, in their absolute discretion deem proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purposes as the directors shall deem conducive to the interests of the Corporation.

Section 6.3. Seal. The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal" and "New York". The seal shall

be in the charge of the Secretary. If and when so directed by the Board of Directors or the President, a duplicate of the seal may be kept and used by the Secretary or Treasurer. The seal may be used by causing it or a facsimile thereof to be affixed or impressed or reproduced in any other manner.

Section 6.4. Notices and Waivers. Whenever communication with any shareholder or director is unlawful under any statute of the State of New York or of the United States or any such statute, then the giving of such notice or communication to such person shall not be required and there shall be no duty to apply for license or other permission to do so. Notice of a meeting shall not be required to be given to any shareholder who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. The attendance of any shareholder at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting shall constitute a waiver of notice by him. Notice of a meeting shall not be required to be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him. Waiver of notice

shall not be required to specify the purpose of any regular or special meeting of the board.

Section 6.5. Obligations. All obligations of the Corporation shall be signed by such officers of the Corporation or by such other person or persons as may be authorized by the Board of Directors.

Section 6.6. Indemnification. The Corporation shall indemnify all members of the Board of Directors, and such officers or employees of the Corporation as the Board of Directors shall authorize by specific resolution, to the maximum extent permitted by law.

## ARTICLE VII

### Amendment and Repeal

Section 7.1. Amendment and Repeal. By-Laws may be amended, repealed or adopted at any meeting of shareholders; or at any meeting of the Board of Directors.

**AMENDED AND RESTATED  
SECTION 2.1 OF THE  
AMENDED AND RESTATED BYLAWS  
OF  
MIDWAY TRISTATE CORPORATION  
AS ADOPTED AND APPROVED  
BY THE SHAREHOLDERS  
ON JULY 2, 2004**

Section 2.1 *Directors' Role, Number of Directors and Term of Office.* Except as provided by New York Law, the Certificate of Incorporation or these By-Laws, the business of the Corporation shall be managed under the direction of its Board of Directors. The number of directors constituting the Board of Directors shall be not less than three, nor more than five. As used in these By-Laws, "entire Board of Directors" means the total number of Directors the Corporation would have if there were no vacancies. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 2.11 herein, and each director shall hold office until the expiration of the term for which he or she is elected and until his or her successor shall have been duly elected and shall have qualified. Any director may be removed in accordance with the provisions of the Shareholders' Agreement dated as of the Effective Date of these By-Laws, as such agreement may be amended. No decrease in the number of directors shall shorten the term of any incumbent director.

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**AMENDED AND RESTATED BY-LAWS**  
**OF**  
**MIDWAY-TRISTATE CORPORATION**

ARTICLE 1

Shareholders

SECTION 1.1 *Time and Place of Meetings*. All meetings of shareholders of Midway-Supply Corporation (the “Corporation” or the “Company”) shall be held at such place, either within or outside of the State of New York, on such date and at such time as may be determined from time to time by the Board of Directors or the Chairman in the absence of a designation by the Board of Directors.

SECTION 1.2 *Annual Meetings*. Annual meetings of shareholders shall be held to elect the Board of Directors and transact such other business as may properly be brought before the meeting.

SECTION 1.3 *Special Meetings*. Special meetings of the shareholders may be called by the President, the Board of Directors or the Chairman of the Board of Directors and shall be called by the President or the Secretary at the request in writing of holders of record of twenty percent (20%) of the outstanding capital stock of the Corporation entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

SECTION 1.4 *Notice of Meetings and Adjourned Meetings; Waivers of Notice*. (a) Subject to the provisions of Section 1.7, whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called and that it is being issued by or at the direction of the person or persons calling the meeting. Unless otherwise provided by the Business Corporation Law of the State of New York as the same exists or may hereafter be amended (“**New York Law**”), such notice shall be given not fewer than 10 nor more than 60 days before the date of the meeting to each shareholder of record entitled to vote at such meeting. Unless these By-Laws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting.

(b) A written waiver of any such notice signed by the person entitled

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thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting and protests prior to the conclusion of the meeting the lack of notice of such meeting.

(c) Written notice to each shareholder shall be given personally, by overnight courier, by first class mail or by facsimile transmission and shall be deemed to have been received (i) if delivered by hand, on the date of delivery; (ii) if transmitted by Federal Express or similar overnight courier service, one day after transmission; (iii) if mailed by United States mail, postage prepaid, two days after deposit in such mails; or (iv) if transmitted by facsimile prior to 5:30 p.m. on any business day, on the date of such transmission. Notices shall be addressed to each shareholder at the shareholder's address or facsimile number as it appears on the Corporation's records or to such other address as the shareholder may have furnished the Corporation for such purpose.

SECTION 1.5 *Quorum*. (a) Unless otherwise provided under the Certificate of Incorporation or these By-Laws and subject to New York Law, the presence, in person or by proxy, of the holders of sixty percent (60%) of the outstanding shares of the class or classes of capital stock of the Corporation entitled to vote at a meeting of shareholders shall constitute a quorum for the transaction of business, except that as to any action required to be taken by shareholders voting separately as a class or classes sixty percent (60%) of the shares entitled to vote separately as one class shall constitute a quorum of that class and may act separately whether or not a quorum of another class or classes be present.

(b) Notwithstanding the foregoing, except as otherwise provided herein or in the Certificate of Incorporation, with respect to any decision regarding the Supermajority Actions set forth in Section 1.6(b), quorum shall consist of the holders of at least 75% of the outstanding shares of capital stock entitled to vote thereon present in person or by proxy at a meeting.

SECTION 1.6 *Voting*. (a) Unless otherwise provided in the Certificate of Incorporation or the Bylaws and subject to New York Law, each shareholder shall be entitled to one vote for each outstanding share of capital stock of the Corporation standing in the shareholder's name on the stock books of the Corporation. Unless otherwise provided by New York Law, the Certificate of Incorporation or these By-Laws, the affirmative vote of sixty percent (60%) of the votes cast at a meeting of shareholders by the holders of shares entitled to vote thereon shall be the act of the shareholders.

(b) Notwithstanding the foregoing, except as otherwise provided herein or in the Restated Certificate or Restated Bylaws, any decisions with respect to the following actions (the "Supermajority Actions") of the shareholders of the Company shall require the affirmative vote of at least 75% of the outstanding shares of capital stock entitled to vote thereon:

- (i) merger, consolidation or other business combination of the Company;
- (ii) sale, lease, exchange or other disposition of all or substantially all of the assets of the Company;
- (iii) dissolution of the Company; and
- (iv) the adoption of any resolution proposing an amendment, restatement or repeal of the By-Laws or Certificate of Incorporation.

(c) Each shareholder entitled to vote at a meeting of shareholders or to express consent or dissent to a corporate action without a meeting may authorize another person or persons to act for him or her by proxy executed in writing by the shareholder or by the shareholder's duly authorized attorney, but no such proxy shall be voted or acted upon after 11 months from its date, unless the proxy provides for a longer period.

SECTION 1.7 *Action by Consent.* Unless otherwise provided in the Certificate of Incorporation, any action required to be taken or which may be taken at any annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, in accordance with the provisions of Section 615 of the New York Law.

SECTION 1.8 *Organization.* At each meeting of shareholders, the Chairman of the Board of Directors, if one shall have been elected (or in his or her absence or if one shall not have been elected, the President) shall act as chairman of the meeting. The Secretary (or in his or her absence or inability to act, the person who the chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

SECTION 1.9 *Order of Business.* The order of business at all meetings of shareholders shall be as determined by the chairman of the meeting.

## ARTICLE 2

### Directors

SECTION 2.1 *Directors' Role, Number of Directors and Term of Office.* Except as provided by New York Law, the Certificate of Incorporation or these By-Laws, the business of the Corporation shall be managed under the direction of its Board of Directors. The number of directors constituting the Board of Directors shall be fixed from time to time by resolution of 75% of the entire Board of Directors, but shall not be less than six. Until so fixed, the number of directors constituting the Board of Directors shall be six. As used in these By-Laws, "entire Board of Directors" means the total number of Directors which the Corporation would have if there were no vacancies. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 2.10 herein, and each director shall hold office until the expiration of the term for which he or she is elected and until his or her successor shall have been duly elected and shall have qualified. Any director may be removed in accordance with the provisions of the Shareholders Agreement dated as of the Effective Date of these By-Laws, as such agreement may be amended. No decrease in the number of directors shall shorten the term of any incumbent director.

SECTION 2.2 *Quorum and Manner of Acting; Adjournment.* (a) Unless the Certificate of Incorporation, these By-Laws or New York Law requires a greater number, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the vote of a majority of the entire Board of Directors, if a quorum is present, shall be the act of the Board of Directors. A majority of the directors present at a meeting, whether or not a quorum is present, may adjourn any meeting to another time or place. Notice of any adjournment shall be given to the directors who were not present at the time of the adjournment and need not be given to the directors present at the time of the adjournment if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting.

(b) Notwithstanding subparagraph (a) above, for the following actions, a quorum shall consist of at least 75% of the entire Board of Directors and any decisions with respect to any such actions shall require the affirmative vote of 75% of the entire Board of Directors at a meeting at which quorum is present (the phrase "entire Board of Directors" as used in these By-Laws, shall mean the entire Board of Directors assuming all vacancies are filled).

- (i) merger, consolidation or other business combination of the Company;
- (ii) sale, lease, exchange or other disposition of all or substantially all of the assets of the Company;

(iii) the adoption of any resolution proposing an amendment, restatement or repeal of the Certificate of Incorporation or By-Laws of the Company.

(iv) the dissolution of the Company;

(v) the declaration or payment of dividends or other distribution on any of the capital stock of the Company (other than dividends payable pursuant to the terms of the Series A 10% Cumulative Preferred Stock);

(vi) the issuance or sale of additional shares of capital stock of the Company or securities convertible or exchangeable into or rights to acquire additional capital stock of the Company (other than pursuant to the Company's Stock Option Plan as in effect on the date hereof);

(vii) the subdivision, split or reverse split, combination or reclassification of the Shares;

(viii) the redemption or other purchase of capital stock of the Company; and

(ix) the execution and delivery by the Company, or the modification, amendment or cancellation, of any agreement between the Company and any one or more of the Company's directors, officers or shareholders or their respective affiliates.

**SECTION 2.3 *Time and Place of Meetings; Notice.*** The Board of Directors shall hold its meetings at such place, either within or outside of the State of New York, and at such time, as may be determined from time to time by the Board of Directors. Notice of any special meeting of the Board of Directors may be served not less than one day before the date and time fixed for such meeting, stating the time and place thereof. Written notice to each director shall be given personally, by overnight courier, by first class mail or by facsimile transmission and shall be deemed to have been received (i) if delivered by hand, on the date of delivery; (ii) if transmitted by Federal Express or similar overnight courier service, one day after transmission; (iii) if mailed by United States mail, postage prepaid, two days after deposit in such mails; or (iv) if transmitted by facsimile (confirmation received) prior to 5:30 p.m. on any business day, on the date of such transmission. Notices shall be addressed to each director at the director's address or facsimile number as it appears on the Corporation's records or to such other address as the director may have furnished the Corporation for such purpose.

**SECTION 2.4 *Regular Meetings.*** The Board of Directors shall hold regular meetings at such times and at such places as the Board of Directors may prescribe from time to time. All meetings shall be held at such time on such dates as the Board of Directors may designate, except that a regular meeting of the Board of Directors shall be held following the

adjournment of and on the same date as the annual meeting of shareholders and at such meeting the Board of Directors may elect or appoint officers of the Corporation. No notice shall be required of a regular meeting if the time and place of such meetings are fixed by the Board of Directors.

SECTION 2.5 *Special Meetings*. Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or the President. The Secretary shall call special meetings of the Board of Directors when requested in writing by any three directors.

SECTION 2.6 *Telephonic Meetings*. Any one or more members of the Board of Directors or any committee of the Board of Directors may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

SECTION 2.7 *Committees*. The Board of Directors may, by resolution adopted by a majority of the entire Board of Directors, designate from among its members an executive committee and other committees, each committee to consist of one or more of the directors, and each of which, to the extent provided in the resolution or in the Certificate of Incorporation or these By-Laws, shall have all the authority of the Board of Directors, except as restricted by New York Law. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent member or members at any meeting of the committee. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

SECTION 2.8 *Action by Consent*. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken by the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board of Directors or committee, as the case may be, shall be filed with the minutes of proceedings of the Board of Directors or committee.

SECTION 2.9 *Waiver of Notice*. Whenever under the provisions of these By-Laws or New York Law, the Board of Directors or any Committee is authorized to take any action after notice or after lapse of a prescribed period of time, such action may be taken without notice and without the lapse of any period of time, if such action be authorized or approved and the requirements waived by each member entitled to notice. Such authorization or approval and such waiver shall be filed with the Secretary of the Company.

SECTION 2.10 *Resignation*. Any director may resign at any time by giving written notice to the Board of Directors or to the Secretary of the Corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be

specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 2.11 *Vacancies*. Newly created directorships resulting from an increase in the number of directors may be filled by vote of the directors. If the number of directors then in office is less than a quorum, such newly created directorships and vacancies may be filled by vote of a majority of the directors then in office. Vacancies occurring in the Board of Directors by any other reason (including removal, resignation, death or legal incompetency) may be filled only in accordance with the Shareholders' Agreement dated as of the Effective Date of these Restated By-Laws, as such agreement may be amended (the "Shareholder Agreement").

SECTION 2.12 *Removal*. Any director or the entire Board of Directors may be removed, in accordance with the Shareholder's Agreement and the vacancies thus created may be filled in accordance with the Shareholder's Agreement.

SECTION 2.13 *Compensation*. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

## ARTICLE 3

### Officers

SECTION 3.1 *Principal Officers*. The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Treasurer and a Secretary. The Corporation may also have such other principal officers, including a Chairman of the Board of Directors and one or more Controllers, as the Board of Directors may in its discretion appoint. Any two or more offices may be held by the same person.

SECTION 3.2 *Election, Term of Office and Remuneration*. The principal officers of the Corporation shall be elected or appointed by the Board of Directors at the meeting thereof following the annual meeting of shareholders. Each such officer shall hold office for the term for which he or she is elected or appointed, and until his or her successor has been elected or appointed and qualified, or until his or her earlier death, resignation or removal. The remuneration of all officers of the Corporation shall be fixed by the Board of Directors. Any vacancy in any office shall be filled in such manner as the Board of Directors shall determine.

SECTION 3.3 *Subordinate Officers*. In addition to the principal officers enumerated in Section 3.1, the Corporation may have one or more Assistant Treasurers, Assistant Secretaries and Assistant Controllers and such other subordinate officers, agents or employees as the Board of Directors may deem necessary, each of whom shall hold office for such period as

the Board of Directors may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

SECTION 3.4 *Removal*. Except as otherwise permitted with respect to subordinate officers, any officer may be removed, with or without cause, at any time, by resolution adopted by the Board of Directors.

SECTION 3.5 *Resignations*. Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.6 *Powers and Duties*. The officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them by the Board of Directors.

SECTION 3.7 *The Chairman of the Board*. The Chairman of the Board of Directors if there be one, or in the absence of the Chairman, the Vice Chairman of the Board of Directors, shall preside at all meetings of the shareholders and of the Board of Directors and shall perform such other duties as may from time to time be requested by the Board of Directors.

SECTION 3.8 *The President*. Unless a separate Chief Executive Officer is appointed, the President shall be the Chief Executive Officer of the Corporation and shall have general supervision over the business and operations of the Corporation, subject however, to the control of the Board of Directors. The President shall sign, execute, and acknowledge, in the name of the Corporation, deeds, mortgages, contracts or other instruments authorized by the Board of Directors, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors, or by these By-Laws, to some other officer or agent of the Corporation; and, in general, shall perform all duties incident to the office of President and such other duties as from time to time may be assigned by the Board of Directors.

SECTION 3.9 *The Secretary*. The Secretary or an Assistant Secretary shall attend all meetings of the shareholders and of the Board of Directors and shall record all votes of the shareholders and of the directors and the minutes of the meetings of the shareholders and of the Board of Directors and of committees of the Board of Directors in a book or books to be kept for that purpose; shall see that notices are given and records and reports properly kept and filed by the Corporation as required by law; shall be the custodian of the seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal; and, in general, shall perform all duties incident to the office of Secretary, and such other duties



as may from time to time be assigned by the Board of Directors or the President.

SECTION 0.1 *The Treasurer*. The Treasurer or an Assistant Treasurer shall have or provide for the custody of the funds or other property of the Corporation; shall collect and receive or provide for the collection and receipt of moneys earned by or in any manner due to or received by the Corporation; shall deposit all funds in his or her custody as Treasurer in such banks or other places of deposit as the Board of Directors may from time to time designate; shall, whenever so required by the Board of Directors, render an account showing all transactions as Treasurer and the financial condition of the Corporation; and, in general, shall discharge such other duties as may from time to time be assigned by the Board of Directors or the President.

#### ARTICLE 4.

##### Capital Stock

SECTION 4.1 *Certificates for Shares*. Certificates for shares of stock of the Corporation certifying the number of shares represented thereby shall be issued to each shareholder in such form not inconsistent with the Certificate of Incorporation as shall be approved by the Board of Directors. Such certificates shall be numbered and registered in the order in which they are issued, shall be signed by the President or any Vice President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Corporation. All certificates exchanged or returned to the Corporation shall be canceled.

SECTION 4.2 *Transfer of Shares of Stock*. Transfers of shares shall be made only upon the books of the Corporation upon surrender of the certificate or certificates representing such shares properly assigned. Whenever any transfer of shares shall be made for collateral security, it shall be so expressed in the entry of the transfer. The Board of Directors shall have power to make such rules and regulations, not inconsistent with New York Law and the Certificate of Incorporation, as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of stock of the Corporation.

SECTION 4.3 *Lost, Stolen, Mutilated or Destroyed Certificates*. As a condition to the issue of a new certificate of stock in place of any certificate theretofore issued and alleged to have been lost, stolen, mutilated or destroyed, the Board of Directors, in its discretion, may require the owner of such certificate, or its legal representative, to give the Corporation a bond in such sum as it may direct to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft, mutilation or destruction of such certificate or the issuance of a new certificate. Proper and legal evidence of such loss, theft, mutilation or destruction shall be procured for the Board of Directors, if required.

SECTION 4.4 *Closing of Transfer Books; Determination of Record; Date*. Unless otherwise provided by New York Law or by the Certificate of Incorporation, for the

purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purposes of any other action, the Board of Directors may fix, in advance, a date, as the record date for any such determination of shareholders, not more than 60 nor less than 10 days prior to the date of such meeting, nor more than 60 days prior to any other action.

## ARTICLE 5.

### Indemnification

SECTION 5.1 *Indemnification of Directors and Officers.* To the fullest extent permitted by New York Law, the Corporation shall indemnify any person who is or was made or threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including any action by or in the right of the Corporation to procure a judgment in its favor and an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other entity, which any director or officer of the Corporation is serving, has served or has agreed to serve in any capacity at the request of the Corporation, by reason of the fact that such person or such person's testator or intestate is or was or has agreed to become a director or officer of the Corporation, or is or was serving or has agreed to serve such other corporation, partnership, joint venture, trust, employee benefit plan or entity in any capacity, against judgments, fines, amounts paid or to be paid in settlement, taxes or penalties, and costs, charges and expenses, including attorney's fees, incurred in connection with such action or proceeding or any appeal therein; provided that:

(a) no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer establishes that (i) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled; and

(b) the Corporation may in its discretion, but shall have no obligation to, provide any indemnification with respect to any conduct, act or omission occurring prior to the Effective Date.

SECTION 5.2 *Reimbursement and Advances.* The Corporation shall, from time to time, reimburse or advance to any person referred to in Section 5.1 herein the funds necessary for payment of expenses (including attorneys' fees, costs and charges) incurred in connection with any action or proceeding referred to in Section 5.1 herein, upon receipt of a written undertaking by or on behalf of such person to repay such amount(s) if a judgment or other final

adjudication adverse to such person establishes that (i) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. Nothing contained in this Section 5.2 herein shall limit the right of the Corporation, from time to time, to reimburse or advance funds to any person referred to in Section 5.1 herein.

SECTION 5.3 *Continuity of Rights*. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 5 shall: (i) apply with respect to acts or omissions occurring prior to the adoption of this Article 5 to the fullest extent permitted by law, and (ii) survive the full or partial repeal or restrictive amendment hereof with respect to events occurring prior thereto.

SECTION 5.4 *Non-Exclusivity*. Nothing contained in this Article 5 shall limit the right to indemnification and advancement of expenses to which any person would be entitled by law in the absence of this Article 5, or shall be deemed exclusive of any other rights to which such person seeking indemnification or advancement of expenses may have or hereafter may be entitled under law, any provision of the Certificate of Incorporation or By-Laws, any agreement approved by the Board of Directors, or a resolution of shareholders or directors; and the adoption of any such resolution or entering into of any such agreement approved by the Board of Directors is hereby authorized.

## ARTICLE 6.

### Miscellaneous

Section 6.1 *Dividends*. Subject to limitations contained in New York Law and the Certificate of Incorporation, the Board of Directors may declare and pay dividends upon the shares of capital stock of the Corporation, which dividends may be paid either in cash, in property or in shares of the capital stock of the Corporation.

SECTION 6.2 *Fiscal Year*. The fiscal year of the Corporation shall be determined, from time to time, by the Board of Directors. Unless otherwise determined, it shall commence on August 1 and end on July 31 of each year.

SECTION 6.3 *Corporate Seal*. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, New York." The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

SECTION 6.4 *Voting of Stock Owned by the Corporation*. The Board of Directors may authorize any person, on behalf of the Corporation, to attend, vote at and grant

proxies to be used at any meeting of shareholders of any corporation (except this Corporation) in which the Corporation may hold stock.

SECTION 6.5 *Amendments*. (a) These By-Laws may be altered, amended or repealed by shareholders at any annual meeting, or at any special meeting called for that purpose, by the vote of holders of record of seventy-five percent (75%) of the shares of the stock entitled to vote thereon.

(b) These By-Laws may be altered, amended or repealed at any regular or special meeting of the Board of Directors by the vote of 75% of the entire Board of Directors. Any By-Laws made by the Board of Directors may be altered, amended or repealed by the shareholders at any annual meeting, or at any special meeting called for that purpose, by the vote of holders of record of seventy-five percent (75%) of the outstanding shares of the stock entitled to vote thereon.

SECTION 6.6 *Effective Date*. These amended and restated bylaws, and each of the provisions, rights and obligations therein, shall become effective as of December 18, 1998 (the "Effective Date").

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State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 09:42 PM 12/11/2007  
FILED 07:00 PM 12/11/2007  
SRV 071310491 – 4471792 FILE

STATE of DELAWARE  
CERTIFICATE of INCORPORATION  
A STOCK CORPORATION

- **First:** The name of this Corporation is MRM West Virginia Management Company.
- **Second:** Its registered office in the State of Delaware is to be located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware, 19801. The registered agent in charge thereof is The Corporation Trust Company.
- **Third:** The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- **Fourth:** The amount of the total stock this corporation is authorized to issue is One Hundred (100) shares, with a par value of One Dollar (\$1.00) per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:

Name: H. B. Wehrle, III  
Mailing Address: 835 Hillcrest Drive  
Charleston, West Virginia 25311

I, the undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 11 day of December, A.D. 2007.

By: /s/ H. B. Wehrle, III  
(Incorporator)  
Name: H. B. Wehrle, III

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*State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 11:54 AM 12/29/2008  
FILED 11:54 AM 12/29/2008  
SRV 081232382 – 4471792 FILE*

**STATE OF DELAWARE  
CERTIFICATE OF AMENDMENT  
OF CERTIFICATE OF INCORPORATION**

MRM West Virginia Management Company, a corporation organized and existing under any by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of MRM West Virginia Management Company resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered First so that, as amended said Article shall be and read as follows:

“First: The name of this Corporation is MRC Management Company.”

SECOND: That Thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held and upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 23<sup>rd</sup> day of December, 2008.

By: /s/ Andrew Lane  
Andrew Lane  
Its: President and Chief Executive Officer

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**STATE OF DELAWARE**  
**CERTIFICATE OF AMENDMENT**  
**OF CERTIFICATE OF INCORPORATION**

MRM West Virginia Management Company, a corporation organized and existing under any by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of MRM West Virginia Management Company resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered First so that, as amended said Article shall be and read as follows:

“First: The name of this Corporation is MRC Management Company.”

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held and upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 23<sup>rd</sup> day of December, 2008.

By: /s/ Andrew Lane

Andrew Lane

Its: President and Chief Executive Officer

BYLAWS  
OF  
MRC MANAGEMENT COMPANY  
formerly known as  
MRM WEST VIRGINIA MANAGEMENT COMPANY

ARTICLE I. OFFICES

The principal office of the corporation in the State of Delaware shall be located in the City of Wilmington, County of New Castle. The corporation may have such other office or offices, and transact business, either within or without the State of Delaware, as the board of directors may designate or as the business of the corporation may require from time to time.

ARTICLE II. SHAREHOLDERS

SECTION 1. Annual Meeting. The annual meeting of the shareholders shall be held on the third Thursday in the month of April, in each year, beginning with the year 2008, at the hour of 10:00 o'clock A.M., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Delaware, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for an annual meeting of the shareholders, or at any adjournment thereof, the board of directors shall cause the election to be held at an annual meeting of the shareholders as soon thereafter as conveniently may be held.

SECTION 2. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by and at the request of the holders of not less than ten percent (10%) of all the outstanding shares of the corporation entitled to vote at the meeting.

SECTION 3. Place of Meeting. The board of directors may designate in a notice, or in a waiver of notice of a meeting signed by all shareholders entitled to vote at a meeting, unless otherwise prescribed by statute, any place, either within or without the State of Delaware unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal office of the corporation in the State of Delaware.

SECTION 4. Notice of Meeting. Written notice stating the place, if any, day and hour of the meeting, the means of remote communications, if any, by which shareholders and proxy holders may be deemed to be present in person and vote at such meeting and, in the case

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of a special meeting, the purpose or purposes for which the meeting is called shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

When a meeting is adjourned to another time or place, unless the bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 5. Written Agreement in Lieu of Meeting. Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such shareholders may be dispensed with if all of the shareholders who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all shareholders entitled to vote at a meeting of such shareholders duly called and legally held.

SECTION 6. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 7. Voting Lists. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete list of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open to the examination of any shareholder at least ten (10) days prior to the date of the meeting and at the place of the meeting and shall be subject to the inspection of any shareholder.

SECTION 8. Quorum. At all meetings of the shareholders, a quorum of the shareholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders.

If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 9. Organization. The president shall call meetings of the shareholders to order and shall act as chairman of such meeting. The shareholders present may appoint any shareholder to act as chairman of any meeting in the absence of the president or with his consent if present.

The secretary of the corporation shall act as secretary of all meetings of the shareholders. In the absence of the secretary at any such meeting, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

SECTION 10. Voting. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates, and the directors shall not be elected in any other manner, except as provided in Article III, Section 2, of the bylaws.

Except as otherwise provided in the preceding paragraph, or in the Articles of Incorporation of the corporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

SECTION 11. Proxies. At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the

meeting. No proxy shall be valid after three (3) years from the date of its execution, unless otherwise provided in the proxy.

SECTION 12. Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe, or, in the absence of such provisions, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

### ARTICLE III. BOARD OF DIRECTORS

SECTION 1. Powers, Qualifications, Number and Term of Office. The business and property of the corporation shall be managed and controlled by the board of directors to be elected at each regular annual meeting of the corporation. The number of directors of the corporation shall be the number elected by the shareholders at each annual meeting, but may be more in the interim between such annual meetings as determined by a vote of the existing directors from time to time. Each director shall hold office from the time of his election until the next regular annual meeting of the shareholders of the corporation, or until his successor is elected and qualified, or until he is removed by a vote of the stockholders. No director need be a resident of the State of Delaware or a shareholder of the corporation in order to hold said office.

SECTION 2. Vacancies. Any vacancies existing in the board of directors and any directorship to be filled by reason of an increase in the number of directors unless the Articles of Incorporation or bylaws provide that a vacancy shall be filled in some other manner, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 3. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than these bylaws immediately after, and at the same place as, the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place for the holding of additional regular meetings without other notice than such resolution.

SECTION 4. Special Meetings. Special meetings of the board of directors may be called by or at the request of the president or not less than ten percent (10%) of the existing directors. The person or persons authorized to call special meetings of the board of directors may fix the place for holding any special meeting of the board of directors called by them.

SECTION 5. Notice. No notice shall be required of the regular meeting of the board of directors. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his last known address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting.

SECTION 6. Written Agreement in Lieu of Meeting. Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall consent and agree in writing to such corporate action being taken, and such agreement (which shall set forth the action so taken and be signed by all of the directors) shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

SECTION 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

SECTION 8. Quorum. A majority of the number of directors fixed by Section 1 of this Article III shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time and place to place without further notice and until a quorum is present.

SECTION 9. Presiding Officer; Recording Officer. At all meetings of the board of directors, the president or a vice president, or in the absence of them, any director elected by the directors present, shall preside. The secretary or any person appointed by the directors present, shall keep a record of the proceedings. The records shall be verified by the signature of the person acting as chairman of the meeting.

SECTION 10. Compensation. By resolution of the board of directors, each director may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board of directors or both. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

SECTION 11. Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 12. Ratification by Shareholders. The board of directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the shareholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting, providing only that a quorum of the shareholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every shareholder of the corporation.

SECTION 13. General Powers. The board of directors shall elect the officers hereinafter provided for in Article IV, Section 1 of these bylaws, and in case of the absence of the president and/or the vice president, the board may appoint a president pro tempore who for the time shall discharge the official duties of the president, and the board of directors shall determine what is such absence as will justify the election of the president pro tempore.

The board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the board of directors, except in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, or amending the bylaws of the corporation. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

SECTION 14. Removal. At a meeting of shareholders called expressly for that purpose, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him.

#### ARTICLE IV. OFFICERS

SECTION 1. Number. The officers of the corporation shall be a president, one or more vice-presidents, a chief financial officer, and a secretary, each of whom shall be elected by

the board of directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the board of directors.

One person may hold more than one office. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or the bylaws to be executed, acknowledged and verified or countersigned by two or more officers.

SECTION 2. Election and Term of Office. The officers of the corporation to be elected by the board of directors shall be elected annually by the board of directors at the annual meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

None of the directors or officers of the corporation need be shareholders. All appointees, agents, and employees, other than officers, shall hold office at the discretion of the president.

SECTION 3. Removal. Any officer or agent may be removed by the board of directors whenever in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors at a special meeting for the unexpired portion of the term.

SECTION 5. President. The president shall be the principal executive officer of the corporation and, subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present, preside at all meetings of the shareholders and of the board of directors. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of the president and such other duties as may be prescribed by the board of directors from time to time.

SECTION 6. Vice President. Each vice president, shall, concurrently with the president, but subject to his superior right and authority, have all the right, power and authority to perform all the duties of the president of the corporation. In the absence of the president or in event of his death, inability or refusal to act, the senior vice president, if any, as designated by the board of directors prior to such absence of the president, shall perform the duties of the president until such time as the board of directors may appoint a successor president pursuant to

Section 4, above, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Each vice president shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 7. Secretary. The secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 8. Chief Financial Officer. The chief financial officer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these bylaws; (c) keep accurate accounts, in such form as may be approved by the board of directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year; (d) whenever required by the president, the vice president, or by the board of directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation; and (e) in general perform all of the duties as from time to time may be assigned to him by the president or by the board of directors. If required by the board of directors, the chief financial officer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

SECTION 9. General Provisions. All books, records and files of the corporation shall at all times be open to the inspection of the president, the vice president, and the board of directors.

Any or all of the officers shall give such bond or bonds for the faithful discharge of their respective duties in such sum or sums as and when the board of directors may from time to time in its discretion require.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

SECTION 10. Salaries. The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

## ARTICLE V. CONTRACTS AND ACCOUNTS

SECTION 1. Receipts. The president, vice president, secretary and chief financial officer are each authorized to receive and receipt for all moneys due and payable to the corporation from any source whatsoever, and to endorse for deposit checks, drafts, and other money orders in the name of the corporation or on its behalf, and to give full discharge and receipt therefore.

SECTION 2. Contracts. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 3. Loans. No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

SECTION 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the board of directors may select.

SECTION 5. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

## ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the board of directors. Such certificates shall be signed by the president and by the secretary or by such other officers authorized by law and by the board of directors so to do, and sealed with the corporate seal or a facsimile thereof. The signatures of the president or vice president and the secretary or assistant secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued pursuant to Section 4 of this Article.



SECTION 2. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of title certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

SECTION 3. Dividends. Dividends may be declared by the board of directors, from time to time, and paid in cash or property only out of (1) the surplus of the corporation, as determined in accordance with §§154 and 244 of the Delaware General Corporate Law, or (2) in case there shall be no such surplus, out of the corporation's net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If the dividend is to be paid in shares of the corporation's theretofore unissued capital stock, the board of directors shall by resolution, direct that there be designated as capital in respect of such shares an amount which is not less than the aggregate par value of par value shares being declared as a dividend and, in the case of shares without par value being declared as a dividend, such amount as shall be determined by the board of directors. No such designation as capital shall be necessary if shares are being distributed by a corporation pursuant to split-up or division of its stock rather than as payment of a dividend declared payable in stock of the corporation.

SECTION 4. Lost, Destroyed or Stolen Certificates. A shareholder requesting the issuance of a stock certificate of the corporation in lieu of a lost, destroyed or stolen certificate shall promptly give notice to the corporation of such loss, destruction or theft, and publish in a newspaper of general circulation published in the County within which the corporation then has its principal place of business, a notice of such loss once a week for two (2) successive weeks. Such shareholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the best of his knowledge and belief and, second, proof of the required publication. He shall also, in the discretion of the board of directors, execute and deliver to the corporation a bond with good security in a penalty of an amount deemed reasonable and necessary by the board of directors, which, amount may be an unlimited amount, conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

The corporation will issue the new stock certificate if the above requirements are completed before the corporation has notice that the certificate has been acquired by a bona fide purchaser.

The board of directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost, destroyed or stolen without requiring the publication of said notice or the giving of a bond.

#### ARTICLE VII. ACCOUNTING PERIOD

The accounting period of the corporation shall begin on the first day of January and end on the last day of December in each year.

## ARTICLE VIII. CORPORATE SEAL

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation and the words, "Corporate Seal".

## ARTICLE IX. MISCELLANEOUS

**SECTION 1. Voting Upon Stocks.** Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, this corporation might have possessed and exercised if present. The board of directors by resolution may, from time to time, confer like powers upon any other person or persons.

**SECTION 2. Contracts With Directors and Officers.** No contract or other transaction between a corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if: (1) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or (2) the fact of such relationship or interest is disclosed or known to the stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (3) the contract or transaction is fair and reasonable to the corporation.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

On any question involving the authorization, approval or ratification of any such contract or transaction, the names of those voting each way shall be entered on the record of the proceedings.

**SECTION 3. Indemnification of Directors, Officers, Employees and Agents.** The corporation shall indemnify its directors, officers, employees and agents in accordance with the provisions of Section 145 of the Delaware General Corporation Law.

The indemnification provided for herein shall not be deemed exclusive of any other rights to which any stockholder or member may be entitled under any bylaw, agreement, vote of stockholders, members or disinterested directors or otherwise, both as to action in his

official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators.

The directors of the corporation may, from time to time by resolution, provide for such additional indemnification or advancement of expenses as they deem appropriate to any person, acting for or on behalf of the corporation by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Such indemnification or advancement of expenses may be authorized in such resolution or resolutions to the extent the directors deem appropriate under the circumstances, but at no time may the directors of the corporation provide for additional indemnification or advancement of expenses that is contrary to the laws of the State of Delaware.

SECTION 4. Waiver of Notice. Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or directors of the corporation under the provisions of these bylaws or under the provisions of the Articles of Incorporation or under the provisions of the Delaware General Corporation Law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice and attendance of the person at a meeting shall constitute a waiver of notice, unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6. Telephonic Attendance and Voting at Meetings. Notwithstanding anything herein contained to the contrary, one or more directors or shareholders may participate in a meeting of the board, a committee of the board or of the shareholders by means of conference telephonic or similar electronic communication equipment by means of which all persons participating in the meeting can hear each other.

Whenever a vote of the shareholders or directors is required or permitted in connection with any corporate action this vote may be taken orally during this electronic conference. The agreement thus reached shall have like effect and validity as though the action were duly taken by the action of the shareholders or directors at a meeting of shareholders or directors if the agreement is reduced to writing and approved by the shareholders or directors at the next regular meeting of the shareholders or directors after the conference.

SECTION 7. Usage of Terms. Except as otherwise specifically provided, for the purposes of these bylaws, the term majority shall mean a number greater than one-half ( $\frac{1}{2}$ ) of the total.

Except as otherwise specifically provided, for the purposes of these bylaws, and as the context may require, the use of pronouns of the masculine gender shall be deemed to include pronouns of the feminine and neuter genders, and the use of pronouns of the feminine gender shall be deemed to include pronouns of the masculine and neuter genders.

#### ARTICLE X. AMENDMENTS

These bylaws may be altered, amended or repealed and new bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors, subject to repeal or alteration by action of the shareholders.

ARTICLES OF INCORPORATION  
OF  
THE SOUTH TEXAS SUPPLY COMPANY, INC.

FILED  
In the Office of the  
Secretary of State of Texas

DEC 20 1996

Corporations Section

ARTICLE ONE

The name of the corporation is THE SOUTH TEXAS SUPPLY COMPANY, INC.

ARTICLE TWO

The period of its duration is perpetual.

ARTICLE THREE

The purpose for which the corporation is organized is the transaction of any and all lawful business for which corporations may be incorporated under the Texas Business Corporation Act.

ARTICLE FOUR

The aggregate number of shares which the corporation shall have the authority to issue is 100,000 of no par value.

ARTICLE FIVE

The corporation will not commence business until it has received for the issuance of shares consideration of the value of One Thousand Dollars (\$1,000.00) consisting of money, labor done or property actually received.

ARTICLE SIX

The street address of its initial registered office is 1402 Commerce Street, Big Wells, Dimmit County, Texas 78830, and the name of its initial registered agent at such address is Todd L. Williams.

ARTICLE SEVEN

The number of directors constituting the initial board of directors is two (2), the names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

Todd L. Williams  
1402 Commerce Street  
Big Wells, Texas 78830

Jeff Brymer  
1402 Commerce Street  
Big Wells, Texas 78830

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ARTICLE EIGHT

The name and address of the incorporator is:

Todd L. Williams  
1402 Commerce Street  
Big Wells, Texas 78830

Signed on: December 18, 1996.

/s/ Todd L. Williams

Todd L. Williams

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**STATEMENT OF CHANGE OF REGISTERED AGENT  
AND REGISTERED OFFICE AND ADDRESS FOR  
THE SOUTH TEXAS SUPPLY COMPANY, INC.**

FILED  
In the Office of the  
Secretary of State of Texas

SEP 21 1999

Corporations Section

1. The name of the corporation is The South Texas Supply Company, Inc.
2. The name of its present registered agent, as shown in the records of the Secretary of the State of Texas, prior to filing this statement is: Todd L. Williams.
3. The name of its successor registered agent is: Jeffery A. Brymer.
4. The address of its registered office and the address of the business office of its registered agent, as shown in the records of the Secretary of the State of Texas, prior to filing this statement is: 1402 Commerce Street, Big Wells, Texas 78830.
5. The address of its registered office and the address of the business office of its registered agent, as changed by filing this statement is: P.O. Box 214, Pearsall, Texas 78061 or Texas State Highway 1581, 1/4 mile Southwest of Interstate 35, Pearsall, Texas 78061. The address of the corporation's registered office and the address of the business office of its registered agent, as changed, will be identical.
6. Such changes were authorized by the Corporation's Board of Directors.

DATED the 17<sup>th</sup> day of August, 1999.

The South Texas Supply Company, Inc.

By: /s/ Jeffery A. Brymer

Jeffery A. Brymer, Secretary

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**ARTICLES OF AMENDMENT  
OF THE  
ARTICLES OF INCORPORATION  
OF  
THE SOUTH TEXAS SUPPLY COMPANY, INC.**

FILED  
In the Office of the  
Secretary of State of Texas

FEB 28 2007

Corporations Section

These Articles of Amendment to the Articles of Incorporation of The South Texas Supply Company, Inc., a Texas corporation (the "Corporation"), have been prepared, executed, and are being filed pursuant to the provisions of Part Four of the Texas Business Corporation Act:

1. The name of the Corporation is: The South Texas Supply Company, Inc.
2. This amendment is an addition to the Articles of Incorporation of the Corporation. This amendment adds a new Article Nine to the Corporation's Articles of Incorporation, and the full text of such new Article Nine is as follows:

**"ARTICLE NINE**

Any action required by the Texas Business Corporation Act to be taken at any annual or special meeting of shareholders, or any action which may be taken at any annual or special meeting of shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which holders of all shares entitled to vote on the action were present and voted. Every written consent signed by the holders of less than all the shares entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each shareholder who signs the consent. All such written consent forms shall be delivered to the corporation at its principal place of business, and shall be filed by the Secretary of the corporation in the corporation's Minute Book."

3. The foregoing amendment was duly adopted by the shareholders of the Corporation on February 23, 2007.
4. The foregoing amendment has been approved in the manner required by the Texas Business Corporation Act and the constituent documents of the Corporation.

Articles of Amendment to the Articles of Incorporation  
The South Texas Supply Company, Inc.

Page 1 of 2

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IN WITNESS WHEREOF, these Articles of Amendment have been executed by the Corporation as of February 27, 2007.

The South Texas Supply Company, Inc.,  
a Texas corporation

By: /s/ Jeffery A. Brymer  
Jeffery A. Brymer,  
Chief Executive Officer

Articles of Amendment to the Articles of Incorporation  
The South Texas Supply Company, Inc.

Page 2 of 2

**BYLAWS OF THE SOUTH TEXAS SUPPLY COMPANY, INC.**

ARTICLE ONE

REGISTERED OFFICE

1.01 The registered office of the corporation is located at 814 Highway 85 West, Dilley, Texas 78017, and the name of the registered agent of the corporation at such address is Todd L. Williams

ARTICLE TWO

SHAREHOLDERS' MEETINGS

Place of Meetings

2.01 All meetings of the shareholders shall be held at the registered office of the corporation, or any other place within or without this State, as may be designated for that purpose from time to time by the Board of Directors.

Time of Annual Meeting

2.02 The annual meetings of the shareholders shall be held each year at 10:00 a.m. on the 27th day of December. If this day falls on a legal holiday, the annual meeting shall be held at the same time on the next following business day thereafter.

Notice of Meeting

2.03 Notice of the meeting, stating the place, day, and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each shareholder entitled to vote at the meeting at least ten (10) but not more than fifty (50) days before the date of the meeting either personally or by mail or other means of written communication, addressed to the shareholder at this address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. Notice of adjourned meetings is not necessary unless the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

Special Meetings

2.04 Special meetings of the shareholders for any purpose or purposes whatsoever may be called at any time by the President, or by the Board of Directors, or by any one (1) or more Directors, or by one or more shareholders, holding not less than one-tenth 1/10th) of all the shares entitled to vote at the meeting.

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#### Quorum

2.05 A majority of the voting shares constitutes a quorum for the transaction of business. Business may be continued after withdrawal of enough shareholders to leave less than a quorum.

#### Voting

2.06 Only persons in whose names shares appear on the share records of the corporation on the date on which notice of the meeting is mailed shall be entitled to vote at such meeting, unless some other day is fixed by the Board of Directors for the determination of shareholders of record. Each shareholder is entitled to a number of votes equal to the number of shares which he is entitled to vote. Voting for the election of Directors shall be voice unless any shareholder demands a ballot vote before the voting begins.

#### Proxies

2.07 Every person entitled to vote or execute consents may do so either in person or by written proxy executed in writing by the shareholder or his duly authorized attorney in fact.

#### Consent of Absentees

2.08 No defect in the calling or noticing of a shareholders' meeting will affect the validity of any action at the meeting if a quorum was present, and if each shareholder not present in person or by proxy signs a written waiver or notice, consent to the holding of the meeting, or approval of the minutes, either before or after the meeting, and such waivers, consents, or approvals are filed with the corporate records or made a part of the minutes of the meeting.

#### Action Without Meeting

2.09 Action may be taken by shareholders without a meeting if each shareholder entitled to vote signs a written consent to the action and such consents are filed with the Secretary of the corporation.

### ARTICLE THREE

#### DIRECTORS

3.01 The Directors shall act only as a board and an individual Director shall have no power as such. All corporate powers of the corporation shall be exercised by, or under the authority of, and the business and affairs of the corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the articles of incorporation, or these Bylaws, as to actions to be authorized or approved by the shareholders. The Board of Directors may, by contract or otherwise, give general or limited or special power and authority to the officers and

employees of the corporation to transact the general business, or any special business, of the corporation, and may give powers of attorney to agents of the corporation to transact any special business requiring such authorization.

#### Number and Qualification of Directors

3.02 The authorized number of Directors of this corporation shall be 2. The Directors need not be shareholders of this corporation or residents of Texas. The number of Directors may be increased or decreased from time to time by amendment to these Bylaws but no decrease shall have the effect of shortening the term of any incumbent Director. Any directorship to be filled by election at an annual meeting or at a special meeting called for that purpose.

#### Election and Term of Office

3.03 The Directors shall be elected annually by the shareholders entitled to vote, and shall hold office until their respective successors are elected, or until their death, resignation, or removal.

#### Vacancies

3.04 Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director. The shareholders may elect a Director at any time to fill any vacancy not filled by the Directors.

#### Removal of Directors

3.05 The entire Board of Directors or any individual Director may be removed from office with or without cause by vote of the holders of a majority of the shares entitled to vote for directors, at any regular or special meeting of such shareholders.

#### Place of Meetings

3.06 All meetings of the Board of Directors shall be held at the principal office of the corporation or at such place within or without the State as may be designated from time to time by resolution of the Board or by written consent of all of the members of the Board.

#### Regular Meetings

3.07 Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual meeting of the shareholders of this corporation, and at such other times as the Directors may determine.

#### Special Meetings—Call and Notice

3.08 Special meetings of the Board of Directors for any purpose shall be called at any time by the President or, if he is absent or unable or refuses to act, by any Vice-President or any one Directors. Written notices of the special meetings, stating the time, and in general terms the purpose or purposes thereof, shall be mailed or telegraphed or personally delivered to each Director not later than the day before the day appointed for the meeting.

#### Quorum

3.09 A majority of the authorized number of Directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the Directors present shall be regarded as the act of the Board of Directors, unless a greater number be required by law or by the articles of incorporation.

#### Board Action Without Meeting

3.10 Any action required or permitted to be taken by the Board of Directors, may betaken without a meeting, and with the same force and effect as a unanimous vote of Directors, if all members of the Board shall individually or collectively consent in writing to such action.

#### Adjournment—Notice

3.11 A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated day and hour. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place is fixed at the meeting adjourned. In the absence of a quorum, a majority of the Directors present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next meeting of the Board.

#### Conduct of Meetings

3.12 The President, or, in his absence, any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The Secretary of the corporation, or in his absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

#### Compensation

3.13 Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the Board.

#### Indemnification of Directors and Officers

3.14 The Board of Directors may authorize the corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against present or former Directors, officers, or employees of this corporation as provided by Article 2.02(A)(16) of the Business Corporation Act.

## ARTICLE FOUR

### OFFICERS

#### Title and Appointment

4.01 The officers of the corporation shall be a President, one Vice President, a Secretary, a Treasurer and such assistants and other officers as the Board of Directors shall from time to time determine. Any two offices may be held by one person. All officers shall be elected by and hold office at the pleasure of the Board of Directors, which shall fix the compensation and tenure of all officers.

#### Powers and Duties of Office

4.02 The officers of the corporation shall have the powers and duties generally ascribed to the respective offices, and such additional authority or duty as may from time be established by the Board of Directors.

## ARTICLE FIVE

### EXECUTION OF INSTRUMENTS

5.01 The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporation name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the corporation.

## ARTICLE SIX

### ISSUANCE AND TRANSFER OF SHARES

#### Certificates for Paid and Unpaid Shares

6.01 Certificates for shares of the corporation shall be issued only when fully paid.

#### Share Certificates

6.02 The Corporation shall deliver certificates representing all shares to which shareholders are entitled, which certificates shall be in such form and device as the Board of Directors may provide. Each certificate shall bear upon its face the statement that the corporation is organized in Texas, the name in which it is issued, the number and class of shares and series, and the par value or a statement that the shares are without par value. The certificates shall be signed by the President or a Vice-President and the Secretary or an Assistant Secretary, which signatures may be in facsimile if the certificates are to be countersigned by a transfer agent or registered by a registrar, and the seal of the corporation shall be affixed thereto. The certificates shall contain on the faces or backs such recitations or references as are required by law.

#### Replacement of Certificates

6.03 No new certificates shall be issued until the former certificate for the shares represented thereby shall have been surrendered and canceled, except in the case of lost or destroyed certificates for which the Board of Directors may order new certificates to be issued upon such terms, conditions, and guarantees as the Board may see fit to impose, including the filing of sufficient indemnity.

#### Transfer of Shares

6.04 Shares of the corporation may be transferred by endorsement by the signature of the owner, his agent, attorney, or legal representative, and the delivery of the certificate. The transferee in any transfer of shares shall be deemed to have full notice of, and to consent to, the bylaws of the corporation to the same extent as if he had signed a written assent thereto.

### ARTICLE SEVEN

#### RECORDS AND REPORTS

##### Inspection of Books and Records

7.01 All books and records provided for by statute shall be open to inspection of the shareholders from time to time and to the extent expressly provided by statute, and not otherwise. The Directors may examine such books and records at all reasonable times.

##### Closing Stock Transfer Books

7.02 The Board of Directors may close the transfer books in their discretion for a period not exceeding fifty (50) days preceding any meeting, annual or special, of the shareholders, or the day appointed for the payment of a dividend.

ARTICLE EIGHT  
AMENDMENT OF BYLAWS

Amendment of Bylaws

8.01 The powers to alter, amend, or repeal these bylaws is vested in the Directors, subject to repeal or change by action of the shareholders.

Signatures and Attestation

Adopted by the Board of Directors on December 27th, 1996.

/s/ Todd L. Williams

Todd L. Williams, Chairman and Vice President

/s/ Jeff Brymer

Jeff Brymer, Secretary



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**MCJUNKIN RED MAN CORPORATION**  
**9.50% SENIOR SECURED NOTES DUE 2016**

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INDENTURE

Dated as of December 21, 2009

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**U.S. BANK NATIONAL ASSOCIATION**  
as Trustee

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# CROSS-REFERENCE TABLE\*

<i>Trust Indenture Act Section</i>	<i>Indenture Section</i>
310 (a)(1)	7.08; 7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.05
(b)	13.03
(c)	13.03
313 (a)	7.06
(b)(1)	10.05
(b)(2)	7.06; 7.07
(c)	7.06; 13.02
(d)	7.06
314 (a)	4.03; 13.02; 13.05
(b)	N/A
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(d)	10.05
(e)	13.05
(f)	N.A.
315 (a)	7.01
(b)	7.05; 12.02
(c)	7.01
(d)	7.01
(e)	6.11
316 (a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317 (a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318 (a)	13.01
(b)	N.A.
(c)	13.01

N.A. means not applicable.

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\* This Cross Reference Table is not part of the Indenture.

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Exhibit G	LIST OF INITIAL MORTGAGE PROPERTIES

INDENTURE dated as of December 21, 2009 among McJunkin Red Man Corporation, a West Virginia corporation, the Guarantors (as defined) and U.S. Bank National Association, as trustee.

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined) of the 9.50% Senior Secured Notes due 2016 (the “Notes”):

ARTICLE 1  
DEFINITIONS AND INCORPORATION  
BY REFERENCE

Section 1.01 *Definitions.*

“*144A Global Note*” means a Global Note substantially in the form of Exhibit A1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued, together with all other 144A Global Notes, in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“*ABL Collateral Agent*” means The CIT Group/Business Credit Inc. and Bank of America, N.A., each as co-collateral agent under the ABL Credit Facility, collectively in such capacity and together with any other collateral agent, collateral trustee or other representative of lenders or holders of ABL Debt Obligations that becomes party to the Intercreditor Agreement upon the refinancing or replacement of the ABL Credit Facility, or any successor representative acting in such capacity.

“*ABL Credit Facility*” means that certain \$900,000,000 Revolving Loan Credit Agreement, dated as of October 31, 2007, as amended by the First Amendment, dated as of December 21, 2009, among the Company (f/k/a McJunkin Corporation), the several lenders from time to time party thereto, Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as co-lead arrangers and joint bookrunners, The CIT Group/Business Credit Inc., as administrative agent and co-collateral agent, Bank of America, N.A., as co-collateral agent and syndication agent, and JPMorgan Chase Bank, N.A., Wachovia Bank, N.A., and PNC Bank, National Association, as co-documentation agents, and any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as further amended, restated, adjusted, waived, renewed, modified, refunded, replaced, restated, restructured, increased, supplemented or refinanced in whole or in part from time to time, regardless of whether such amendment, restatement, adjustment, waiver, modification, renewal, refunding, replacement, restatement, restructuring, increase, supplement or refinancing is with the same financial institutions (whether as agents or lenders) or otherwise and any indentures or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, or other commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount borrowable thereunder or alters the maturity thereof.

“*ABL Debt*” means

(1) Indebtedness outstanding under the ABL Credit Facility on the date of this Indenture or incurred from time to time after the date of this Indenture under the ABL Credit Facility; and

(2) additional Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of the Company or any Subsidiary Guarantor secured by Liens

on ABL Priority Collateral; *provided*, in the case of any additional Indebtedness referred to in this clause (2), that:

(a) on or before the date on which such additional Indebtedness is incurred by the Company or such Guarantor, as applicable, such additional Indebtedness is designated by the Company, in an Officers' Certificate delivered to the Collateral Trustee, as "ABL Debt" for purposes of the Secured Debt Documents; *provided*, that such Indebtedness may not be designated as both ABL Debt and Priority Lien Debt, or designated as both ABL Debt and Subordinated Lien Debt; and

(b) the collateral agent or other representative with respect to such Indebtedness, the ABL Collateral Agent, the Collateral Trustee, the Company and each applicable Guarantor have duly executed and delivered the Intercreditor Agreement (or a joinder to the Intercreditor Agreement or a new intercreditor agreement substantially similar to the Intercreditor Agreement, as in effect on the date of this Indenture, and in a form reasonably acceptable to each of the parties thereto).

"*ABL Debt Documents*" means the ABL Credit Facility, any additional credit agreement or indenture related thereto and all other loan documents, security documents, notes, guarantees, instruments and agreements governing or evidencing, or executed or delivered in connection with, the ABL Credit Facility, as such agreements or instruments may be amended or supplemented from time to time.

"*ABL Debt Obligations*" means ABL Debt incurred or arising under the ABL Debt Documents and all other Obligations (excluding any Obligations that would constitute ABL Debt) in respect thereof, together with (1) Banking Product Obligations of the Company or any Subsidiary Guarantor relating to services provided to the Company or any Guarantor that are secured, or intended to be secured, by the ABL Debt Documents if the provider of such Banking Product Obligations has agreed to be bound by the terms of the Intercreditor Agreement or such provider's interest in the ABL Priority Collateral is subject to the terms of the Intercreditor Agreement; and (2) Hedging Obligations that are secured, or intended to be secured, under the ABL Debt Documents if the provider of such Hedging Obligations has agreed to be bound by the terms of the Intercreditor Agreement or such provider's interest in the ABL Priority Collateral is subject to the terms of the Intercreditor Agreement.

"*ABL Lien Cap*" means, as of any date of determination, the greater of (1) \$1.25 billion and (2) the amount of the Borrowing Base as of such date, after giving *pro forma* effect to the incurrence of any ABL Debt and the application of the net proceeds therefrom.

"*ABL Priority Collateral*" means all accounts, inventory or documents of title, customs receipts, insurance certificates, shipping documents and other written materials related to the purchase or import of any inventory, all letter of credit rights, chattel paper, instruments, investment property and general intangibles pertaining to the foregoing, deposit accounts (other than the Net Available Cash Account, to the extent that it constitutes a deposit account) and securities accounts (other than the Net Available Cash Account, to the extent it constitutes a securities account), including all cash, marketable securities, securities entitlements, financial assets and other funds held in or on deposit in any of the foregoing, all records, "supporting obligations" (as defined in Article 9 of the UCC) and related letters of credit, commercial tort claims or other claims and causes of action, in each case, to the extent not primarily related to the Notes Priority Collateral and, to the extent not otherwise included, all substitutions, replacements, accessions, products and proceeds (including, without limitation, insurance proceeds, investment property, licenses, royalties, income, payments, claims, damages and proceeds of suit) of any or all of the foregoing, in each case held by the Company and the Subsidiary Guarantors, other than the Excluded ABL Assets.



*“Acquired Debt”* means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into, or becomes a Subsidiary of, such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by the specified Person.

*“Act of Required Debtholders”* means, as to any matter at any time:

(1) prior to the Discharge of Priority Lien Obligations, a direction in writing delivered to the Collateral Trustee by or with the written consent of the holders of at least 50.1% of the sum of:

(a) the aggregate outstanding principal amount of Priority Lien Debt (including outstanding letters of credit whether or not then drawn); and

(b) other than in connection with the exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Priority Lien Debt; and

(2) at any time after the Discharge of Priority Lien Obligations, a direction in writing delivered to the Collateral Trustee by or with the written consent of the holders of Subordinated Lien Debt representing the Required Subordinated Lien Debtholders.

For purposes of this definition, (a) Secured Debt registered in the name of, or beneficially owned by, the Company or any Affiliate of the Company will be deemed not to be outstanding, and (b) votes will be determined in accordance with Section 7.2 of the Collateral Trust Agreement.

*“Additional Notes”* means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02, 4.09 and 4.12 hereof, as part of the same series as the Initial Notes. Additional Notes may or may not be fungible with the Initial Notes or any other Additional Notes for U.S. federal income tax purposes.

*“Affiliate”* of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control”, as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling”, “controlled by” and “under common control with” shall have correlative meanings.

*“Agent”* means any Registrar, co-registrar, Paying Agent or additional paying agent.

*“Agent’s Message”* means a message transmitted by DTC to, and received by, the Depositary and forming a part of the book—entry confirmation, which states that DTC has received an express acknowledgement from each participant in DTC tendering the Notes that such participants have received the Letter of Transmittal and agreed to be bound by the terms of the Letter of Transmittal and the Company may enforce such agreement against such participants.

“*Applicable Premium*” means, with respect to any Note on any redemption date, the greater of:

- (1) 1.0% of the principal amount of the Note; or
- (2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at December 15, 2012 (such redemption price being set forth in the table appearing in Section 3.07(e)), *plus* (ii) all required interest payments due on the Note through December 15, 2012 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date *plus* 50 basis points; over

(b) the principal amount of the Note.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and/or Clearstream that apply to such transfer or exchange.

“*Asset Sale*” means:

- (1) the sale, lease (other than operating leases in the ordinary course of business), conveyance or other disposition of any property or assets, other than Equity Interests of the Company; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and the Company’s Restricted Subsidiaries taken as a whole shall be governed by Section 4.14 and/or Section 5.01 hereof and not by Section 4.10 hereof; and
- (2) the issuance of Equity Interests by any of the Company’s Restricted Subsidiaries or the sale by the Company or any Restricted Subsidiary thereof of Equity Interests in any of its Restricted Subsidiaries (other than directors’ qualifying shares).

Notwithstanding the preceding, the following items shall be deemed not to be Asset Sales:

- (1) any single transaction or series of related transactions that involves property or assets having a Fair Market Value of less than \$15.0 million;
- (2) a transfer of property or assets between or among the Company and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to another Restricted Subsidiary thereof;
- (4) the sale, lease, assignment, license or sublease of equipment, inventory, accounts receivable or other assets in the ordinary course of business (including, without limitation, any ABL Priority Collateral);
- (5) the sale or other disposition of cash or Cash Equivalents;
- (6) a Restricted Payment that is permitted by Section 4.07 hereof or a Permitted Investment;

(7) any sale, exchange or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable or unnecessary for use in connection with the business of the Company or its Restricted Subsidiaries;

(8) the licensing or sub-licensing of intellectual property in the ordinary course of business or consistent with past practice;

(9) any sale or other disposition deemed to occur with creating, granting or perfecting a Lien not otherwise prohibited by this Indenture or the Note Documents;

(10) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(11) the surrender or waiver of contract rights or settlement, release or surrender of a contract, tort or other litigation claim in the ordinary course of business;

(12) foreclosures, condemnations or any similar action on assets;

(13) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business; and

(14) the sale of Non-Core Assets.

*“Attributable Debt”* in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

*“Banking Product Obligations”* means, with respect to the Company or any Subsidiary Guarantor, any obligations of the Company or such Guarantor owed to any Person in respect of treasury management services (including, without limitation, services in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lock-box and stop payment services), commercial credit card and merchant card services, stored valued card services, other cash management services, or lock-box leases and other banking products or services related to any of the foregoing.

*“Bankruptcy Law”* means Title 11 of the United States Code or any similar federal or state law for the relief of debtors.

*“Beneficial Owner”* has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms *“Beneficially Owns”* and *“Beneficially Owned”* shall have a corresponding meaning.

*“Board of Directors”* means:

(1) with respect to a corporation, the board of directors of the corporation;

- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Borrowing Base*” means, as of any date, an amount equal to:

(1) 85% of the face amount of all accounts receivable owned by the Company and its Restricted Subsidiaries as of the end of the most recent month preceding such date for which internal financial statements are available that were not more than 180 days past due; *plus*

(2) 65% of the book value of all inventory owned by the Company and its Restricted Subsidiaries as of the end of the most recent fiscal month preceding such date for which internal financial statements are available.

“*Broker-Dealer*” has the meaning set forth in the Registration Rights Agreement.

“*Business Day*” means any day other than a Legal Holiday.

“*Capital Lease Obligation*” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“*Cash Equivalents*” means:

- (1) United States dollars;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof ( *provided* that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than two years from the date of acquisition;
- (3) time deposits, demand deposits, money market deposits, certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year from the date of acquisition and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of \$250.0 million (or \$100.0 million in the case of a non-U.S. bank);

(4) repurchase obligations for underlying securities of the types set forth in clauses (2), (3) and (7) entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least P-1 by Moody's Investors Service, Inc. or at least A-1 by Standard & Poor's Rating Services (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another rating agency) and in each case maturing within two years after the date of acquisition;

(6) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively, or liquidity funds or other similar money market mutual funds, with a rating of at least Aaa by Moody's or AAAm by S&P (or, if at any time neither Moody's nor S&P shall be rating such obligations, an equivalent rating from another rating agency);

(7) securities issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority of any such state, commonwealth or territory or any public instrumentality thereof, maturing within two years from the date of acquisition thereof and having an investment grade rating from Moody's Investors Service, Inc. or Standard & Poor's Rating Services;

(8) money market funds (or other investment funds) at least 95% of the assets of which constitute Cash Equivalents of the kinds set forth in clauses (1) through (7) of this definition;

(9)

(a) euros or any national currency of any participating member state of the EMU;

(b) local currency held by the Company or any of its Restricted Subsidiaries from time to time in the ordinary course of business;

(c) securities issued or directly and fully guaranteed by the sovereign nation or any agency thereof (provided that the full faith and credit of such sovereign nation is pledged in support thereof) in which the Company or any of its Restricted Subsidiaries is organized or is conducting business having maturities of not more than one year from the date of acquisition; and

(d) investments of the type and maturity set forth in clauses (3) through (8) above of foreign obligors, which investments or obligors satisfy the requirements and have ratings set forth in such clauses.

*"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 the Company and its Restricted Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than one or more Permitted Holders;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company (unless, after such liquidation or dissolution, Parent assumes all of the obligations of the Company under this Indenture and the Security Documents for the benefit of Holders of the Notes as provided thereunder);

(3) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, has become the ultimate Beneficial Owner, directly or indirectly, of 50% or more of the voting power of the Voting Stock of the Company; or

(4) the first day on which a majority of the members of the Board of Directors of the Company or the Parent are not Continuing Directors.

“*Class*” means (1) in the case of Subordinated Lien Debt, every Series of Subordinated Lien Debt, taken together, and (2) in the case of Priority Lien Debt, every Series of Priority Lien Debt, taken together.

“*Clearstream*” means Clearstream Banking, S.A.

“*Collateral*” means the Notes Priority Collateral and the ABL Priority Collateral.

“*Collateral Trust Agreement*” means the Collateral Trust Agreement, dated as of the date of this Indenture, by and among the Company, the Subsidiary Guarantors, the Trustee, the other Secured Debt Representatives from time to time party thereto and the Collateral Trustee, as amended from time to time in accordance with its terms.

“*Collateral Trustee*” means U.S. Bank National Association, in its capacity as collateral trustee under the Collateral Trust Agreement, together with its successors in such capacity.

“*Company*” means McJunkin Red Man Corporation, a West Virginia corporation, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “*Company*” shall mean such successor Person.

“*Consolidated Cash Flow*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication:

(1) provision for taxes based on income or profits or capital gains of such Person and its Restricted Subsidiaries for such period, including without limitation state, franchise and similar taxes and foreign withholding taxes of such Person and its Restricted Subsidiaries paid or accrued during such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(2) Fixed Charges of such Person and its Restricted Subsidiaries for such period (including without limitation (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (y) costs of surety bonds in connection with financing activities), to the extent that any such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(3) depreciation and amortization (including amortization or impairment write-offs of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent

that such depreciation and amortization was deducted in computing such Consolidated Net Income; *plus*

(4) any other non-cash expenses or charges, including any impairment charge or asset write-offs or write-downs related to intangible assets (including goodwill), long-lived assets, and Investments in debt and equity securities pursuant to GAAP, reducing Consolidated Net Income for such period (provided that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from Consolidated Cash Flow to such extent, and excluding amortization of a prepaid cash expense or charge that was paid in a prior period); *plus*

(5) the amount of any integration costs or other business optimization expenses or costs deducted (and not added back) in such period in computing Consolidated Net Income, including any one-time costs incurred in connection with acquisitions and costs related to the closure and/or consolidation of facilities; *plus*

(6) the amount of any minority interest expense consisting of income of a Restricted Subsidiary attributable to minority equity interests of third parties in any non-Wholly Owned Restricted Subsidiary deducted (and not added back) in such period in calculating Consolidated Net Income; *plus*

(7) the amount of management, monitoring, consulting and advisory fees and related expenses (if any) paid in such period to the Principals to the extent otherwise permitted under the terms of this Indenture; *minus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided that*:

(1) the Net Income of any Person, other than the specified Person, that is not a Restricted Subsidiary of the specified Person or that is accounted for by the equity method of accounting shall not be included, except that Consolidated Net Income shall be increased by the amount of dividends or distributions or other payments that are paid in cash (or to the extent converted into cash) or Cash Equivalents to the specified Person or a Restricted Subsidiary thereof during such period;

(2) solely for the purpose of determining the amount available for Restricted Payments under clause 3(A) of Section 4.07(a), the Net Income of any Restricted Subsidiary (other than any Subsidiary Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its equityholders, unless such restrictions with respect to the declaration and payment of dividends or distributions have been properly waived for such entire period; provided that Consolidated Net Income will be increased by the amount of dividends or other

distributions or other payments paid in cash (or to the extent converted into cash) or Cash Equivalents to the Company or a Restricted Subsidiary thereof in respect of such period, to the extent not already included therein;

(3) the cumulative effect of a change in accounting principles shall be excluded;

(4) any amortization of fees or expenses that have been capitalized shall be excluded;

(5) non-cash charges relating to employee benefit or management compensation plans of the Company or any Restricted Subsidiary thereof or any non-cash compensation charge arising from any grant of stock, stock options or other equity-based awards for the benefit of the members of the Board of Directors of Parent or the Company or employees of Parent or the Company and its Restricted Subsidiaries shall be excluded (other than in each case any non-cash charge to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense incurred in a prior period);

(6) any non-recurring charges or expenses incurred in connection with the Refinancing Transactions shall be excluded;

(7) any non-cash restructuring charges, *plus* up to an aggregate of \$20.0 million of other restructuring charges in any fiscal year shall be excluded;

(8) any non-cash impairment charge or asset write-off, in each case pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP, shall be excluded;

(9) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (a) any sale of assets outside the ordinary course of business of such Person or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness or Hedging Obligations or other derivative instruments of such Person or any of its Restricted Subsidiaries, shall, in each case, be excluded;

(10) any after-tax effect of income (loss) from disposed, abandoned, transferred, closed or discontinued operations and any net after-tax gains or losses on disposal of disposed, abandoned, transferred, closed or discontinued operations shall, in each case, be excluded;

(11) any extraordinary, non-recurring or unusual gain or loss or expense, together with any related provision for taxes, shall be excluded;

(12) the effects of adjustments in the property, plant and equipment, inventories, goodwill, intangible assets and debt line items in such Person's consolidated financial statements pursuant to GAAP resulting from the application of purchase accounting in relation to the Refinancing Transactions or any acquisition or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(13) any fees and expenses incurred during such period, or any amortization thereof for such period, in connection with any acquisition, disposition, recapitalization, Investment, Asset Sale, issuance or repayment of Indebtedness, issuance of Equity Interests, financing transaction or amendment or modification of any debt instrument (including, in each case, any such transaction undertaken but not completed) and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, shall be excluded; and



(14) accruals and reserves that are established or adjusted within 12 months of the date of original issue of the Notes that are so required to be established or adjusted as a result of the Refinancing Transactions in accordance with GAAP shall be excluded.

“*Consolidated Total Assets*” of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption “Total Assets” (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries, as of the end of the most recently ended fiscal quarter for which internal financial statements are available.

“*continuing*” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of the Company or Parent, as the case may be, who:

(1) was a member of such Board of Directors on the date of this Indenture

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election; or

(3) was nominated for election or elected to that Board of Directors by the Principals or their Related Parties.

“*Contribution Indebtedness*” means Indebtedness of the Company or any Subsidiary Guarantor in an aggregate principal amount equal to the aggregate amount of cash contributions (other than Excluded Contributions) made to the capital of the Company or such Subsidiary Guarantor after the date of this Indenture; *provided* that:

(1) such cash contributions have not been used to make a Restricted Payment, and

(2) such Contribution Indebtedness (a) is incurred within 180 days after the making of such cash contributions and (b) is so designated as Contribution Indebtedness pursuant to an Officers’ Certificate on the incurrence date thereof.

“*Corporate Trust Office of the Trustee*” will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

“*Credit Facilities*” means one or more debt facilities (including, without limitation, the ABL Credit Facility), credit agreements, commercial paper facilities, note purchase agreements, indentures, or other agreements, in each case with banks, lenders, purchasers, investors, trustees, agents or other representatives of any of the foregoing, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables or interests in receivables to such lenders or other persons or to special purpose entities formed to borrow from such lenders or other persons against such receivables or sell such receivables or interests in receivables), letters of credit, notes or other borrowings or other extensions of credit, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, in each case, as amended, restated, modified, renewed, refunded, restated, restructured, increased, supplemented, replaced or refinanced in whole or in part from time to time, including any replacement, refunding or refinancing facility or agreement that increases the amount permitted to be borrowed thereunder or alters the maturity thereof or

adds entities as additional borrowers or guarantors thereunder and whether by the same or any other agent, lender, group of lenders, or otherwise.

*“Custodian”* means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

*“Default”* means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

*“Definitive Note”* means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A1 hereto except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

*“Depository”* means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

*“Designated Non-cash Consideration”* means the Fair Market Value of non-cash consideration received by the Company or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, executed by the principal financial officer of the Company, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

*“Designated Preferred Stock”* means preferred stock of the Company or any parent corporation thereof (in each case other than Disqualified Stock) that is issued for cash (other than to the Company or any of its Subsidiaries) and is so designated as Designated Preferred Stock pursuant to an Officer’s Certificate executed by the principal financial officer of the Company or the applicable parent corporation thereof, as the case may be, on the issuance date thereof.

*“Discharge of Priority Lien Obligations”* means the occurrence of all of the following:

- (1) termination or expiration of all commitments to extend credit that would constitute Priority Lien Debt;
- (2) payment in full in cash of the principal of, and interest and premium, if any, and Special Interest, if any, on, all Priority Lien Debt (other than any undrawn letters of credit), other than from the proceeds of an incurrence of Priority Lien Debt;
- (3) discharge or cash collateralization (at the lower of (A) 105% of the aggregate undrawn amount and (B) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable Priority Lien Document) of all outstanding letters of credit constituting Priority Lien Debt; and
- (4) payment in full in cash of all other Priority Lien Obligations that are outstanding and unpaid at the time the Priority Lien Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

*“Disqualified Stock”* means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; *provided*, however, that only the portion of the Capital Stock which so matures, is mandatorily redeemable or is redeemable at the option of the holder prior to such date shall be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a Change of Control (or similarly defined term) or an Asset Sale (or similarly defined term) shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The term “Disqualified Stock” shall also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is 91 days after the date on which the Notes mature. Disqualified Stock shall not include Capital Stock which is issued to any plan for the benefit of employees of the Company or its Subsidiaries or by any such plan to such employees solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

*“Domestic Subsidiary”* means any Restricted Subsidiary of the Company that was formed under the laws of the United States or any state of the United States or the District of Columbia.

*“equally and ratably”* means, in reference to sharing of Liens or proceeds thereof as between holders of Secured Obligations within the same Class, that such Liens or proceeds:

(1) will be allocated and distributed first to the Secured Debt Representative for each outstanding Series of Priority Lien Debt or Subordinated Lien Debt within that Class, for the account of the holders of such Series of Priority Lien Debt or Subordinated Lien Debt, ratably in proportion to the principal of, and interest and premium (if any) and Special Interest (if any) and reimbursement obligations (contingent or otherwise) with respect to letters of credit, if any, outstanding (whether or not drawings have been made on such letters of credit and whether for payment or cash collateralization) on, each outstanding Series of Priority Lien Debt or Subordinated Lien Debt within that Class when the allocation or distribution is made, and thereafter; and

(2) will be allocated and distributed (if any remain after payment in full of all of the principal of, and interest and premium (if any) and reimbursement obligations (contingent or otherwise) with respect to letters of credit, if any, outstanding (whether or not drawings have been made on such letters of credit and whether for payment or cash collateralization) on all outstanding Secured Obligations within that Class) to the Secured Debt Representative for each outstanding Series of Priority Lien Debt or Subordinated Lien Debt within that Class, for the account of the holders of any remaining Secured Obligations within that Class, ratably in proportion to the aggregate unpaid amount of such remaining Secured Obligations within that Class due and demanded (with written notice to the applicable Secured Debt Representative and the Collateral Trustee) prior to the date such distribution is made.

*“Equity Interests”* means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

*“Euroclear”* means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

*“Exchange Offer”* has the meaning set forth in the Registration Rights Agreement.

*“Exchange Act”* means the Securities Exchange Act of 1934, as amended.

*“Exchange Notes”* means the Notes issued in the Exchange Offer pursuant to Section 2.06(f) hereof.

*“Exchange Offer”* has the meaning set forth in the Registration Rights Agreement.

*“Exchange Offer Registration Statement”* has the meaning set forth in the Registration Rights Agreement.

*“Excluded ABL Assets”* means each of the following:

(1) Non-Core Assets;

(2) all “general intangibles” as such term is defined in Article 9 of the UCC, including “payment intangibles” also as such term is defined in Article 9 of the UCC, and, in any event, including with respect to the Company and any Subsidiary Guarantor, all contracts, agreements, instruments and indentures in any form, and portions thereof, to which the Company or such Subsidiary Guarantor is a party or under which the Company or such Subsidiary Guarantor has any right, title or interest or to which the Company or such Subsidiary Guarantor or any property of the Company or such Subsidiary Guarantor is subject, as the same may from time to time be amended, supplemented or otherwise modified, including (a) all rights of the Company or such Subsidiary Guarantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of the Company or such Subsidiary Guarantor to receive proceeds of any insurance, indemnity, warranty or guarantee with respect thereto, (c) all claims of the Company or such Subsidiary Guarantor for damages arising out of any breach of or default thereunder and (d) all rights of the Company or such Subsidiary Guarantor to terminate, amend, supplement, modify or exercise rights or options thereunder, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder, in each case to the extent the grant by the Company or such Subsidiary Guarantor of a security interest in its right, title and interest in any such contract, agreement, instrument or indenture (i) is prohibited by such contract, agreement, instrument or indenture without the consent of any other party thereto, (ii) would give any other party to any such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or (iii) is not permitted without consent if all necessary consents to such grant of a security interest have not been obtained from the other parties thereto (other than to the extent that any such prohibition referred to in clauses (i), (ii) and (iii) would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law) (provided that the foregoing shall not affect, limit, restrict or impair the grant by Company or such Subsidiary Guarantor of a security interest in any account or any money or other amounts due or to become due under any such contract, agreement, instrument or indenture);

(3) all “equipment,” as such term is defined in Article 9 of the UCC, now or hereafter owned by the Company or any Subsidiary Guarantor or to which the Company or any Subsidiary Guarantor has rights and, in any event, shall include all machinery, equipment, computers, furnishings, appliances, fixtures, tools and vehicles (in each case, regardless of whether characterized as equipment under the UCC) now or hereafter owned by the Company or any Subsidiary Guarantor or to which the Company or any Subsidiary Guarantor has rights and any and all proceeds, accessions, additions, substitutions and replacements of any of the

foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto to the extent such equipment is subject to a Lien permitted by this Indenture and the terms of the Indebtedness securing such Lien prohibit assignment of, or granting of a security interest in, the Company's or such Subsidiary Guarantor's rights and interests therein (other than to the extent that any such prohibition would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law) (provided, that immediately upon the repayment of all Indebtedness secured by such Lien, such equipment shall cease to constitute an "Excluded ABL Asset");

(4) rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws, including the trade secrets, the copyrights, the patents, the trademarks and the licenses and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom, now or hereafter owned by the Company or any Subsidiary Guarantor, in each case to the extent the grant by the Company or such Subsidiary Guarantor of a security interest in any such rights, priorities and privileges relating to intellectual property (i) is prohibited by any contract, agreement or other instrument governing such rights, priorities and privileges without the consent of any other party thereto, (ii) would give any other party to any such contract, agreement or other instrument the right to terminate its obligations thereunder or (iii) is not permitted without consent if all necessary consents to such grant of a security interest have not been obtained from the relevant parties (other than to the extent that any such prohibition referred to in clauses (i), (ii) and (iii) would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law); and

(5) all securities (whether certificated or uncertificated), security entitlements, securities accounts, commodity contracts and commodity accounts of the Company or any Subsidiary Guarantor, whether now or hereafter acquired by the Company or any Subsidiary Guarantor, in each case to the extent the grant by the Company or a Subsidiary Guarantor of a security interest therein in its right, title and interest in any such investment property (i) is prohibited by any contract, agreement, instrument or indenture governing such investment property without the consent of any other party thereto, (ii) would give any other party to any such contract, agreement, instrument or indenture the right to terminate its obligations thereunder or (iii) is not permitted without the consent if all necessary consents to such grant of a security interest have not been obtained from the other parties thereto (other than to the extent that any such prohibition referred to in clauses (i), (ii) and (iii) would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law).

"*Excluded Assets*" means each of the following:

- (1) Excluded ABL Assets;
- (2) all interests in real property other than fee interests and other interests appurtenant thereto;
- (3) fee interests in real property (a) on the date of this Indenture other than the fee interests listed on Exhibit G to this Indenture and (b) acquired after the date of this Indenture if the net book value of such fee interest is less than \$2.0 million;

(4) all “securities” of any of the Company’s “affiliates” (as the terms “securities” and “affiliates” are used in Rule 3-16 of Regulation S-X under the Securities Act);

(5) any property or asset to the extent that the grant or perfection of a Lien under the Security Documents in such property or asset is prohibited by applicable law or requires any consent of any governmental authority not obtained pursuant to applicable law; *provided* that such property or asset will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such consequences will no longer result;

(6) any intellectual property to the extent that the grant or perfection of a Lien under the Security Documents will constitute or result in the abandonment, invalidation or rendering unenforceable of any right, title or interest of any grantor therein; *provided* that such property or asset will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such consequences will no longer result;

(7) (i) deposit or securities accounts the balance of which consists exclusively of (a) withheld income taxes and federal, state or local employment taxes in such amounts as are required in the reasonable judgment of the Company or any Subsidiary Guarantor to be paid to the Internal Revenue Service or state or local government agencies within the following two months with respect to employees of the Company or its Subsidiaries and (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3 102 on behalf of employees of the Company or its Subsidiaries, and (ii) all segregated deposit or securities accounts constituting (and the balance of which consists solely of funds set aside in connection with) tax accounts, payroll accounts and trust accounts;

(8) Equity Interests in any joint venture with a third party that is not an Affiliate, to the extent a pledge of such Equity Interests is prohibited by the documents covering such joint venture;

(9) any property owned by a Foreign Subsidiary that is not a Subsidiary Guarantor;

(10) items specified in the Security Agreement as exceptions to the Collateral set forth therein; and

(11) the cash, cash equivalents or other assets subject to Permitted Liens set forth in clauses (5), (10), (11), (18), (20), (23) (to the extent that the cash, cash equivalents or other assets subject to a Permitted Lien that was refinanced pursuant to clause (23) itself qualified as an Excluded Asset), (24), (26), (27), (28) and (29) of such definition; *provided* that if and when any such cash, cash equivalents or other assets cease to be subject to a Permitted Lien listed in this clause (11), such property shall be deemed at all times from and after the date of this Indenture to constitute Notes Priority Collateral.

“*Excluded Contributions*” means net cash proceeds received by the Company and its Restricted Subsidiaries as capital contributions after the date of this Indenture or from the issuance or sale (other than to a Restricted Subsidiary) of Equity Interests (other than Disqualified Stock) of the Company or a direct or indirect parent of the Company, in each case to the extent designated as an Excluded Contribution pursuant to an Officers’ Certificate and not previously included in the calculation set forth in

clause (3)(B) of Section 4.07(b) hereof for purposes of determining whether a Restricted Payment may be made.

“*Excluded Subsidiary*” means:

(1) any Foreign Subsidiary; and

(2) any Restricted Subsidiary of the Company; *provided* that (a) the total assets of all Restricted Subsidiaries that are Excluded Subsidiaries solely as a result of this clause (2), as reflected on their respective most recent balance sheets prepared in accordance with GAAP, do not in the aggregate at any time exceed \$1.0 million and (b) the total revenues of all Restricted Subsidiaries that are Excluded Subsidiaries solely as a result of this clause (2) for the twelve-month period ending on the last day of the most recent fiscal quarter for which financial statements for the Company are available, as reflected on such income statements, do not in the aggregate exceed \$5.0 million.

“*Existing Indebtedness*” means the aggregate principal amount of Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the ABL Credit Facility) in existence on the date of this Indenture, until such amounts are repaid.

“*Fair Market Value*” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. For purposes of determining compliance with Article 4 hereof, any determination that the Fair Market Value of assets other than cash or Cash Equivalents is equal to or greater than \$50.0 million will be made by the Company’s or Parent’s Board of Directors and evidenced by a resolution thereof and set forth in an Officers’ Certificate.

“*Fixed Charge Coverage Ratio*” means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, retires or redeems any Indebtedness or issues, repurchases or redeems preferred stock or Disqualified Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Calculation Date*”), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, Guarantee, repayment, repurchase, retirement or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock or Disqualified Stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) Investments, acquisitions, dispositions, mergers, consolidations, business restructurings, operational changes and any financing transactions relating to any of the foregoing (collectively, “*relevant transactions*”), in each case that have been made by the specified Person or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, shall be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a *pro forma* basis, including Pro Forma Cost Savings; if since the beginning of such period any Person that subsequently becomes a Restricted Subsidiary of the Company or was merged with or into the Company or any Restricted Subsidiary thereof since the beginning of such period shall have made any relevant transaction

that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such relevant transaction had occurred at the beginning of the applicable four-quarter period and Consolidated Cash Flow for such reference period shall be calculated on a *pro forma* basis, including Pro Forma Cost Savings;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date; and

(4) consolidated interest expense attributable to interest on any Indebtedness (whether existing or being incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Calculation Date (taking into account any interest rate option, swap, cap or similar agreement applicable to such Indebtedness if such agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period. Interest on Indebtedness that may optionally be determined at an interest rate based on a factor of a prime or similar rate, a Eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Company may designate. Interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based on the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition.

“*Fixed Charges*” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, to the extent deducted (and not added back) in computing Consolidated Net Income, including, without limitation, (a) amortization of original issue discount, (b) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments pursuant to GAAP), (c) the interest component of any deferred payment obligations, (d) the interest component of all payments associated with Capital Lease Obligations, (e) imputed interest with respect to Attributable Debt, (f) commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and (g) in each case net of the effect of all payments made or received pursuant to Hedging Obligations, but in each case excluding (v) accretion of accrual of discounted liabilities not constituting Indebtedness, (w) any expense resulting from the discounting of any outstanding Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (x) any Special Interest, (y) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and (z) any expensing of bridge, commitment or other financing fees; *plus*

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*



(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or any of its Restricted Subsidiaries, and all cash dividends on any series of preferred stock of any Restricted Subsidiary of such Person, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, *less*

(5) interest income for such period,

in each case, on a consolidated basis and in accordance with GAAP.

“*Foreign Subsidiary*” means any Restricted Subsidiary of the Company other than a Domestic Subsidiary.

“*GAAP*” means generally accepted accounting principles in the United States as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, the opinions and pronouncements of the Public Company Accounting Oversight Board and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time. At any time after the date of this Indenture, the Company may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in this Indenture); *provided* that any such election, once made, shall be irrevocable; *provided further*, that any calculation or determination in this Indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to the Company’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders of Notes.

“*Global Note Legend*” means the legend set forth in Section 2.06(g)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“*Global Notes*” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A1 hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(1), 2.06(b)(2)(A), 2.06(b)(3), 2.06(b)(4), 2.06(d)(1), 2.06(d)(2), 2.06(d)(3) or 2.06(f) hereof.

“*Government Securities*” means (1) securities that are direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) securities that are obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America.

*“Guarantee”* means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

*“Guarantors”* means:

- (1) Parent;
- (2) each direct or indirect Wholly Owned Domestic Subsidiary of the Company on the date of this Indenture (other than Excluded Subsidiaries);
- (3) any other Restricted Subsidiary of the Company that has issued a guarantee with respect to the ABL Credit Facility or any other Indebtedness of the Company or any Guarantor; and
- (4) any other Restricted Subsidiary of the Company that executes a Note Guarantee in accordance with the provisions of this Indenture;

and their respective successors and assigns until released from their obligations under their Note Guarantees and this Indenture in accordance with the terms of this Indenture.

*“Hedging Obligations”* means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements designed for the purpose of fixing, hedging, mitigating or swapping interest rate risk either generally or under specific contingencies;
- (2) foreign exchange contracts, currency swap agreements and other agreements or arrangements designed for the purpose of fixing, hedging, mitigating or swapping foreign currency exchange rate risk either generally or under specific contingencies; and
- (3) commodity swap agreements, commodity cap agreements or commodity collar agreements designed for the purpose of fixing, hedging, mitigating or swapping commodity risk either generally or under specific contingencies,

including, in each case, any guarantee obligations in respect thereof.

*“Holder”* means a Person in whose name a Note is registered.

*“IAI Global Note”* means a Global Note substantially in the form of Exhibit A1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

“IFRS” means the international accounting standards promulgated by the International Accounting Standards Board and its predecessors, as adopted by the European Union, as in effect from time to time.

“incur” means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock (to the extent provided for when the Indebtedness or Disqualified Stock on which such interest or dividend is paid was originally issued) shall be considered an incurrence of Indebtedness; *provided* that in each case the amount thereof is for all other purposes included in the Fixed Charges of the Company or its Restricted Subsidiary as accrued and the amount of any such accretion or payment of interest in the form of additional Indebtedness or additional shares of Disqualified Stock is for all purposes included in the Indebtedness of the Company or its Restricted Subsidiary as accreted or paid.

“Indebtedness” means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments;
- (3) evidenced by letters of credit (or reimbursement agreements in respect thereof), but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations (other than obligations set forth in clauses (1), (2), (4), (5), (6), (7) or (8) of this definition) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement;
- (4) in respect of banker’s acceptances;
- (5) in respect of Capital Lease Obligations and Attributable Debt;
- (6) in respect of the balance deferred and unpaid of the purchase price of any property, except (i) any such balance that constitutes an accrued expense or trade payable or similar obligation to a trade creditor and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP;
- (7) representing Hedging Obligations, other than Hedging Obligations that are incurred in the normal course of business and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder; or
- (8) representing Disqualified Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price.

In addition, the term “Indebtedness” includes (1) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) ; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness, and (2) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the “maximum fixed repurchase price” of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value shall be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock.

The amount of any Indebtedness outstanding as of any date shall be the outstanding balance at such date of all unconditional obligations as set forth above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and shall be:

- (1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and
- (2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness;

*provided* that Indebtedness shall not include:

- (i) any liability for foreign, federal, state, local or other taxes,
- (ii) performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business,
- (iii) any liability arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business ; *provided, however*, that such liability is extinguished within five Business Days of its incurrence,
- (iv) any liability owed to any Person in connection with workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance provided by such Person pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business,
- (v) any indebtedness existing on the date of this Indenture that has been satisfied and discharged or defeased by legal defeasance,
- (vi) agreements providing for indemnification, adjustment of purchase price or earnouts or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Company or any of its Restricted Subsidiaries pursuant to such agreements, in any case incurred in connection with the disposition or acquisition of any business, assets or

Restricted Subsidiary (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), so long as the principal amount does not exceed the gross proceeds actually received in connection with such transaction, or

- (vii) indebtedness under leases that exists solely as a result of the implementation of the proposed revisions to lease accounting standards by the Financial Accounting Standards Board and the International Accounting Standards Board, as described in the discussion paper “Leases: Preliminary Views” dated March 2009.

No Indebtedness of any Person will be deemed to be contractually subordinated in right of payment to any other Indebtedness of such Person solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

“*Indenture*” means this Indenture, as amended or supplemented from time to time.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Note through a Participant.

“*Initial Notes*” means the \$1.0 billion aggregate principal amount of Notes issued under this Indenture on the date hereof.

“*Initial Purchasers*” means Goldman, Sachs & Co., Barclays Capital Inc., J.P. Morgan Securities Inc., Banc of America Securities LLC, Raymond James & Associates, Inc., SunTrust Robinson Humphrey, Inc. and TD Securities (USA) LLC.

“*Insolvency or Liquidation Proceeding*” means:

(1) any case commenced by or against the Company or any Guarantor under the Bankruptcy Law, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Company or any Guarantor, any receivership or assignment for the benefit of creditors relating to the Company or any Guarantor or any similar case or proceeding relative to the Company or any Guarantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Company or any Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency, unless otherwise permitted by this Indenture and the Security Documents;

(3) any proceeding seeking the appointment of a trustee, receiver, liquidator, custodian or other insolvency official with respect to the Company or any Guarantor or any of their assets;

(4) any other proceeding of any type or nature in which substantially all claims of creditors of the Company or any Guarantor are determined and any payment or distribution is or may be made on account of such claims; or

(5) any analogous procedure or step in any jurisdiction.

*“Institutional Accredited Investor”* means an institution that is an “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not also QIBs.

*“Intercreditor Agreement”* means the Second Amended and Restated Intercreditor Agreement, dated as of the date of this Indenture, by and among the Company, the Subsidiary Guarantors, the ABL Collateral Agent and the Collateral Trustee, as amended or supplemented from time to time in accordance with its terms.

*“Investment Grade Securities”* means:

- (1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof;
- (2) debt securities or debt instruments with an investment grade rating (but not including any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries);
- (3) investments in any fund that invests exclusively in investments of the type set forth in clauses (1) and (2) above which fund may also hold immaterial amounts of cash pending investment or distribution; and
- (4) corresponding instruments in countries other than the United States customarily utilized for high quality investments.

*“Investments”* means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the form of loans or other extensions of credit (including Guarantees, but excluding advances to customers or suppliers and trade credit in the ordinary course of business to the extent they are in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business), advances (excluding commission, payroll, travel and similar advances to officers, directors and employees made in the ordinary course of business, and excluding advances set forth in the preceding parenthetical), capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. In no event shall a guarantee of an operating lease of the Company or any Restricted Subsidiary be deemed an Investment.

If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Investment in such Restricted Subsidiary not sold or disposed of in an amount determined as provided in Section 4.07(c) hereof. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person only if such Investment was made in contemplation of, or in connection with, the acquisition of such Person by the Company or such Restricted Subsidiary and the amount of any such Investment shall be determined as provided in Section 4.07(c) hereof.

*“Junior Term Loan Facility”* means the \$450,000,000 Term Loan Credit Agreement, dated as of May 22, 2008, among Parent, the several lenders from time to time party thereto, Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as co-lead arrangers and joint bookrunners, Lehman Brothers Commercial Paper Inc., as administrative agent and collateral agent, and Goldman Sachs Credit Partners L.P., as syndication agent, as amended.

*“Legal Holiday”* means a Saturday, a Sunday or a day on which banking institutions in The City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed.

*“Letter of Transmittal”* means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

*“Lien”* means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including (1) any conditional sale or other title retention agreement, (2) any lease in the nature thereof, (3) any option or other agreement to sell or give a security interest and (4) any filing, authorized by or on behalf of the relevant grantor, of any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

*“Lien Sharing and Priority Confirmation”* means:

(1) as to any Series of Priority Lien Debt, the written agreement of the Secured Debt Representative of such Series of Priority Lien Debt, holders of such Series of Priority Lien Debt or as set forth in the indenture, credit agreement or other agreement governing such Series of Priority Lien Debt, for the benefit of all holders of Secured Debt and each then present or future Secured Debt Representative:

(a) that all Priority Lien Obligations will be and are secured equally and ratably by all Priority Liens at any time granted by the Company or any Subsidiary Guarantor to secure any Obligations in respect of such Series of Priority Lien Debt, whether or not upon property otherwise constituting Collateral, and that all such Priority Liens will be enforceable by the Collateral Trustee for the benefit of all holders of Priority Lien Obligations equally and ratably;

(b) that the holders of Obligations in respect of such Series of Priority Lien Debt are bound by the provisions of the Collateral Trust Agreement, including the provisions relating to the ranking of Priority Liens and the order of application of proceeds from enforcement of Priority Liens; and

(c) consenting to the terms of the Collateral Trust Agreement and the Intercreditor Agreement and the Collateral Trustee's performance of, and directing the Collateral Trustee to perform, its obligations under the Collateral Trust Agreement and the Intercreditor Agreement;

(2) as to any Series of ABL Debt, the written agreement of the Secured Debt Representative of such Series of ABL Debt, the holders of such Series of ABL Debt or as set forth in the credit agreement, indenture or other agreement governing such Series of ABL Debt, for the benefit of all holders of Secured Debt and each then present future Secured Debt Representative, that the holders of Obligations in respect of such Series of ABL Debt are bound by the provisions of the Intercreditor Agreement; and

(3) as to any Series of Subordinated Lien Debt, the written agreement of the Secured Debt Representative of such Series of Subordinated Lien Debt, the holders of such Series of Subordinated Lien Debt or as set forth in this Indenture, credit agreement or other agreement governing such Series of Subordinated Lien Debt, for the benefit of all holders of Secured Debt and each then present or future Secured Debt Representative:

(a) that all Subordinated Lien Obligations will be and are secured equally and ratably by all Subordinated Liens at any time granted by the Company or any Subsidiary Guarantor to secure any Obligations in respect of such Series of Subordinated Lien Debt, whether or not upon property otherwise constituting Collateral for such Series of Subordinated Lien Debt, and that all such Subordinated Liens will be enforceable by the Collateral Trustee for the benefit of all holders of Subordinated Lien Obligations equally and ratably;

(b) that the holders of Obligations in respect of such Series of Subordinated Lien Debt are bound by the provisions of the Collateral Trust Agreement and the Intercreditor Agreement, including the provisions relating to the ranking of Subordinated Liens and the order of application of proceeds from the enforcement of Subordinated Liens; and

(c) consenting to the terms of the Collateral Trust Agreement and the Intercreditor Agreement and the Collateral Trustee's performance of, and directing the Collateral Trustee to perform, its obligations under the Collateral Trust Agreement and the Intercreditor Agreement.

"*Moody's*" means Moody's Investors Service Inc., and any successor to the rating agency business thereto.

"*Net Available Cash Account*" means any deposit account or securities account established by the Company or any Guarantor in accordance with the requirements of the covenant set forth in Section 15 of the ABL Credit Facility and which does not contain proceeds of Loans (as defined in the ABL Credit Facility) or ABL Priority Collateral and which has been identified to the ABL Collateral Agent as such at the time that proceeds from any sale of Priority Lien Collateral or Subordinated Lien Collateral shall be deposited pending final application in accordance with such covenant.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of dividends on preferred stock.

"*Net Proceeds*" means the aggregate cash proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof)



received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale and the sale or other disposition of any non-cash consideration, including, without limitation, legal, accounting and investment banking fees, and brokerage or sales commissions, and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (3) amounts required to be applied to the repayment of Indebtedness or other liabilities, secured by a Lien on the asset or assets that were the subject of such Asset Sale, or required to be paid as a result of such sale, and (4) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP, as well as any other reserve established in accordance with GAAP related to pension and other post-employment benefit liabilities, liabilities related to environmental matters, or any indemnification obligations associated with such transaction; provided that, in the case of a Sale of a Subsidiary Guarantor, any Net Proceeds received in such Sale of a Subsidiary Guarantor in respect of ABL Priority Collateral will constitute Net Proceeds from an Asset Sale other than a Sale of a Subsidiary Guarantor and will not constitute Net Proceeds from an Asset Sale that constitutes a Sale of a Subsidiary Guarantor.

*“New York Uniform Commercial Code”* means the Uniform Commercial Code as in effect from time to time in the State of New York.

*“Non-Core Assets”* means the following assets owned by the Company and/or its Subsidiaries on the date hereof: (1) 623,521 shares of common stock of PrimeEnergy Corporation; (2) Hansford Street property and building and fixtures related thereto (1352, 1354, 1401 and 1403 Hansford Street, Charleston, WV 25301); and (3) Vacant lot and fixtures related thereto at Hillcrest Drive (835 Hillcrest Drive, Charleston, WV, 25311).

*“Non-U.S. Person”* means a Person who is not a U.S. Person.

*“Note Documents”* means this Indenture, the Notes and the Security Documents related to the Notes, each as amended or supplemented in accordance with the terms thereof.

*“Note Guarantee”* means a Guarantee of the Notes pursuant to this Indenture.

*“Notes”* has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes. For purposes of this Indenture, all references to Notes to be issued or authenticated upon transfer, replacement or exchange pursuant to the terms of this Indenture shall be deemed a Note under this Indenture.

*“Notes Priority Collateral”* means all of the tangible and intangible properties and assets at any time owned or acquired by the Company or any Subsidiary Guarantor, except:

- (1) Excluded Assets; and
- (2) ABL Priority Collateral.

*“Obligations”* means any principal, interest, penalties, fees, expenses, indemnifications, reimbursements, damages and other liabilities (including all interest, Special Interest (if any), fees and expenses accruing after the commencement of any Insolvency or Liquidation Proceeding, even if such

interest, fees and expenses are not enforceable, allowable or allowed as a claim in such proceeding) under any Secured Debt Documents or ABL Debt Documents, as the case may be.

“*Offering Circular*” means the offering circular, dated December 16, 2009, relating to the offering of the Initial Notes.

“*Officer*” means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the General Counsel, the Secretary, any Executive Vice President, any Senior Vice President, any Vice President or any Assistant Vice President of such Person.

“*Officers’ Certificate*” means a certificate signed on behalf of the Company by an Officer of the Company, who must be the principal executive officer, the principal financial officer, the treasurer, the principal accounting officer or the general counsel of the Company, that meets the requirements of Section 13.05 hereof.

“*Opinion of Counsel*” means an opinion from legal counsel who is reasonably acceptable to the Trustee that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

“*Parent*” means McJunkin Red Man Holding Corporation, a Delaware corporation, and its successors.

“*Participant*” means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

“*Permitted Business*” means any business conducted or proposed to be conducted (as described in the Offering Circular) by the Company and its Restricted Subsidiaries on the date of this Indenture and other businesses reasonably related, complementary or ancillary thereto and reasonable expansions or extensions thereof.

“*Permitted Holder*” means each of the Principals and their Related Parties, PVF Holdings LLC and its members, and members of management of the Company or a direct or indirect parent of the Company and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; *provided* that in the case of such group and without giving effect to the existence of such group or any other group, such Principals, Related Parties, PVF Holdings LLC and its members and members of management, collectively, have direct or indirect beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company.

“*Permitted Investments*” means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company;
- (2) any Investment in cash or Cash Equivalents or Investment Grade Securities;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
  - (a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

and, in each case, any Investment held by such Person, provided that such Investment was not acquired by such Person in contemplation of such acquisition, merger, consolidation or transfer;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof or from any other disposition of assets not constituting an Asset Sale;

(5) Investments to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or any direct or indirect parent of the Company;

(6) Hedging Obligations that are incurred in the normal course of business and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(7) Investments received in satisfaction of judgments or in settlements of debt or compromises of obligations incurred in the ordinary course of business;

(8) loans or advances to employees of the Company or any of its Restricted Subsidiaries that are approved by a majority of the disinterested members of the Board of Directors of the Company or Parent, in an aggregate principal amount of \$5.0 million at any one time outstanding;

(9) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons; and

(10) other Investments in any Person that is not an Affiliate of the Company (other than a Restricted Subsidiary or any Person that is an Affiliate of the Company solely because the Company, directly or indirectly, own Equity Interests in or controls such Person) having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10) since the date of this Indenture, not to exceed the greater of (a) \$75.0 million and (b) 2.5% of the Company's Consolidated Total Assets at the time of such Investment;

(11) any Investment existing on the date of this Indenture;

(12) any Investment acquired by the Company or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

- (13) guarantees of Indebtedness of the Company or any Restricted Subsidiary which Indebtedness is permitted under Section 4.09 hereof;
- (14) any transaction which constitutes an Investment to the extent permitted and made in accordance with Section 4.11 hereof;
- (15) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment;
- (16) Investments (including debt obligations and Equity Interests) received in connection with the bankruptcy or reorganization of suppliers and customers or in settlement of delinquent obligations of, or other disputes with, customers and suppliers arising in the ordinary course of business; and
- (17) Investments in Unrestricted Subsidiaries and joint ventures of the Company or any of its Restricted Subsidiaries in an aggregate amount not to exceed \$75.0 million.

“*Permitted Liens*” means:

- (1) Liens on ABL Priority Collateral securing (a) ABL Debt in an aggregate principal amount (as of the date of incurrence of any ABL Debt and after giving *pro forma* effect to the application of the net proceeds therefrom and with letters of credit issued under the ABL Credit Facility being deemed to have a principal amount equal to the face amount thereof), not exceeding the ABL Lien Cap, and (b) all other ABL Debt Obligations;
- (2) Priority Liens securing (a) Priority Lien Debt in an aggregate principal amount (as of the date of incurrence of any Priority Lien Debt and after giving *pro forma* effect to the application of the net proceeds therefrom and with letters of credit issued under any Priority Lien Documents being deemed to have a principal amount equal to the face amount thereof), not exceeding the Priority Lien Cap, and (b) all other Priority Lien Obligations;
- (3) Subordinated Liens securing (a) Subordinated Lien Debt in an aggregate principal amount (as of the date of incurrence of any Subordinated Lien Debt and after giving *pro forma* effect to the application of the net proceeds therefrom), not exceeding the Subordinated Lien Cap and (b) all other Subordinated Lien Obligations, which Liens are made junior to the Priority Lien Obligations (and, with respect to ABL Priority Collateral, to ABL Lien Obligations) pursuant to the Collateral Trust Agreement and the Intercreditor Agreement;
- (4) Liens in favor of the Company or any Restricted Subsidiary;
- (5) Liens on property or Capital Stock of a Person existing at the time such Person is acquired by, merged with or into or consolidated, combined or amalgamated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to, and were not incurred in connection with or in contemplation of, such merger, acquisition, consolidation, combination or amalgamation and do not extend to any assets other than those of the Person acquired by or merged into or consolidated, combined or amalgamated with the Company or the Restricted Subsidiary;
- (6) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to, and were not incurred in connection with or in contemplation of, such acquisition and do not

extend to any property other than the property so acquired by the Company or the Restricted Subsidiary;

(7) Liens existing on the date of this Indenture, other than liens to secure the Notes issued on the date of this Indenture or to secure Obligations under the ABL Credit Facility outstanding on the date of this Indenture;

(8) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture (other than ABL Debt, Priority Lien Debt or Subordinated Lien Debt); *provided* that (a) the new Lien shall be limited to all or part of the same property and assets that secured the original Lien, and (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount or, if greater, committed amount of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness, and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(9) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(4) hereof, provided that any such Lien (i) covers only the assets acquired, constructed or improved with such Indebtedness and (ii) is created within 180 days of such acquisition, construction or improvement;

(10) Liens incurred or pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security and employee health and disability benefits;

(11) Liens to secure the performance of bids, tenders, completion guarantees, public or statutory obligations, surety or appeal bonds, bid leases, performance bonds, reimbursement obligations under letters of credit that do not constitute Indebtedness or other obligations of a like nature, and deposits as security for contested taxes or for the payment of rent, in each case incurred in the ordinary course of business;

(12) Liens for taxes, assessments or governmental charges or claims that are not yet overdue by more than 30 days or that are payable or subject to penalties for nonpayment or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted; *provided* that any reserve or other appropriate provision required under GAAP has been made therefor;

(13) Carriers', warehousemen's, landlords', mechanics', suppliers', materialmen's and repairmen's and similar Liens, or Liens in favor of customs or revenue authorities or freight forwarders or handlers to secure payment of custom duties, in each case (whether imposed by law or agreement) incurred in the ordinary course of business;

(14) licenses, entitlements, servitudes, easements, rights-of-way, restrictions, reservations, covenants, conditions, utility agreements, rights of others to use sewers, electric lines and telegraph and telephone lines, minor imperfections of title, minor survey defects, minor encumbrances or other similar restrictions on the use of any real property, including zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business, that were not incurred in connection with Indebtedness and do not, in the aggregate, materially diminish the value of said properties or materially interfere with their use in the operation of the business of the Company or any of its Restricted Subsidiaries;

(15) leases, subleases, licenses, sublicenses or other occupancy agreements granted to others in the ordinary course of business which do not secure any Indebtedness and which do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(16) with respect to any leasehold interest where the Company or any Restricted Subsidiary of the Company is a lessee, tenant, subtenant or other occupant, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or sublandlord of such leased real property encumbering such landlord's or sublandlord's interest in such leased real property;

(17) Liens arising from Uniform Commercial Code financing statement filings regarding precautionary filings, consignment arrangements or operating leases entered into by the Company or any of its Restricted Subsidiaries granted in the ordinary course of business;

(18) Liens (i) of a collection bank arising under Section 4-210 of the New York Uniform Commercial Code on items in the course of collection, (ii) in favor of banking institutions arising as a matter of law encumbering deposits (including the right of set-off) within general parameters customary in the banking industry or (iii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business;

(19) Liens securing judgments for the payment of money not constituting an Event of Default pursuant to clause (6) of Section 6.01 hereof, so long as such Liens are adequately bonded;

(20) deposits made in the ordinary course of business to secure liability to insurance carriers;

(21) Liens arising out of conditional sale, title retention, consignment or similar arrangements, or that are contractual rights of set-off, relating to the sale or purchase of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(22) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement permitted under this Indenture;

(23) any extension, renewal or replacement, in whole or in part of any Lien set forth in clauses (5), (6), (7), (9), (13) through (16), (18), (19) and (22) through (29) of this definition of "Permitted Liens;" *provided* that any such extension, renewal or replacement is no more restrictive in any material respect than any Lien so extended, renewed or replaced and does not extend to any additional property or assets;

(24) Liens on cash or cash equivalents deposited to secure Hedging Obligations incurred by the Company or any Subsidiary Guarantor in the normal course of business and not for speculative purposes;

(25) Liens other than any of the foregoing incurred by the Company or any Restricted Subsidiary of the Company with respect to Indebtedness or other obligations that do not, in the aggregate, exceed \$50.0 million at any one time outstanding;

(26) Liens on Capital Stock issued by, or any property or assets of, any Foreign Subsidiary securing Indebtedness incurred by a Foreign Subsidiary in compliance with Section 4.09 hereof;

(27) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 4.09 hereof, provided that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(28) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes; and

(29) Liens solely on any cash earnest money deposits made by the Company or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement not prohibited by this Indenture.

*“Permitted Prior Liens”* means:

(1) Liens set forth in clauses (1), (5), (6), (7), (8) (to the extent the Lien refinanced pursuant to clause (8) itself qualified as a Permitted Prior Lien), (9), (10), (11), (13), (18), (19), (20), (21), (22), (23) (to the extent the Lien refinanced pursuant to clause (23) itself qualified as a Permitted Prior Lien), (24), (25), (26), (27), (28) and (29) of the definition of “Permitted Liens;” and

(2) Permitted Liens that arise by operation of law and are not voluntarily granted, to the extent entitled by law to priority over the Liens created by the Security Documents.

*“Permitted Refinancing Indebtedness”* means:

(1) any Indebtedness of the Company or any of its Restricted Subsidiaries (other than Disqualified Stock) issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than Disqualified Stock and intercompany Indebtedness); *provided* that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded ( *plus* all accrued interest thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable fees and expenses incurred in connection therewith);

(b) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(c) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is contractually subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness is contractually subordinated in right of payment to the Notes on terms at least as favorable to the Holders of Notes as those contained in the

documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(d) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is *pari passu* in right of payment with the Notes or any Note Guarantees, such Permitted Refinancing Indebtedness is *pari passu* in right of payment with, or subordinated in right of payment to, the Notes or such Note Guarantees; and

(e) such Indebtedness is incurred either (i) by the Company or any Subsidiary Guarantor or (ii) by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(2) any Disqualified Stock of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace or refund other Disqualified Stock of the Company or any of its Restricted Subsidiaries (other than Disqualified Stock held by the Company or any of its Restricted Subsidiaries); *provided that*:

(a) the liquidation or face value of such Permitted Refinancing Indebtedness does not exceed the liquidation or face value of the Disqualified Stock so extended, refinanced, renewed, replaced or refunded (*plus* all accrued dividends thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable fees and expenses incurred in connection therewith);

(b) such Permitted Refinancing Indebtedness has a final redemption date later than the final redemption date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Disqualified Stock being extended, refinanced, renewed, replaced or refunded;

(c) such Permitted Refinancing Indebtedness has a final redemption date later than the final maturity date of, and is contractually subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Disqualified Stock being extended, refinanced, renewed, replaced or refunded;

(d) such Permitted Refinancing Indebtedness is not redeemable at the option of the holder thereof or mandatorily redeemable prior to the final maturity of the Disqualified Stock being extended, refinanced, renewed, replaced or refunded; and

(e) such Disqualified Stock is issued either (i) by the Company or any Subsidiary Guarantor or (ii) by the Restricted Subsidiary that is the issuer of the Disqualified Stock being extended, refinanced, renewed, replaced or refunded.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“*preferred stock*” means, with respect to any Person, any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions upon liquidation.

“*Principals*” means The Goldman Sachs Group, Inc., a Delaware corporation, Goldman, Sachs & Co., a New York limited partnership, GS Capital Partners V Fund, L.P., a Delaware limited partnership, and GS Capital Partners VI Fund, L.P., a Delaware limited partnership.



“*Priority Lien*” means a Lien granted by a Security Document to the Collateral Trustee, at any time, upon any property of the Company or any Guarantor to secure Priority Lien Obligations.

“*Priority Lien Cap*” means, as of any date of determination, the amount of Priority Lien Debt that may be incurred by the Company or any of the Subsidiary Guarantors such that, after giving *pro forma* effect to such incurrence and the application of the net proceeds therefrom, the Priority Lien Debt Ratio would not exceed (i) 3.75 to 1.0 at any time after the Company’s financial results for the fiscal quarter ended March 31, 2010 would be included in the calculation of the Priority Lien Debt Ratio and (ii) 3.00 to 1.0 at any time prior thereto.

“*Priority Lien Debt*” means:

(1) the Notes initially issued by the Company under this Indenture together with the related Note Guarantees of the Subsidiary Guarantors (and Exchange Notes and exchange guarantees issued in lieu thereof);

(2) additional notes issued under any indenture or other Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of the Company that is secured equally and ratably with the Notes by a Priority Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document, and guarantees (including Note Guarantees) thereof by any of the Guarantors; *provided*, in the case of any additional notes, guarantees or other Indebtedness referred to in this clause (2), that:

(a) on or before the date on which such additional notes are issued or Indebtedness is incurred by the Company or guarantees incurred by such Subsidiary Guarantor, such additional notes, guarantees or other Indebtedness, as applicable, is designated by the Company, in an Officers’ Certificate delivered to the Collateral Trustee, as “Priority Lien Debt” for the purposes of the Secured Debt Documents; *provided* that no Series of Secured Debt may be designated as both Subordinated Lien Debt and Priority Lien Debt and no Series of Secured Debt may be designated as both ABL Debt and Priority Lien Debt;

(b) such additional notes, guarantees or other Indebtedness is governed by an indenture or a credit agreement, as applicable, or other agreement that includes a Lien Sharing and Priority Confirmation and meets the requirements of Section 10.01 of this Indenture; and

(c) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Collateral Trustee’s Lien to secure such additional notes, guarantees or other Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (c) will be conclusively established if the Company delivers to the Collateral Trustee an Officers’ Certificate stating that such requirements and other provisions have been satisfied and that such notes, guarantees or other Indebtedness is “Priority Lien Debt”); and

(3) Hedging Obligations of the Company or any Subsidiary Guarantor incurred in accordance with the terms of the Secured Debt Documents; *provided* that:

(a) on or before or within thirty (30) days after the date on which such Hedging Obligations are incurred by the Company or Subsidiary Guarantor (or on or within thirty (30) days after the date hereof for Hedging Obligations in existence on the date hereof), such Hedging Obligations are designated by the Company or Subsidiary Guarantor, as applicable, in an Officers’ Certificate delivered to the Collateral Trustee, as “Priority Lien Debt” for the purposes

of the Secured Debt Documents; *provided* that no Hedging Obligation may be designated as both Priority Lien Debt and Subordinated Lien Debt;

(b) the counterparty in respect of such Hedging Obligations, in its capacity as a holder or beneficiary of such Priority Lien, executes and delivers a joinder to the Collateral Trust Agreement in accordance with the terms thereof or otherwise becomes subject to the terms of the Collateral Trust Agreement; and

(c) all other requirements set forth in the Collateral Trust Agreement have been complied with (and the satisfaction of such requirements will be conclusively established if the Company delivers to the Collateral Trustee an Officers' Certificate stating that such requirements and other provisions have been satisfied and that such Hedging Obligations are "Priority Lien Debt").

*"Priority Lien Debt Ratio"* means, as of any date of determination, the ratio of Priority Lien Debt of the Company and its Restricted Subsidiaries as of that date to the Company's Consolidated Cash Flow for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination, with such adjustments to the amount of Priority Lien Debt and Consolidated Cash Flow as are consistent with the adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio." For purposes of this calculation, the amount of Priority Lien Debt outstanding as of any date of determination shall not include any Priority Lien Debt that consists solely of Hedging Obligations that are incurred in the normal course of business and not for speculative purposes.

For purposes of this calculation, the amount of Priority Lien Debt outstanding as of any date of determination shall not include any Priority Lien Debt that consists solely of Hedging Obligations that are incurred in the normal course of business and not for speculative purposes.

*"Priority Lien Documents"* means this Indenture and any additional indenture, credit facility or other agreement pursuant to which any Priority Lien Debt is incurred and the security documents related thereto (other than any security documents that do not secure Priority Lien Obligations), as each may be amended, supplemented or otherwise modified.

*"Priority Lien Obligations"* means Priority Lien Debt and all other Obligations in respect thereof.

*"Priority Lien Representative"* means (1) the Collateral Trustee, in the case of the Notes, or (2) in the case of any other Series of Priority Lien Debt, the trustee, agent or representative of the holders of such Series of Priority Lien Debt who is appointed as a representative of such Series of Priority Lien Debt (for purposes related to the administration of the Security Documents) pursuant to the indenture, credit agreement or other agreement governing such Series of Priority Lien Debt.

*"Private Placement Legend"* means the legend set forth in Section 2.06(g)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

*"Pro Forma Cost Savings"* means, with respect to any period, the reduction in net costs and related adjustments that (1) are directly attributable to an acquisition that occurred during the four-quarter period or after the end of the four-quarter period and on or prior to the Calculation Date and calculated on a basis that is consistent with Regulation S-X under the Securities Act as in effect and applied as of the date of this Indenture, (2) were actually implemented with respect to any acquisition within 12 months after the date of the acquisition and prior to the Calculation Date that are supportable and quantifiable by

underlying accounting records or (3) the Company reasonably determines are probable based upon specifically identifiable actions taken or to be taken within 12 months of the date of determination and, in the case of each of (1), (2) and (3), are set forth, as provided below, in an Officers' Certificate, as if all such reductions in costs had been effected as of the beginning of such period. Pro Forma Cost Savings set forth above shall be established by a certificate delivered to the Trustee from the Company's Chief Financial Officer that outlines the specific actions taken or to be taken and the net cost savings achieved or to be achieved from each such action and, in the case of clause (3) above, that states such savings have been determined to be probable.

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Qualified Equity Offering*" means (1) any public or private placement of Capital Stock (other than Disqualified Stock) of the Company, Parent or any other direct or indirect parent of the Company (other than Capital Stock sold to the Company or a Subsidiary of the Company); *provided* that if such public offering or private placement is of Capital Stock of Parent or any other direct or indirect parent of the Company, the term "Qualified Equity Offering" shall refer to the portion of the net cash proceeds therefrom that has been contributed to the equity capital of the Company or (2) the contribution of cash to the Company as an equity capital contribution.

"*Rating Agency*" means each of (1) S&P, (2) Moody's and (3) if either S&P or Moody's no longer provide ratings, any other ratings agency which is nationally recognized for rating debt securities.

"*Refinancing Transactions*" means this offering of Notes on the date of this Indenture and the application of the use of proceeds therefrom as set forth in the Offering Circular.

"*Registration Rights Agreement*" means the registration rights agreement, to be dated the date of this Indenture, among the Company, the Guarantors, Goldman, Sachs & Co and Barclays Capital Inc., as such agreement may be amended, modified or supplemented from time to time in accordance therewith and, with respect to any Additional Notes, one or more registration rights agreements among the Company, the Guarantors and the other parties thereto, as such agreement(s) may be amended, modified or supplemented from time to time, relating to rights given by the Company to the purchasers of Additional Notes to register such Additional Notes under the Securities Act.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as appropriate.

"*Regulation S Permanent Global Note*" means a permanent Global Note in the form of Exhibit A1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"*Regulation S Temporary Global Note*" means a temporary Global Note in the form of Exhibit A2 hereto deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"*Related Party*" means (1) any investment fund under common control or management with The Goldman Sachs Group, Inc., (2) any controlling stockholder, general partner or member of The Goldman

Sachs Group, Inc. and (3) any trust, corporation, limited liability company or other entity, the beneficiaries, stockholders, members, general partners or Persons Beneficially Owning an 80% or more interest of which consist of The Goldman Sachs Group, Inc. and/or the Persons referred to in the immediately preceding clauses (1) and (2). Notwithstanding the foregoing, the term “Related Party” shall not include any operating company which would be deemed a “Related Party” solely by virtue of ownership by The Goldman Sachs Group, Inc. and/or the Persons referred to in the immediately preceding clauses (1) and (2).

“*Replacement Assets*” means (1) tangible assets that will be used or useful in a Permitted Business or (2) substantially all the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

“*Required Subordinated Lien Debtholders*” means, at any time, the holders of a majority in aggregate principal amount of all Subordinated Lien Debt then outstanding, calculated in accordance with Section 7.2 of the Collateral Trust Agreement. For purposes of this definition, Subordinated Lien Debt registered in the name of, or beneficially owned by, any issuer thereof, any guarantor thereof or any Affiliate of any issuer or any guarantor thereof will be deemed not to be outstanding.

“*Responsible Officer*,” when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“*Restricted Definitive Note*” means a Definitive Note bearing the Private Placement Legend.

“*Restricted Global Note*” means a Global Note bearing the Private Placement Legend.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Period*” means the 40-day distribution compliance period as defined in Regulation S.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“*Rule 144*” means Rule 144 promulgated under the Securities Act.

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*Rule 903*” means Rule 903 promulgated under the Securities Act.

“*Rule 904*” means Rule 904 promulgated under the Securities Act.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor to the rating agency business thereto.

“*Sale and Leaseback Transaction*” means, with respect to any Person, any transaction involving any of the assets or properties of such Person whether now owned or hereafter acquired, whereby such Person sells or transfers such assets or properties and then or thereafter leases such assets or properties or any part thereof.

“*Sale of a Subsidiary Guarantor*” means (1) any Asset Sale to the extent involving a sale, lease, conveyance or other disposition of a majority of the Capital Stock of a Subsidiary Guarantor or (2) the issuance of Equity Interests by a Subsidiary Guarantor, other than (a) an issuance of Equity Interests by a Subsidiary Guarantor to the Company or another Subsidiary Guarantor and (b) an issuance of directors’ qualifying shares.

“*Sale of Notes Priority Collateral*” means any Asset Sale to the extent involving a sale, lease, conveyance or other disposition of Notes Priority Collateral.

“*SEC*” means the Securities and Exchange Commission and any successor organization.

“*Secured Debt*” means Priority Lien Debt and Subordinated Lien Debt.

“*Secured Debt Documents*” means the Priority Lien Documents and the Subordinated Lien Documents.

“*Secured Debt Representative*” means each Priority Lien Representative and Subordinated Lien Representative.

“*Secured Obligations*” means Priority Lien Obligations and Subordinated Lien Obligations.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Security Agreement*” means the Security Agreement dated as of the date of this Indenture, by and among the Company, the Subsidiary Guarantors and the Collateral Trustee, as amended or supplemented from time to time in accordance with its terms.

“*Security Documents*” means the Collateral Trust Agreement, the Intercreditor Agreement, each Lien Sharing and Priority Confirmation, and all security agreements, pledge agreements, collateral assignments, collateral agency agreements, debentures, control agreements or other grants or transfers for security executed and delivered by the Company or any Guarantor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Trustee, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and the provisions of Section 7.1 of the Collateral Trust Agreement.

“*Series of ABL Debt*” means, severally, the ABL Credit Facility and any Credit Facility and other Indebtedness or Hedging Obligations that constitute ABL Debt Obligations.

“*Series of Priority Lien Debt*” means, severally, the Notes and any Additional Notes, any Credit Facility (other than the ABL Credit Facility) and other Indebtedness or Hedging Obligations that constitute Priority Lien Debt.

“*Series of Secured Debt*” means each Series of Subordinated Lien Debt and each Series of Priority Lien Debt.

“*Series of Subordinated Lien Debt*” means, severally, each issue or series of Subordinated Lien Debt for which a single transfer register is maintained.

“*Shelf Registration Statement*” has the meaning set forth in the Registration Rights Agreement.

“*Significant Subsidiary*” means any Restricted Subsidiary that would constitute a “significant subsidiary” within the meaning of Article 1 of Regulation S-X under the Securities Act.

“*Special Interest*” means all special interest then owing pursuant to the Registration Rights Agreement.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Lien*” means a Lien granted by a Security Document to the Collateral Trustee, at any time, upon any Collateral of the Company or any Subsidiary Guarantor to secure Subordinated Lien Obligations.

“*Subordinated Lien Cap*” means, as of any date of determination, the amount of Subordinated Lien Debt that may be incurred by the Company or any Subsidiary Guarantor such that, after giving *pro forma* effect to such incurrence and the application of the net proceeds therefrom the Subordinated Lien Debt Ratio would not exceed 4.0 to 1.0.

For purposes of this calculation, the amount of Priority Lien Debt and/or Subordinated Lien Debt outstanding as of any date of determination shall not include any Priority Lien Debt or Subordinated Lien Debt that consists solely of Hedging Obligations that are incurred in the normal course of business and not for speculative purposes.

“*Subordinated Lien Debt*” means

(1) any Indebtedness (including letters of credit and reimbursement obligations with respect thereto) of the Company or any Subsidiary Guarantor that is secured on a subordinated basis to the Priority Lien Debt by a Subordinated Lien that was permitted to be incurred and so secured under each applicable Secured Debt Document; *provided* that:

(a) on or before the date on which such Indebtedness is incurred by the Company or such Subsidiary Guarantor, such Indebtedness is designated by the Company or Subsidiary Guarantor, as applicable, in an Officers’ Certificate delivered to the Collateral Trustee, as “Subordinated Lien Debt” for the purposes of this Indenture and the Collateral Trust Agreement; *provided* that no Series of Secured Debt may be designated as both Subordinated Lien Debt and Priority Lien Debt;

(b) such Indebtedness is governed by an indenture, credit agreement or other agreement that includes a Lien Sharing and Priority Confirmation and meets the requirements of Section 10.02 of this Indenture; and

(c) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Collateral Trustee’s Liens to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (1) will be conclusively established if the Company delivers to the Collateral Trustee an Officers’ Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is “Subordinated Lien Debt”); and

(2) Hedging Obligations of the Company or any Subsidiary Guarantor incurred in accordance with the terms of the Secured Debt Documents; *provided* that:

(a) on or before or within thirty (30) days after the date on which such Hedging Obligations are incurred by the Company or Subsidiary Guarantor (or on or within thirty (30) days after the date hereof for Hedging Obligations in existence on the date hereof), such Hedging Obligations are designated by the Company or Subsidiary Guarantor, as applicable, in an Officers' Certificate delivered to the Collateral Trustee, as "Subordinated Lien Debt" for the purposes of the Secured Debt Documents; *provided* that no Hedging Obligation may be designated as both Subordinated Lien Debt and Priority Lien Debt;

(b) the counterparty in respect of such Hedging Obligations, in its capacity as a holder or beneficiary of such Subordinated Lien, executes and delivers a joinder to the Collateral Trust Agreement in accordance with the terms thereof or otherwise becomes subject to the terms of the Collateral Trust Agreement; and

(c) all other requirements set forth in the Collateral Trust Agreement have been complied with (and the satisfaction of such requirements will be conclusively established if the Company delivers to the Collateral Trustee an Officers' Certificate stating that such requirements and other provisions have been satisfied and that such Hedging Obligations are "Subordinated Lien Debt").

*"Subordinated Lien Debt Ratio"* means, as of any date of determination, the ratio of (1) Priority Lien Debt, *plus* (2) Subordinated Lien Debt of the Company and its Restricted Subsidiaries as of that date to the Company's Consolidated Cash Flow for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination, with such adjustments to the amount of Priority Lien Debt, the amount of Subordinated Lien Debt and Consolidated Cash Flow as are consistent with the adjustment provisions set forth in the definition of "Fixed Charge Coverage Ratio." For purposes of this calculation, the amount of Priority Lien Debt and/or Subordinated Lien Debt outstanding as of any date of determination shall not include any Priority Lien Debt or Subordinated Lien Debt that consists solely of Hedging Obligations that are incurred in the normal course of business and not for speculative purposes.

*"Subordinated Lien Documents"* means, collectively, any indenture, credit agreement or other agreement governing each Series of Subordinated Lien Debt and the security documents related thereto (other than any security documents that do not secure Subordinated Lien Obligations), in each case as such documents may be amended, restated, modified or supplemented from time to time in accordance with their terms.

*"Subordinated Lien Obligations"* means Subordinated Lien Debt and all other Obligations in respect thereof.

*"Subordinated Lien Representative"* means, in the case of any future Series of Subordinated Lien Debt, the trustee, agent or representative of the holders of such Series of Subordinated Lien Debt who (1) is appointed as a Subordinated Lien Representative (for purposes related to the administration of the Security Documents) pursuant to the indenture, credit agreement or other agreement governing such Series of Subordinated Lien Debt, together with its successors in such capacity, and (2) has become a party to the Collateral Trust Agreement by executing a joinder in the form required under the Collateral Trust Agreement.

*"Subsidiary"* means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a subsidiary of such Person or (b) the only general partners of which are such Person or one or more subsidiaries of such Person (or any combination thereof).

*“Subsidiary Guarantor”* means a Guarantor that is a Restricted Subsidiary of the Company.

*“TIA”* means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbb).

*“Treasury Management Arrangement”* means any agreement or other arrangement governing the provision of treasury or cash management services, including deposit accounts, overdraft, credit or debit card, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

*“Treasury Rate”* means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to December 15, 2012; *provided, however*, that if the period from the redemption date to December 15, 2012, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

*“Trustee”* means U.S. Bank National Association, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

*“Uniform Commercial Code”* means the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

*“Unrestricted Definitive Note”* means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

*“Unrestricted Global Note”* means a Global Note that does not bear and is not required to bear the Private Placement Legend.

*“Unrestricted Subsidiary”* means any Subsidiary of the Company that is designated as an Unrestricted Subsidiary pursuant to a resolution of the Company’s or Parent’s Board of Directors in compliance with Section 4.16 hereof, and any Subsidiary of such Subsidiary.

*“U.S. Person”* means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

*“Voting Stock”* of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.



“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness or Disqualified Stock at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal or liquidation or face value, including payment at final maturity or redemption, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal or liquidation or face value amount of such Indebtedness or Disqualified Stock.

“*Wholly Owned Domestic Subsidiary*” of any specified Person means a Domestic Subsidiary of such Person all of the outstanding Capital Stock or other ownership interest of which shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person.

“*Wholly Owned Restricted Subsidiary*” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares or Investments by foreign nationals mandated by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

#### Section 1.02 *Other Definitions.*

Term	Defined in Section
“ <i>Affiliate Transaction</i> ”	4.11
“ <i>After-Acquired Property</i> ”	10.09
“ <i>Asset Sale Offer</i> ”	3.09
“ <i>Authentication Order</i> ”	2.02
“ <i>Calculation Date</i> ”	1.01
“ <i>Change of Control Offer</i> ”	4.14
“ <i>Change of Control Payment</i> ”	4.14
“ <i>Change of Control Payment Date</i> ”	4.14
“ <i>Covenant Defeasance</i> ”	8.03
“ <i>DTC</i> ”	2.03
“ <i>Event of Default</i> ”	6.01
“ <i>Excess Proceeds</i> ”	4.10
“ <i>Initial Mortgaged Property</i> ”	10.09
“ <i>Legal Defeasance</i> ”	8.02
“ <i>Mortgage</i> ”	10.09
“ <i>Offer Amount</i> ”	3.09
“ <i>Offer Period</i> ”	3.09
“ <i>Paying Agent</i> ”	2.03
“ <i>Permitted Debt</i> ”	4.09
“ <i>Payment Default</i> ”	6.01
“ <i>Purchase Date</i> ”	3.09
“ <i>Registrar</i> ”	2.03
“ <i>Restricted Payments</i> ”	4.07
“ <i>relevant transactions</i> ”	1.01

Section 1.03 *Incorporation by Reference of Trust Indenture Act.*

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

“*indenture securities*” means the Notes;

“*indenture security holder*” means a Holder of a Note;

“*indenture to be qualified*” means this Indenture;

“*indenture trustee*” or “*institutional trustee*” means the Trustee;

“*issuer*” means the Company; and

“*obligor*” on the Notes and the Note Guarantees means the Company and the Guarantors, respectively, and any successor obligor upon the Notes and the Note Guarantees, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Notwithstanding the foregoing, the TIA and the terms and provisions thereof shall not apply to this Indenture until such time as the Notes are registered under the Securities Act and this Indenture is qualified under the TIA.

Section 1.04 *Rules of Construction.*

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) “or” is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) “will” shall be interpreted to express a command;
- (6) provisions apply to successive events and transactions;
- (7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time;
- (8) any reference to an “Article,” “Section” or “clause” refers to an Article, Section or clause, as the case may be, of this Indenture;

(9) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not any particular Article, Section, clause or other subdivision; and

(10) the phrase “in writing” as used herein shall be deemed to include .pdf attachments and other electronic means of transmission, unless otherwise indicated.

## ARTICLE 2 THE NOTES

### Section 2.01 *Form and Dating.*

(a) *General.* The Notes and the Trustee’s certificate of authentication will be substantially in the form of Exhibits A1 and A2 hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form will be substantially in the form of Exhibits A1 or A2 hereto (including the Global Note Legend thereon and the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A1 hereto (but without the Global Note Legend thereon and without the “Schedule of Exchanges of Interests in the Global Note” attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Temporary Global Notes.* Notes offered and sold in reliance on Regulation S will be issued initially substantially in the form of Exhibit A2 hereto, which will be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its Corporate Trust Office, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated agents holding on behalf of Euroclear or Clearstream, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period will be terminated upon the receipt by the Trustee of:

(1) a written certificate from the Depositary, if available, together with copies of certificates from Euroclear and Clearstream, if available, certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial

ownership interest in a 144A Global Note or an IAI Global Note bearing a Private Placement Legend, all as contemplated by Section 2.06(b) hereof); and

(2) an Officers' Certificate from the Company.

Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Note will be exchanged for beneficial interests in the Regulation S Permanent Global Note pursuant to the Applicable Procedures. Simultaneously with the authentication of the Regulation S Permanent Global Note, the Trustee will cancel the Regulation S Temporary Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(3) *Euroclear and Clearstream Procedures Applicable.* The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Note that are held by Participants through Euroclear or Clearstream.

#### Section 2.02 *Execution and Authentication.*

At least one Officer must sign the Notes for the Company by manual, facsimile, .pdf attachment or other electronically transmitted signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company signed by two Officers (an "*Authentication Order*"), authenticate Notes for original issue that may be validly issued under this Indenture, including any Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

#### Section 2.03 *Registrar and Paying Agent.*

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company

will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ( “DTC”) to act as Depository with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

#### Section 2.04 *Paying Agent to Hold Money in Trust.*

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium on, if any, interest or Special Interest, if any, on, the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

#### Section 2.05 *Holder Lists.*

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA §312(a). If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA §312(a).

#### Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes.* Except as otherwise set forth in this Section 2.06, a Global Note may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes may be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depository that (a) the Depository is unwilling or unable to continue to act as Depository for the Global Notes and the Company fails to appoint a successor Depository within 90 days of delivery of such notice or (b) it has ceased to be a clearing agency registered under the Exchange Act and the Company fails to appoint a successor depository within 90 days of delivery of such notice;

(2) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; *provided* that in no event shall the Regulation S Temporary Global Note be exchanged by the Company for Definitive Notes prior to (A) the expiration of the Restricted

Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes and a Holder requests that its Global Note be exchanged for a Definitive Note.

Definitive Notes delivered in exchange for any Global Note or beneficial interests in Global Notes shall be registered in the names, and issued in any approved denominations, requested by or on behalf of the Depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in Section 2.06(g), unless that legend is not required by law. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note except for Definitive Notes issued subsequent to any of the events in Section 2.06(a)(1), 2.06(a)(2) or 2.06(a)(3) hereof and pursuant to Section 2.06(c) hereof. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); provided, however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1), (2), (3) or (4) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Temporary Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers set forth in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above;

*provided* that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act.

Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(2) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes or an Agent's Message delivered through the DTC Automated Tender Offer Program. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) hereof and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Temporary Global Note or the Regulation S Permanent Global Note, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted

Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) hereof and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or Agent's Message delivered through the DTC Automated Tender Offer Program that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

*(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.*

*(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such



beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon the occurrence of any of the events in Section 2.06(a)(1), 2.06(a)(2) or 2.06(a)(3) hereof and receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate substantially in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Regulation S Temporary Global Note to Definitive Notes.* Notwithstanding Sections 2.06(c)(1)(A) and (C) hereof, a beneficial interest in the Regulation S

Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (A) the expiration of the Restricted Period and (B) the receipt by the Registrar of any certificates required pursuant to Rule 903(b)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only upon the occurrence of any of the events in Section 2.06(a)(1), 2.06(a)(2) or 2.06(a)(3) hereof and if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or Agent's Message delivered through the DTC Automated Tender Offer Program that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon the occurrence of any of

the events in Section 2.06(a)(1), 2.06(a)(2) or 2.06(a)(3) hereof and satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will not bear the Private Placement Legend.

*(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.*

*(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate substantially in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Restricted Subsidiaries, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate substantially in the form of Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the appropriate Regulation S Global Note, and in all other cases, the IAI Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or Agent's Message delivered through the DTC Automated Tender Offer Program that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (2)(B), (2)(D) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate substantially in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or Agent's Message delivered through the DTC Automated Tender Offer Program that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder substantially in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Exchange Offer.* Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate:

(1) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes accepted for exchange in the Exchange Offer by Persons that certify in the applicable Letters of Transmittal or through an Agent's Message delivered through the DTC Automated Tender Offer Program that (A) they are not Broker-Dealers, (B) they are not participating in a distribution of the Exchange Notes and (C) they are not affiliates (as defined in Rule 144) of the Company; and

(2) Unrestricted Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer by Persons that certify in the applicable Letters of Transmittal that (A) they are not Broker-Dealers, (B) they are not participating in a distribution of the Exchange Notes and (C) they are not affiliates (as defined in Rule 144) of the Company.

Concurrently with the issuance of such Notes, the Trustee will cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company will execute and the Trustee will authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Unrestricted Definitive Notes in the appropriate principal amount.

(g) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend.*

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2), (e)(3) or (f) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS

GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(3) *Regulation S Temporary Global Note Legend.* The Regulation S Temporary Global Note will bear a Legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN)."

(4) *Original Issue Discount Legend.* Each Note issued with original issue discount will bear a legend in substantially the following form:

"FOR THE PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THIS SECURITY IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT; FOR EACH \$1,000 PRINCIPAL AMOUNT OF THIS SECURITY, THE ISSUE PRICE IS \$\_\_\_\_, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT IS \$\_\_\_\_, THE ISSUE DATE IS \_\_\_\_\_, 20\_\_ AND THE YIELD TO MATURITY IS \_\_\_\_% PER ANNUM."

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.



(i) *General Provisions Relating to Transfers and Exchanges.*

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.14 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

*Section 2.07 Replacement Notes.*

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

*Section 2.08 Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those set forth in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

*Section 2.09 Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

*Section 2.10 Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation.*

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.*

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

ARTICLE 3  
REDEMPTION AND PREPAYMENT

Section 3.01 *Notices to Trustee.*

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 15 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth:

- (1) the clause of this Indenture pursuant to which the redemption shall occur;
- (2) the redemption date;
- (3) the principal amount of Notes to be redeemed; and
- (4) the redemption price.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased.*

If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee will select Notes for redemption or purchase on a *pro rata* basis (or, in the case of Global Notes, based on a method that most nearly approximates a *pro rata* selection as the Trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depositary requirements.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. No Notes of \$2,000 or less shall be redeemed in part. Notes and portions of Notes selected will be in amounts of \$2,000 or integral multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

*Section 3.03 Notice of Redemption.*

At least 15 days but not more than 60 days before a redemption date, the Company shall send electronically or mail by first class mail or as otherwise provided in accordance with the procedures of DTC, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 12 hereof.

The notice will identify the Notes to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued in the name of the holder thereof upon cancellation of the original Note;
- (4) the name and address of the Paying Agent;
- (5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;
- (8) that no representation is made as to the correctness or accuracy of the CUSIP or ISIN number, if any, listed in such notice or printed on the Notes; and
- (9) any condition to such redemption as permitted by the last sentence of Section 3.04 hereof.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company has delivered to the Trustee, at least 30 days (or such shorter time period as may be acceptable to the Trustee) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in Section 3.03.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become due and payable on the redemption date at the redemption price. Interest, if any, on Notes called for redemption ceases to accrue on and after the redemption date, unless the Company defaults in making the applicable redemption payment. Notices of redemption may be given prior to the completion thereof, and any redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the Qualified Equity Offering.

Section 3.05 *Deposit of Redemption or Purchase Price.*

Prior to 12:00 p.m. Eastern Time (or such later time as has been agreed to by Paying Agent or the Trustee) on the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Special Interest, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of and accrued interest and Special Interest, if any, on all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered. No Notes in denominations of \$2,000 or less shall be redeemed in part.

Section 3.07 *Optional Redemption.*

(a) At any time prior to December 15, 2012, the Company may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture (together with any Additional Notes), upon not less than 15 nor more than 60 days' notice, at a redemption price equal to 109.5% of the principal amount of the Notes redeemed, *plus* accrued and unpaid interest and Special Interest (if any) to the date of redemption (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with all or a portion of the net cash proceeds of one or more Qualified Equity Offerings; *provided that*:

(1) at least 65% of the aggregate principal amount of Notes issued under this Indenture (including any Additional Notes) remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(2) the redemption must occur within 90 days of the date of the closing of such Qualified Equity Offering.

(b) At any time prior to December 15, 2012, the Company may, on any one or more occasions, redeem all or a part of the Notes, upon not less than 15 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of, and accrued and unpaid interest and Special Interest (if any) to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

(c) Reserved.

(d) Except pursuant to Sections 3.07(a) and 3.07(b), the Notes will not be redeemable at the Company's option prior to December 15, 2012.

(e) On or after December 15, 2012, the Company may redeem all or a part of the Notes upon not less than 15 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest and Special Interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on December 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2012	107.125%
2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(f) Any redemption pursuant to this Section 3.07 shall be made in accordance with the provisions of Sections 3.01 through 3.06 hereof.

#### Section 3.08 *Mandatory Redemption.*

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

#### Section 3.09 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an offer to all Holders to purchase Notes (an "*Asset Sale Offer*"), it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Priority Lien Debt containing provisions similar to those set forth in this Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than five Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Company will apply all Excess Proceeds (the "*Offer Amount*") to the purchase of Notes and such other Priority Lien Debt (on a *pro rata*

basis based on the principal amount of Notes and such other Priority Lien Debt surrendered, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Special Interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send electronically or mail by first class mail or as otherwise provided in accordance with the procedures of DTC, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

- (1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;
- (2) the Offer Amount, the purchase price and the Purchase Date;
- (3) that any Note not tendered or accepted for payment will continue to accrue interest;
- (4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;
- (5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in denominations of \$2,000 or an integral multiple of \$1,000 in excess thereof;
- (6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;
- (7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;
- (8) that, if the aggregate principal amount of Notes and other Priority Lien Debt surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other Priority Lien Debt to be purchased on a *pro rata* basis based on the principal amount of Notes and such other Priority Lien Debt surrendered (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of \$2,000, or an integral multiple of \$1,000 in excess thereof, will be purchased); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, will, not later than three Business Days after the Purchase Date, mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon written request from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that such Note shall be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on or as soon as practicable after the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made in accordance with the provisions of Sections 3.01 through 3.06 hereof.

#### ARTICLE 4 COVENANTS

##### Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid all principal, interest, premium and Special Interest, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, interest and Special Interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 12:00 p.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, if any, then due. The Company will pay all Special Interest, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Special Interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

##### Section 4.02 *Maintenance of Office or Agency.*

The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or



fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03 hereof.

#### Section 4.03 *Reports.*

(a) Whether or not the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any Notes are outstanding, the Company will furnish to the Holders of Notes or cause the Trustee to furnish to the Holders of Notes or post on its website or file with the SEC for public availability:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company were required to file such reports, including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and, with respect to the annual information only, a report (whether or not unqualified) thereon by the Company’s certified independent accountants, which reports shall be filed (a) in the case of quarterly reports, within 15 days after the time period specified in the SEC’s rules and regulations and (b) in the case of annual reports, within 30 days after the time period specified in the SEC’s rules and regulations; and

(2) as soon as practicable, and in any event five days after the time periods specified in the SEC’s rules and regulations, all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports;

*provided, however*, that if the last day of any such time period is not a Business Day, such report will be due on the next succeeding Business Day.

(b) All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports, except that such reports will not be required to contain separate financial information for Subsidiary Guarantors or Subsidiaries whose securities are pledged to secure the Notes that would be required under Rule 3-10 or Rule 3-16 of Regulation S-X promulgated by the SEC, except to the extent required by the rules and regulations of the SEC actually applicable to the Company at such time.

(c) If, at any time after consummation of the Exchange Offer contemplated by the Registration Rights Agreement, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless continue filing the reports specified in the preceding paragraphs of this Section 4.03 with the SEC within the time periods specified above unless the SEC will not accept such a filing. The Company will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Company’s filings for any reason, the Company will post the reports referred to in this Section 4.03 on its website within the time periods specified above.

(d) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by Section 4.03(a) hereof will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

(e) In the event that (1) the rules and regulations of the SEC permit the Company and Parent, or any other direct or indirect parent of the Company, to report at such parent entity's level on a consolidated basis and (2) such parent entity of the Company is not engaged in any business in any material respect other than incidental to its ownership, directly or indirectly, of the Capital Stock of the Company, the information and reports required by this Section 4.03 may be those of such parent company on a consolidated basis.

(f) Notwithstanding the foregoing, prior to completion of the Exchange Offer or effectiveness of the Shelf Registration Statement contemplated by the Registration Rights Agreement, the requirements above will be deemed satisfied (1) by the filing with the SEC of the Exchange Offer Registration Statement or Shelf Registration Statement and any amendments thereto, within the time periods set forth above, with such financial information that satisfies Regulation S-X of the Securities Act or (2) by posting reports that would be required to be filed substantially in the form required by the SEC on the Company's website (or the website of Parent or other direct or indirect parent of the Company) or providing such reports to the Trustee, subject to exceptions consistent with the presentation of financial information in the Offering Circular.

(g) In addition, the Company and the Guarantors agree that, for so long as any Notes remain outstanding, if at any time they are not required to file with the SEC the reports required by Sections 4.03(a) and (b) hereof, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(h) Notwithstanding anything herein to the contrary, the Company will not be deemed to have failed to comply with any of its agreements set forth in this Section 4.03 for purposes of Section 6.01(4) until 90 days after the date any report required to be provided by this Section 4.03 is due.

#### Section 4.04 *Compliance Certificate.*

(a) The Company and each Guarantor (to the extent that such Guarantor is so required under the TIA) shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto).

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, within 30 days of any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default, unless such Default or Event of Default has been cured

before the end of the 30 day period, and what action the Company is taking or proposes to take with respect thereto.

#### Section 4.05 *Taxes.*

The Company will pay or discharge, and will cause each of its Restricted Subsidiaries to pay or discharge, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate negotiations or proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

#### Section 4.06 *Stay, Extension and Usury Laws.*

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

#### Section 4.07 *Restricted Payments.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions (A) payable in Equity Interests (other than Disqualified Stock) of the Company or to the Company or a Restricted Subsidiary of the Company or (B) payable by a Restricted Subsidiary so long as, in the case of any dividend, payment or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly Owned Restricted Subsidiary, the Company or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Restricted Subsidiary of the Company held by Persons other than the Company or any Restricted Subsidiary of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any, Subordinated Lien Debt or any Indebtedness of the Company or any Subsidiary Guarantor that is unsecured or contractually subordinated to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except payments of (x) interest, (y) principal at the Stated Maturity thereof (or the satisfaction of a sinking fund obligation) or (z) principal and

accrued interest, due within one year of the date of such payment, purchase, redemption, defeasance, acquisition or retirement; or

(4) make any Restricted Investment

(all such restricted payments and other restricted actions set forth in clauses (1) through (4) above (other than any exceptions thereto) being collectively referred to as “*Restricted Payments*”), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of this Indenture permitted by the provisions set forth in clauses (1), (6), (7), (9), (10), (12), (18) and (19) of Section 4.07(b), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the first day of the first fiscal quarter beginning after the date of this Indenture to the end of the Company’s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of assets other than cash received by the Company since the date of this Indenture as a contribution to its equity capital or from the issue or sale of Equity Interests of the Company or from the issue or sale of Equity Interests of any direct or indirect parent of the Company to the extent such net cash proceeds are actually contributed to the Company as equity (other than Excluded Contributions, Refunding Capital Stock, Disqualified Stock and Designated Preferred Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Restricted Subsidiary of the Company), *plus*

(C) the net cash proceeds and the Fair Market Value of assets other than cash received by the Company or any Restricted Subsidiary of the Company from (i) the disposition, sale, liquidation, retirement or redemption of all or any portion of any Restricted Investment made after the date of this Indenture, net of disposition costs and repurchases and redemptions of such Restricted Investments from the Company or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees which constitute Restricted Investments by the Company or its Restricted Subsidiaries, and (ii) the sale (other than to the Company or a Restricted Subsidiary of the Company) of the Capital Stock of an Unrestricted Subsidiary, *plus*

(D) without duplication, (i) to the extent that any Unrestricted Subsidiary of the Company that was designated as such after the date of this Indenture is redesignated as a Restricted Subsidiary, the Fair Market Value of the Company's direct or indirect Investment in such Subsidiary as of the date of such redesignation, *plus* (ii) an amount equal to the net reduction in Investments in Unrestricted Subsidiaries resulting from payments of dividends, repayments of the principal of loans or advances or other transfers of assets from Unrestricted Subsidiaries of the Company to the Company or any Restricted Subsidiary of the Company after the date of this Indenture, except, in each case, to the extent that any such Investment or net reduction in Investment is included in the calculation of Consolidated Net Income, *plus*

(E) without duplication, in the event the Company or any Restricted Subsidiary of the Company makes any Investment in a Person that, as a result of or in connection with such Investment, becomes a Restricted Subsidiary of the Company, an amount equal to the Fair Market Value of the existing Investment in such Person that was previously treated as a Restricted Payment.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration thereof or the giving of a redemption notice related thereto, as the case may be, if at said date of declaration or notice such payment would have complied with the provisions of this Indenture;

(2) (A) the making of any Restricted Payment in exchange for, or out of the proceeds of the substantially concurrent sale of, Equity Interests of the Company or any direct or indirect parent of the Company (other than any Disqualified Stock or any Equity Interests sold to a Restricted Subsidiary of the Company or to an employee stock ownership plan or any trust established by the Company) or from substantially concurrent contributions to the equity capital of the Company (collectively, including any such contributions, "*Refunding Capital Stock*"); *provided*, that for the purposes hereof, Restricted Payments will be deemed to be made substantially concurrent with any such sale or contributions if the Restricted Payment occurs within 45 days of such sale or contribution; and

(B) the declaration and payment of accrued dividends on any Equity Interests redeemed, repurchased, retired, defeased or acquired out of the proceeds of the sale of Refunding Capital Stock within 45 days of such sale;

*provided* that the amount of any such proceeds or contributions that are utilized for any Restricted Payment pursuant to this clause (2) shall be excluded from the amount set forth in clause (3)(B) of Section 4.07(a) hereof and clause (4) of this Section 4.07(b) and shall not constitute Excluded Contributions;

(3) the payment, defeasance, redemption, repurchase, retirement or other acquisition of (a) Indebtedness of the Company or any Subsidiary Guarantor that is contractually subordinated to the Notes or to any Note Guarantee or (b) any Subordinated Lien Debt or (c) any Indebtedness of the Company or any Subsidiary Guarantor that is unsecured or (d) Disqualified Stock of the Company or any Restricted Subsidiary thereof, in each such case of (a) through (d), in exchange for, or out of the net cash proceeds from, an incurrence of Permitted Refinancing Indebtedness;

(4) Restricted Investments acquired (a) as a capital contribution to, or out of the net cash proceeds of substantially concurrent contributions to, the equity capital of the Company or (b) from the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company or to an employee stock ownership plan or any trust established by the Company) of, or in exchange for Equity Interests of the Company (other than Disqualified Stock); *provided*, that for the purposes hereof, Restricted Investments will be deemed to be acquired substantially concurrent with such contribution or the sale of any such Equity Interests if the acquisition occurs within 45 days of such contribution or sale; *provided further*, that the amount of any such net cash proceeds that are utilized for any such acquisition and the Fair Market Value of any assets so acquired or exchanged shall be excluded from the amount set forth in clause (3)(B) of Section 4.07(a) hereof and clause (2) of this Section 4.07(b) and shall not constitute Excluded Contributions;

(5) the repurchase of Equity Interests deemed to occur (i) upon the exercise of options or warrants if such Equity Interests represent all or a portion of the exercise price thereof and (ii) in connection with the withholding of a portion of the Equity Interests granted or awarded to a director or an employee to pay for the taxes payable by such director or employee upon such grant or award;

(6) the payment of dividends on the Company's common stock (or the payment of dividends to Parent or any other direct or indirect parent of the Company to fund the payment of dividends on its common stock) following any public offering of common stock of the Company or Parent or any other direct or indirect parent of the Company, in an aggregate amount of up to 6.0% per annum of the net proceeds received by the Company (or by Parent or any other direct or indirect parent of the Company and contributed to the Company) from such public offering; *provided, however* that the aggregate amount of all such dividends pursuant to this clause (6) since the date of this Indenture shall not exceed the aggregate amount of net proceeds received by the Company (or by a direct or indirect parent of the Company and contributed to the Company) from such public offering;

(7) the purchase, redemption, retirement or other acquisition for value of any Equity Interests of the Company, Parent or any other direct or indirect parent of the Company held by any current, future or former director, officer, consultant or employee of the Company, Parent or any other direct or indirect parent of the Company or any Restricted Subsidiary of the Company, or their estates or the beneficiaries of such estates (including the payment of dividends and distributions to Parent to enable Parent to repurchase Equity Interests owned by Parent's parent at the same time as Parent's parent repurchases Equity Interests from their directors, officers, consultants and employees), in an amount not to exceed \$10.0 million in any calendar year prior to a Qualified Equity Offering (and \$15.0 million in any calendar year following a Qualified Equity Offering); *provided* that the Company may carry over and make in subsequent calendar years, in addition to the amounts permitted for such calendar year, the amount of purchases, redemptions, acquisitions or retirements for value permitted to have been but not made in any preceding calendar year up to a maximum of \$20.0 million in any calendar year prior to a Qualified Equity Offering (and \$25.0 million in any calendar year following a Qualified Equity Offering), *provided, further*, that such amounts will be increased by (a) the cash proceeds from the sale after the date of this Indenture of Equity Interests of the Company or, to the extent contributed to the Company, Equity Interests of Parent or any other direct or indirect parent of the Company, in each case to directors, officers, consultants or employees of the Company, Parent or any other direct or indirect parent of the Company or any Restricted Subsidiary of the Company after the date of this Indenture, plus (b) the cash proceeds of key man life insurance policies received by the Company, its Restricted Subsidiaries, Parent or any other direct or indirect parent

of the Company and contributed to the Company after the date of this Indenture, in the case of each of clauses (a) and (b), to the extent such net cash proceeds are not otherwise applied to make or otherwise increase the amounts available for Restricted Payments pursuant to clause 3(b) of the preceding paragraph (A) or clauses (2), (4) or (16) of this paragraph (B);

(8) the distribution, as a dividend or otherwise, of Equity Interests of, or Indebtedness owed to the Company or a Restricted Subsidiary thereof by, any Unrestricted Subsidiary;

(9) upon the occurrence of a Change of Control (or similarly defined term in other Indebtedness) and within 90 days after completion of the offer to repurchase Notes and other Priority Lien Obligations pursuant to Section 4.14 hereof (including the purchase of all Notes tendered), any repayment, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Lien Debt or any Indebtedness of the Company or any Subsidiary Guarantor that is unsecured or contractually subordinated to the Notes or to any Note Guarantee that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Change of Control (or similarly defined term in other Indebtedness), at a purchase price not greater than 101% of the outstanding principal amount or liquidation preference thereof ( *plus* accrued and unpaid interest and liquidated damages, if any);

(10) within 90 days after completion of any offer to repurchase Notes or other Priority Lien Obligations pursuant to Section 4.10 hereof (including the purchase of all Notes tendered), any repayment, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Lien Debt or any Indebtedness of the Company or any Subsidiary Guarantor that is unsecured or contractually subordinated to the Notes or to any Note Guarantee that is required to be repurchased or redeemed pursuant to the terms thereof as a result of such Asset Sale (or similarly defined term in such other Indebtedness), at a purchase price not greater than 100% of the outstanding principal amount or liquidation preference thereof ( *plus* accrued and unpaid interest and liquidated damages, if any);

(11) payments or distributions, in the nature of satisfaction of dissenters' rights, pursuant to or in connection with a consolidation, merger or transfer of assets that complies with the provisions of this Indenture applicable to mergers, consolidations and transfers of all or substantially all the property and assets of the Company;

(12) the payment of cash in lieu of the issuance of fractional shares of Equity Interests upon exercise or conversion of securities exercisable or convertible into Equity Interests of the Company;

(13) the declaration and payment of dividends or distributions by the Company or any Restricted Subsidiary to, or the making of loans to, Parent or any other direct or indirect parent of the Company in amounts sufficient for Parent or any other direct or indirect parent of the Company to pay, in each case without duplication:

(A) franchise and excise taxes and other fees, taxes and expenses, in each case to the extent required to maintain their corporate existence, any taxes required to be withheld and paid by Parent or any other direct or indirect parent of the Company, and tax distributions pursuant to the limited liability company agreement of PVF Holdings LLC;

(B) federal, state, local and non-U.S. income taxes, to the extent such income taxes are attributable to the income of the Company and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay taxes attributable to the income of such Unrestricted Subsidiaries, determined as if the Company and such Subsidiaries filed a separate consolidated, combined, unitary or affiliated tax return as a stand-alone group;

(C) (1) customary salary, bonus and other benefits payable to officers and employees of Parent or any other direct or indirect parent of the Company to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Company and its Restricted Subsidiaries and (2) any reasonable and customary indemnification claims made by directors or officers of the Company, Parent or any other direct or indirect parent of the Company;

(D) general corporate administrative, operating and overhead costs and expenses of Parent or any other direct or indirect parent of the Company to the extent such costs and expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries; and

(E) fees and expenses related to any equity or debt offering of Parent or such other parent entity (whether or not successful);

(14) dividends or distributions from the Company to Parent on the date of this Indenture in order to repay the Junior Term Loan Facility in connection with the Refinancing Transactions;

(15) Investments in Unrestricted Subsidiaries or joint ventures which, taken together with all other Restricted Payments made pursuant to the provision set forth in this clause (15), do not exceed the greater of \$30.0 million and 1.0% of the Company's Consolidated Total Assets;

(16) Restricted Payments in an aggregate amount not to exceed the amount of all Excluded Contributions;

(17) the declaration and payment of dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any of its Restricted Subsidiaries and preferred stock of any Restricted Subsidiary issued or incurred in accordance with Section 4.09 hereof;

(18) the declaration and payment of dividends or distributions:

(A) to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of the Company issued after the date of this Indenture;

(B) to Parent or any other direct or indirect parent of the Company, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of Parent or any other direct or indirect parent of the Company issued after the date of this Indenture; *provided, however*, that the aggregate amount of dividends declared and paid pursuant to this clause (18)(B) does not exceed the net cash proceeds (other than net cash proceeds constituting Excluded Contributions) actually received by the Company from any such sale of Designated Preferred Stock; and



(C) on Refunding Capital Stock that is preferred stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this Section 4.07(b);

*provided, however*, in the case of each of (A), (B) and (C) of this clause (18), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is preferred stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Company would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(19) other Restricted Payments in an amount which, taken together with all other Restricted Payments made pursuant to the provision set forth in this clause (19), do not exceed the greater of \$50.0 million and 1.75% of the Company's Consolidated Total Assets; or

(20) payments, dividends or distributions in an amount equal to the net cash proceeds of any disposition, sale, liquidation, retirement or redemption of Non-Core Assets for the purposes of complying with the requirements of that certain Agreement and Plan of Merger, dated as of December 4, 2006, among the Company, Parent and Hg Acquisition Corp., as amended through the date of this Indenture;

*provided* that, in the case of clauses (4), (7) through (11) and (16) above, no Default or Event of Default has occurred and is continuing or would occur as a consequence thereof.

(c) The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. In determining whether any Restricted Payment is permitted by this Section 4.07, the Company and its Restricted Subsidiaries may allocate all or any portion of such Restricted Payment among the categories set forth in clauses (1) through (20) of Section 4.07(b) or among such categories and the types of Restricted Payments set forth in Section 4.07(a) (including categorization as a Permitted Investment); *provided* that, at the time of such allocation, all such Restricted Payments, or allocated portions thereof, would be permitted under the various provisions of this Section 4.07 *and provided further* that the Company and its Restricted Subsidiaries may reclassify all or a portion of such Restricted Payment or Permitted Investment in any manner that complies with this Section 4.07, and following such reclassification such Restricted Payment or Permitted Investment shall be treated as having been made pursuant to only one of such clauses of this Section 4.07.

#### Section 4.08 *Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock (or with respect to any other interest or participation in, or measured by, its profits) to the Company or any of its Restricted Subsidiaries or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in section 4.08(a) hereof will not apply to encumbrances or restrictions:

(1) existing under, by reason of or with respect to the ABL Credit Facility, Existing Indebtedness, or any other agreements in effect on the date of this Indenture and any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings thereof; *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, than those in effect on the date of this Indenture;

(2) existing under, by reason of or with respect to any other Credit Facility of the Company permitted under this Indenture ; *provided* that the applicable encumbrances and restrictions contained in the agreement or agreements governing the other Credit Facility are not materially more restrictive, taken as a whole, than those contained in the ABL Credit Facility (with respect to other credit agreements) or this Indenture (with respect to other indentures), in each case as in effect on the date of this Indenture;

(3) existing under, by reason of or with respect to applicable law, rule, regulation or administrative or court order;

(4) with respect to any Person or the property or assets of a Person acquired by the Company or any of its Restricted Subsidiaries existing at the time of such acquisition and not incurred in connection with or in contemplation of such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings thereof ; *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacement or refinancings are entered into in the ordinary course of business or not materially more restrictive, taken as a whole, than those contained in the ABL Credit Facility, this Indenture, Existing Indebtedness or such other agreements as in effect on the date of the acquisition;

(5) in the case of the provision set forth in clause (3) of Section 4.08(a) hereof:

(A) that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset,

(B) existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary thereof not otherwise prohibited by this Indenture,

(C) existing under, by reason of or with respect to (i) purchase money obligations for property acquired in the ordinary course of business or (ii) capital leases or operating leases that impose encumbrances or restrictions on the property so acquired or covered thereby, or

(D) arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary thereof in any manner material to the Company or any Restricted Subsidiary thereof;

(6) existing under, by reason of or with respect to customary provisions in joint venture, operating or similar agreements, asset sale agreements and stock sale agreements arising in connection with the entering into of such transactions;

(7) existing under, by reason of or with respect to any agreement for the sale or other disposition of some or all of the Capital Stock of, or any property and assets of, a Restricted Subsidiary that restricted distributions by that Restricted Subsidiary pending the closing of such sale or other disposition;

(8) existing under, by reason of or with respect to Permitted Refinancing Indebtedness ; *provided* that the encumbrances and restrictions contained in the agreements governing that Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) restricting cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(10) existing under, by reason of or with respect to customary provisions contained in leases or licenses of intellectual property and other agreements, in each case, entered into in the ordinary course of business;

(11) existing under, by reason of or with respect to this Indenture, the Notes (and the Exchange Notes), the Note Guarantees and the Security Documents; and

(12) existing under, by reason of or with respect to Indebtedness of a Restricted Subsidiary not prohibited to be incurred under this Indenture; *provided* that (a) such encumbrances or restrictions are ordinary and customary in light of the type of Indebtedness being incurred and the jurisdiction of the obligor and (b) such encumbrances or restrictions will not affect in any material respect the Company's or any Subsidiary Guarantor's ability to make principal and interest payments on the Notes, as determined in good faith by the Company.

For purposes of determining compliance with this Section 4.08, (a) the priority of any preferred stock in receiving dividends or liquidating distributions prior to distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (b) the subordination of loans or advances made to the Company or a Restricted Subsidiary of the Company to other Indebtedness incurred by the Company or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

*Section 4.09 Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt) or issue any shares of Disqualified Stock, and the Company will not permit any of its Restricted Subsidiaries to issue any preferred stock (other than in each case Disqualified Stock or preferred stock of Restricted Subsidiaries held by the Company or a Restricted Subsidiary, so long as so held); *provided, however*, that (i) the Company or any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) and issue Disqualified Stock and (ii) any

Restricted Subsidiary may issue preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred, at the beginning of such four-quarter period; *provided further*, that the amount of Indebtedness (excluding Acquired Debt not incurred in connection with or in contemplation of the applicable merger, acquisition or other similar transaction), Disqualified Stock and preferred stock that may be incurred or issued, as applicable, by Restricted Subsidiaries that are not Guarantors, pursuant to the foregoing, shall not exceed \$60.0 million at any one time outstanding.

(b) The provisions of Section 4.09(a) hereof will not prohibit the incurrence or issuance of any of the following (collectively, "*Permitted Debt*"):

(1) Indebtedness incurred by the Company or any Subsidiary Guarantor under Credit Facilities (and the incurrence by the Subsidiary Guarantors of Guarantees thereof) in an aggregate principal amount at any one time outstanding under the provision set forth in this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed (as of any date of incurrence of Indebtedness under the provision set forth in this clause (1) and after giving *pro forma* effect to such incurrence and the application of the net proceeds therefrom) the greater of (a) \$1.25 billion and (b) the amount of the Borrowing Base as of the date of such incurrence;

(2) Indebtedness incurred by the Company and the Subsidiary Guarantors represented by the Notes and the Note Guarantees issued on the date of this Indenture and the Exchange Notes and related exchange guarantees to be issued in exchange for the Notes and the Note Guarantees pursuant to the Registration Rights Agreement (other than any Additional Notes, but including Exchange Notes and related exchange guarantees to be issued in exchange for Additional Notes otherwise permitted to be incurred hereunder pursuant to a registration rights agreement);

(3) Existing Indebtedness;

(4) Indebtedness of the Company or any of its Restricted Subsidiaries (including without limitation Capital Lease Obligations, mortgage financings or purchase money obligations), Disqualified Stock issued by the Company or any Restricted Subsidiary and preferred stock issued by any Restricted Subsidiary, in each case incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation, repair or improvement of property (real or personal), plant or equipment or other fixed or capital assets used in the business of the Company or such Restricted Subsidiary or in a Permitted Business (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets (but no other material assets)), in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision set forth in this clause (4), not to exceed as of any date of incurrence the greater of (a) 1.0% of the Company's Consolidated Total Assets and (b) \$30.0 million;

(5) Permitted Refinancing Indebtedness incurred by the Company or any of its Restricted Subsidiaries in exchange for, or the net proceeds of which are used to refund, refinance or replace, Indebtedness (other than intercompany Indebtedness) that was permitted by this

Indenture to be incurred or Disqualified Stock or preferred stock permitted to be issued under Section 4.09(a) hereof or clauses (2), (3), (4), (5), (8), (9), (10), (15), (16) or (17) of this Section 4.09(b);

(6) intercompany Indebtedness incurred by the Company or any of its Restricted Subsidiaries and owing to and held by the Company or any of its Restricted Subsidiaries; *provided, however*, that:

(A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Subsidiary Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by the provisions set forth in this clause (6);

(7) (A) the Guarantee by the Company or any of the Subsidiary Guarantors of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this Section 4.09, (B) the Guarantee by any Foreign Subsidiary of Indebtedness of another Foreign Subsidiary of the Company that was permitted to be incurred by another provision of this Section 4.09 or (C) any Guarantee by a Restricted Subsidiary of Indebtedness of the Company (so long as such Restricted Subsidiary also guarantees the Notes if required pursuant to Section 4.17 hereof);

(8) (x) Indebtedness, Disqualified Stock or preferred stock of the Company or any of its Restricted Subsidiaries incurred to finance an acquisition or (y) Acquired Debt; *provided* that, in either case, after giving effect to the transactions that result in the incurrence or issuance thereof, on a *pro forma* basis, either (A) the Company would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this Section 4.09 or (B) the Fixed Charge Coverage Ratio for the Company would not be less than immediately prior to such transactions;

(9) preferred stock of a Restricted Subsidiary of the Company issued to the Company or another Restricted Subsidiary of the Company; *provided* that (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary thereof and (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary thereof will be deemed, in each case, to constitute an issuance of such preferred stock that was not permitted by the provision set forth in this clause (9);

(10) additional Indebtedness of the Company or any of its Restricted Subsidiaries incurred in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision set forth in this clause (10), not to exceed as of any date of incurrence the greater of 4.0% of the Company's Consolidated Total Assets and \$125.0 million;

(11) Indebtedness incurred by the Company or any Restricted Subsidiary to the extent that the net proceeds thereof are promptly deposited to defease or to satisfy and discharge the Notes;

(12) Indebtedness of the Company or any Restricted Subsidiary consisting of obligations to pay insurance premiums or take-or-pay obligations contained in supply arrangements incurred in the ordinary course of business;

(13) Indebtedness in respect of any bankers' acceptance, bank guarantees, letter of credit, warehouse receipt or similar facilities, and reinvestment obligations related thereto, entered into in the ordinary course of business;

(14) Guarantees (A) incurred in the ordinary course of business in respect of obligations of (or to) suppliers, customers, franchisees, lessors and licensees that, in each case, are non-Affiliates or (B) otherwise constituting Investments permitted under this Indenture;

(15) (A) Indebtedness of Foreign Subsidiaries outstanding on the date of this Indenture and (B) additional Indebtedness of Foreign Subsidiaries incurred in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision set forth in this clause (15)(B), not to exceed as of any date of incurrence the greater of 4.0% of the Company's Consolidated Total Assets and \$125.0 million;

(16) Indebtedness issued by the Company or any of its Restricted Subsidiaries to any current, future or former director, officer, consultant or employee of the Company, the direct or indirect parent of the Company or any Restricted Subsidiary of the Company (or any of their Affiliates), or their estates or the beneficiaries of such estates to finance the purchase, redemption, acquisition or retirement for value of Equity Interests permitted by clause (2) of Section 4.07(b) in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to the provision set forth in this clause (16), not to exceed \$5.0 million as of any date of incurrence;

(17) Contribution Indebtedness;

(18) (A) Indebtedness incurred in connection with any permitted Sale and Leaseback Transaction and (b) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (a) above, *provided* that, except to the extent otherwise permitted hereunder, the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension and the direct and contingent obligors with respect to such Indebtedness are not changed;

(B) Indebtedness in respect of overdraft facilities, employee credit card programs and other cash management arrangements in the ordinary course of business; and

(C) Indebtedness representing deferred compensation to employees of the Company (or any direct or indirect parent thereof) and its Restricted Subsidiaries incurred in the ordinary course of business; and

(19) cash management obligations and other Indebtedness in respect of netting services, automatic clearinghouse arrangements, overdraft protections and similar arrangements in each case in connection with deposit accounts.

For purposes of determining compliance with this Section 4.09, in the event that any proposed Indebtedness or preferred stock meets the criteria of more than one of the categories of Permitted Debt set forth in clauses (1) through (19) above, or is entitled to be incurred or issued pursuant to the first paragraph of this Section 4.09, the Company, in its sole discretion, will be permitted to divide and classify at the time of its incurrence or issuance, and may from time to time divide or reclassify, all or a portion of such item of Indebtedness or Disqualified Stock or preferred stock such that it will be deemed to have been incurred pursuant to another of such clauses or Section 4.09(a) to the extent that such reclassified Indebtedness could be incurred pursuant to such new clause or Section 4.09(a) at the time of such reclassification (including in part pursuant to one or more clauses and/or in part pursuant to Section 4.09(a)), *provided, however*, that Indebtedness under the ABL Credit Facility outstanding on the date of this Indenture will be deemed to have been incurred on that date in reliance on the exception provided by clause (1) of the definition of Permitted Debt.

For the purpose of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred or first committed (in the case of revolving credit debt); *provided* that if such Indebtedness denominated in a foreign currency is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced, plus the amount of any reasonable premium (including reasonable tender premiums), defeasance costs and any reasonable fees and expenses incurred in connection with the issuance of such new Indebtedness. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

(c) Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that may be incurred pursuant to this Section 4.09 will not be deemed to be exceeded, with respect to any outstanding Indebtedness, due solely to the result of fluctuations in the exchange rates of currencies. In addition, for purposes of determining any particular amount of Indebtedness, any Guarantees, Liens or obligations with respect to letters of credit, in each case, supporting Indebtedness otherwise included in the determination of such particular amount, will not be included.

#### Section 4.10 *Asset Sales.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) with respect to Asset Sales involving aggregate consideration in excess of \$25.0 million, such Fair Market Value is determined in good faith by the Board of Directors of the Company or Parent; and

(3) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash, Cash Equivalents or Replacement Assets or a combination of cash, Cash Equivalents or Replacement Assets; *provided* that, for purposes of this provision, each of the following shall be deemed to be cash:

(A) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto), of the Company or any Restricted Subsidiary (other than contingent liabilities, Indebtedness that is by its terms contractually subordinated in right of payment to the Notes or any Note Guarantee and liabilities to the extent owed to the Company or any Restricted Subsidiary of the Company) that are assumed by the transferee of any such assets or Equity Interests pursuant to an agreement that releases the Company or such Restricted Subsidiary, as the case may be, from further liability;

(B) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary, as the case may be, from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days (to the extent of the cash or Cash Equivalents received in that conversion); and

(C) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sale having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (C) that is at the time outstanding, not to exceed the greater of (x) \$75.0 million and (y) 2.5% of the Company's Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration, with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale other than (1) a Sale of Notes Priority Collateral or (2) a Sale of a Subsidiary Guarantor, the Company or such Restricted Subsidiary may apply such Net Proceeds at its option and to the extent it so elects:

(1) to repay, repurchase or redeem Priority Lien Obligations (including Priority Lien Obligations under the Notes) or ABL Debt Obligations;

(2) to repay any Indebtedness secured by a Permitted Prior Lien;

(3) to repay Indebtedness and other obligations of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Company or another Restricted Subsidiary;

(4) to repay other Indebtedness of the Company or any Subsidiary Guarantor (other than any Disqualified Stock or any Indebtedness that is contractually subordinated in right of payment to the Notes), other than Indebtedness owed to Parent, the Company or a Restricted Subsidiary of the Company; *provided* that the Company shall equally and ratably redeem or repurchase the Notes as set forth in Section 3.07 hereof through open market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to



purchase the Notes at 100% of the principal amount thereof, *plus* the amount of accrued but unpaid interest, if any, on the amount of Notes that would otherwise be prepaid;

(5) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Company;

(6) to make an Investment in Replacement Assets or make a capital expenditure in or that is used or useful in a Permitted Business; or

(7) any combination of the foregoing;

*provided* that the Company will be deemed to have complied with the provisions set forth in clauses (5) and (6) of this Section 4.10(b) if and to the extent that, within 365 days after the Asset Sale that generated the Net Proceeds, the Company has entered into and not abandoned or rejected a binding agreement to acquire the assets or Capital Stock of a Permitted Business, make an Investment in Replacement Assets or make a capital expenditure in compliance with the provision set forth in clauses (5) and (6) of this Section 4.10(b), and that acquisition, purchase or capital expenditure is thereafter completed within 180 days after the end of such 365-day period. Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Within 365 days after the receipt of any Net Proceeds from an Asset Sale that constitutes (i) a Sale of Notes Priority Collateral or (ii) a Sale of a Subsidiary Guarantor, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply an amount equal to such Net Proceeds:

(1) to make an Investment in other assets or property that would constitute Notes Priority Collateral;

(2) to make an Investment in Capital Stock of another Permitted Business if, after giving effect to such Investment, the Permitted Business becomes a Subsidiary Guarantor or is merged into or consolidated with the Company or any Subsidiary Guarantor;

(3) to make a capital expenditure with respect to assets that constitute Notes Priority Collateral;

(4) to repay Indebtedness secured by a Permitted Prior Lien on any Notes Priority Collateral that was sold in such Asset Sale;

(5) to repay, repurchase or redeem Priority Lien Obligations (including Priority Lien Obligations under the Notes); *provided* that the Company shall equally and ratably redeem or repurchase the Notes as set forth in Section 3.07 hereof through open market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase the Notes at 100% of the principal amount thereof, *plus* the amount of accrued but unpaid interest, if any, on the amount of Notes that would otherwise be prepaid; or

(6) any combination of the foregoing;

*provided* that the Company will be deemed to have complied with the provision set forth in clauses (1), (2) and (3) of this Section 4.10(c) if, and to the extent that, within 365 days after the Asset Sale that

generated the Net Proceeds, the Company has entered into and not abandoned or rejected a binding agreement to make an Investment in assets or property that would constitute Notes Priority Collateral or make an Investment in Capital Stock of another Permitted Business or to make a capital expenditure with respect to assets that constitute Notes Priority Collateral in compliance with the provisions set forth in clauses (1), (2) and (3) of this Section 4.10(c), and that purchase or capital expenditure is thereafter completed within 180 days after the end of such 365-day period.

(d) Any Net Proceeds from Asset Sales that are not applied or invested as set forth in Section 4.10(b) or Section 4.10(c) will constitute “*Excess Proceeds*.” Within 10 Business Days after the aggregate amount of Excess Proceeds exceeds \$35.0 million, the Company will make an Asset Sale Offer to all Holders of Notes and all holders of other Priority Lien Debt pursuant to the provisions of Section 3.09 of this Indenture, to purchase the maximum principal amount of Notes and such other Priority Lien Debt that may be purchased out of the Excess Proceeds. The offer price for the Notes and any other Priority Lien Debt in any Asset Sale Offer will be equal to 100% of the principal amount of the Notes and such other Priority Lien Debt purchased, *plus* accrued and unpaid interest and Special Interest (if any) on the Notes and any other Priority Lien Debt to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other Priority Lien Debt tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other Priority Lien Debt shall be purchased on a *pro rata* basis based on the principal amount of Notes and such other Priority Lien Debt tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. The Company may satisfy the foregoing obligation with respect to any Net Proceeds prior to the expiration of the relevant 365 day period (as such period may be extended in accordance with this Indenture) or with respect to Excess Proceeds of \$35.0 million or less.

(e) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with provisions of Section 3.09 hereof or this Section 4.10, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09 hereof or this Section 4.10 by virtue of such compliance.

#### Section 4.11 *Transactions with Affiliates.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate involving aggregate consideration in excess of \$3.5 million (each, an “*Affiliate Transaction*”), unless:

(1) such Affiliate Transaction is on fair and reasonable terms not materially less favorable to the Company or the relevant Restricted Subsidiary than it would obtain in a hypothetical comparable arm’s-length transaction by the Company or such Restricted Subsidiary with a Person that was not an Affiliate of the Company; and

(2) the Company delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$25.0 million, a resolution of the Board of Directors of Parent set forth in an Officers’ Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with

this Section 4.11 and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of Parent's Board of Directors.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

- (1) transactions between or among the Company and/or its Restricted Subsidiaries;
- (2) payment of reasonable fees and compensation to, and indemnification and similar arrangements on behalf of, current, former or future directors of Parent, any other direct or indirect parent of the Company, the Company or any Restricted Subsidiary of the Company;
- (3) Restricted Payments that are permitted by Section 4.07 hereof and the definition of Permitted Investments (including any payments that are excluded from the definitions of Restricted Payment and Restricted Investment);
- (4) any sale of Equity Interests (other than Disqualified Stock) of the Company;
- (5) loans and advances to officers and employees of Parent, any other direct or indirect parent of the Company, the Company or any of the Company's Restricted Subsidiaries or guarantees in respect thereof or otherwise made on the Company's or any of its Restricted Subsidiaries' behalf (or the cancellation of such loans, advances or guarantees), in both cases for bona fide business purposes in the ordinary course of business;
- (6) any employment, consulting, service or termination agreement, or customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with current, former or future officers and employees of Parent, the Company or any of its Restricted Subsidiaries and the payment of compensation to officers and employees of Parent, the Company or any of its Restricted Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), in each case in the ordinary course of business;
- (7) transactions with a Person that is an Affiliate of the Company solely because the Company, directly or indirectly, owns Equity Interests in, or controls, such Person;
- (8) payments by the Company or any of its Restricted Subsidiaries to The Goldman Sachs Group, Inc. and its Affiliates for any financial advisory services, financing, mergers and acquisitions advisory, insurance brokerage, underwriting or placement services or in respect of other investment banking services, including without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the disinterested members of the Board of Directors of Parent in good faith;
- (9) transactions pursuant to any contracts, instruments or other agreements or arrangements in each case as in effect on the date of this Indenture, and any transactions contemplated thereby, or any amendment, modification or supplement thereto or any replacement thereof entered into from time to time, as long as such agreement or arrangement as so amended, modified, supplemented or replaced, taken as a whole, is not materially more disadvantageous to the Company and its Restricted Subsidiaries at the time executed than the original agreement or arrangement as in effect on the date of this Indenture;

(10) any Guarantee by Parent or any other direct or indirect parent of the Company of Indebtedness of the Company that was permitted by this Indenture;

(11) transactions with Affiliates solely in their capacity as holders of Indebtedness or Equity Interests of the Company or any of its Subsidiaries, so long as such transaction is with all holders of such class (and there are such non-Affiliate holders) and such Affiliates are treated no more favorably than all other holders of such class generally;

(12) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods or services (including pursuant to joint venture agreements) in the ordinary course of business on terms not materially less favorable as might reasonably have been obtained at such time from a Person that is not an Affiliate of the Company, as determined in good faith by the Company;

(13) transactions in which the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an independent financial advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of prong (1) of Section 4.11(a);

(14) the existence of, or the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of, any registration rights agreement to which it is a party or becomes a party in the future;

(15) any contribution to the common equity capital of the Company;

(16) any transaction with any Person who is not an Affiliate immediately before the consummation of such transaction that becomes an Affiliate as a result of such transaction;

(17) the pledge of Equity Interests of any Unrestricted Subsidiary to lenders to support the Indebtedness of such Unrestricted Subsidiary owed to such lenders; and

(18) payments by the Company (or Parent or any other direct or indirect parent of the Company) or any of the Restricted Subsidiaries pursuant to any tax sharing, allocation or similar agreement.

#### Section 4.12 *Liens*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired.

#### Section 4.13 *Corporate Existence*.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary; *provided, however*, that the Company shall not be required to preserve the corporate, partnership or other existence of any of its Restricted Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole.

Section 4.14 *Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder's Notes pursuant to an offer (a "*Change of Control Offer*") on the terms set forth in this Indenture. In the Change of Control Offer, the Company will offer an offer price (a "*Change of Control Payment*") in cash equal to 101% of the aggregate principal amount of Notes repurchased *plus* accrued and unpaid interest and Special Interest (if any) thereon, to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control (or prior to the Change of Control if a definitive agreement is in place for the Change of Control), the Company will send a notice to each Holder electronically or by first class mail at its registered address or otherwise in accordance with the procedures of DTC, describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on a date (the "*Change of Control Payment Date*") specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by this Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of this Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of this Indenture by virtue of such compliance.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate of the Company stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

(c) The paying agent will promptly mail or wire transfer to each Holder of Notes properly tendered and so accepted the Change of Control Payment for such Notes, and the Trustee will promptly authenticate 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 the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof. Any Note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date.

(d) Notwithstanding anything to the contrary in this Section 4.14, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.14 and purchases all Notes properly tendered and not withdrawn under such Change of Control Offer or (2) a notice of redemption has been given for all of the Notes pursuant to Section 3.07 hereof, unless and until there is a default in payment of the applicable redemption price.

(e) Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, subject to one or more conditions precedent, including but not limited to the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

Section 4.15 *Limitation on Layering.*

The Company will not incur, and will not permit any Subsidiary Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantees on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured on a junior priority basis or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more of such holders priority over the other holders in the collateral held by them.

Section 4.16 *Designation of Restricted and Unrestricted Subsidiaries.*

(a) The Board of Directors of the Company or Parent may designate any Subsidiary (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary; *provided that*:

(1) any Guarantee by the Company or any Restricted Subsidiary of the Company of any Indebtedness of the Subsidiary being so designated will be deemed to be an incurrence of Indebtedness by the Company or such Restricted Subsidiary (or both, if applicable) at the time of such designation, and such incurrence of Indebtedness would be permitted under Section 4.09 hereof;

(2) the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by the Company or any Restricted Subsidiary of the Company of any Indebtedness of such Subsidiary) will be deemed to be an Investment made as of the time of such designation and that such Investment would be permitted under Section 4.07 hereof;

(3) such Subsidiary does not own any Equity Interests of, or hold any Liens on any property of, the Company or any Restricted Subsidiary of the Company (other than Equity Interests of any Restricted Subsidiary of such Subsidiary that is concurrently being designated as an Unrestricted Subsidiary);

(4) the Subsidiary being so designated, after giving effect to such designation:

(A) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company that would not be permitted under Section 4.11 hereof after giving effect to the exceptions thereto;

(B) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (i) to subscribe for additional Equity Interests or (ii) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results except to the extent permitted under Section 4.07 and Section 4.09 hereof;

(C) (i) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries, except to the extent such Guarantee or credit support would be released upon such designation and (ii) to the extent the Indebtedness of the Subsidiary is non-recourse Indebtedness, any Guarantee or credit support by the Company or a Restricted Subsidiary would be permitted under Section 4.07 and Section 4.09 hereof; and

(5) no Event of Default would be in existence following such designation.

(b) Any designation of a Restricted Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company or Parent giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by this Indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements set forth in clause (4) above, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness, Investments or Liens on the property of such Subsidiary shall be deemed to be incurred or made by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness, Investments or Liens are not permitted to be incurred or made as of such date under this Indenture, the Company shall be in default under this Indenture.

(c) The Board of Directors of the Company or Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(1) such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under Section 4.09 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period;

(2) all outstanding Investments owned by such Unrestricted Subsidiary will be deemed to be made as of the time of such designation and such Investments shall only be permitted if such Investments would be permitted under Section 4.07 hereof;

(3) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under Section 4.12 hereof; and

(4) no Default or Event of Default would be in existence following such designation.

#### Section 4.17 *Guarantees.*

(a) If the Company or any of its Restricted Subsidiaries (1) acquires or creates another Wholly Owned Domestic Subsidiary (other than an Excluded Subsidiary) on or after the date of this Indenture or (2) any Restricted Subsidiary of the Company becomes a guarantor with respect to the ABL Credit Facility or any other indebtedness of the Company or any Subsidiary Guarantor, then, within 45 days of the date of such acquisition or guarantee, as applicable, such Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture and deliver an Opinion of Counsel to the Trustee.

(b) The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, to Guarantee any other Indebtedness of the Company or any Subsidiary Guarantor (including, but not limited to, any Indebtedness under any Credit Facility) unless such subsidiary is a Subsidiary Guarantor

or simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee shall be senior in right of payment to or *pari passu* in right of payment with such Restricted Subsidiary's Guarantee of such other Indebtedness. This Section 4.17 shall not be applicable to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary. In addition, in the event that any Wholly Owned Domestic Subsidiary that is an Excluded Subsidiary ceases to be an Excluded Subsidiary, or if any Excluded Subsidiary becomes a guarantor with respect to the ABL Credit Facility or any other Indebtedness of the Company or any Subsidiary Guarantor, then such Subsidiary must become a Subsidiary Guarantor and execute a supplemental indenture and deliver an Opinion of Counsel to the Trustee within 45 days of the date of such event. The form of the Note Guarantee is attached as Exhibit E.

*Section 4.18 Changes in Covenants When Notes Rated Investment Grade.*

(a) If on any date following the date of this Indenture:

(1) the Notes are rated Baa3 or better by Moody's and BBB- or better by S&P (or, if either such entity ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Company as a replacement agency); and

(2) no Default or Event of Default shall have occurred and be continuing,

then, beginning on that day and subject to the provisions of Section 4.18(b), Sections 4.03, 4.07, 4.08, 4.09, 4.10, 4.11, 4.16, 4.17 and clause (3) of Section 5.01(a) hereof shall be suspended;

*provided* that during any period that the foregoing covenants have been suspended, the Company's or Parent's Board of Directors may not designate any of the Company's Subsidiaries as Unrestricted Subsidiaries pursuant to Section 4.16 hereof.

(b) Notwithstanding the foregoing, if the rating assigned by Moody's or S&P should subsequently decline to below Baa3 or BBB-, respectively, Sections 4.03, 4.07, 4.08, 4.09, 4.10, 4.11, 4.16, 4.17 and clause (3) of Section 5.01(a) hereof will be reinstituted as of and from the date of such rating decline. Calculations under the reinstated Section 4.07 hereof will be made as if Section 4.07 hereof had been in effect since the date of this Indenture except that no Default will be deemed to have occurred solely by violation of Section 4.07 hereof while Section 4.07 hereof was suspended.

ARTICLE 5  
SUCCESSORS

*Section 5.01 Merger, Consolidation or Sale of Assets.*

(a) The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation) or (2) sell, assign, transfer, convey, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person or Persons, unless:



(1) either:

(A) the Company is the surviving corporation; or

(B) the Person formed by or surviving such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition shall have been made (i) is a corporation, limited liability company, partnership (including a limited partnership) or trust organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia ( *provided* that if such Person is not a corporation, (A) a corporate Wholly Owned Restricted Subsidiary of such Person organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia, or (B) a corporation of which such Person is a Wholly Owned Restricted Subsidiary organized or existing under the laws of the United States, any state or territory thereof or the District of Columbia, is a co-issuer of the Notes or becomes a co-issuer of the Notes in connection therewith) and (ii) assumes all the obligations of the Company under the Notes, this Indenture and the Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee;

(2) immediately after giving effect to such transaction no Event of Default exists;

(3) immediately after giving effect to such transaction and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, on a *pro forma* basis, either

(A) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company) would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; or

(B) the Fixed Charge Coverage Ratio for the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company) would not be less than the Fixed Charge Coverage Ratio for the Company immediately prior to such transactions; and

(4) each Guarantor, unless such Guarantor is the Person with which the Company has entered into a transaction under this Section 5.01, shall have by amendment to its Note Guarantee confirmed that its Note Guarantee shall apply to the obligations of the Company or the surviving Person in accordance with the Notes and this Indenture.

(b) The provision set forth in clause (3) of Section 5.01(a) shall not apply to (1) any merger, consolidation or sale, assignment, lease, transfer, conveyance or other disposition of assets between or among the Company and any of its Restricted Subsidiaries or (2) any merger between the Company and an Affiliate of the Company, or between a Restricted Subsidiary and an Affiliate of the Company, in each case in this clause (2) solely for the purpose of reincorporating the Company or such Restricted Subsidiary, as the case may be, in the United States, any state thereof, the District of Columbia or any territory thereof, so long as the amount of Indebtedness of the Company and its Restricted Subsidiaries is not increased thereby.

#### Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company in a transaction that is

subject to, and that complies with the provisions of, Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the “Company” shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of, premium on, if any, interest and Special Interest, if any, on, the Notes except in the case of a sale of all of the Company’s assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

## ARTICLE 6 DEFAULTS AND REMEDIES

### Section 6.01 *Events of Default*.

Each of the following is an “*Event of Default*”:

- (1) default for 30 consecutive days in the payment when due of interest on, or Special Interest with respect to, the Notes;
- (2) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the Notes;
- (3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10, 4.14, 5.01 or 11.04(a) hereof for 30 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding;
- (4) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding to comply with any of the agreements in this Indenture or the Security Documents for the benefit of the Holders of the Notes other than those referred to in clauses (1) through (3) of this Section 6.01;
- (5) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of the Company’s Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company), or the payment of which is guaranteed by the Company or any of the Company’s Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture, if that default:
  - (A) is caused by a failure to make any payment when due at the final maturity of such Indebtedness (after giving effect to any applicable grace period) (a “*Payment Default*”); or
  - (B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$50.0 million or more;

(6) failure by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company) to pay non-appealable final judgments aggregating in excess of \$50.0 million (excluding amounts covered by insurance provided by a carrier that has acknowledged coverage and has the ability to perform), which judgments are not paid, discharged or stayed for a period of more than 60 days after such judgments have become final and non-appealable and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(7) the occurrence of any of the following:

(A) any Security Document for the benefit of Holders of the Notes is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect in any material respect, other than in accordance with the terms of the relevant Security Documents; or

(B) except as permitted by this Indenture, any Priority Lien for the benefit of Holders of the Notes purported to be granted under any Security Document for the benefit of Holders of the Notes on Collateral, individually or in the aggregate, having a Fair Market Value in excess of \$50.0 million ceases to be an enforceable and perfected first-priority Lien in any material respect, subject only to Permitted Prior Liens, and such condition continues for 60 days after written notice by the Trustee or the Collateral Trustee of failure to comply with such requirement; provided that it will not be an Event of Default under this clause 7(B) if such condition results from the action or inaction of the Trustee or the Collateral Trustee; or

(C) the Company or any Significant Subsidiary that is a Subsidiary Guarantor (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary), or any Person acting on behalf of any of them, denies or disaffirms, in writing, any material obligation of the Company or such Significant Subsidiary that is a Guarantor (or such Subsidiary Guarantors that together constitute a Significant Subsidiary) set forth in or arising under any Security Document for the benefit of Holders of the Notes;

(8) except as permitted by this Indenture, any Note Guarantee of a Subsidiary Guarantor that is a Significant Subsidiary of the Company (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary) shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect in any material respect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm in writing its obligations under its Note Guarantee if, and only if, in each such case, such Default continues for 21 days after notice of such Default shall have been given to the Trustee;

(9) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

- (A) commences a voluntary case,
- (B) consents to the entry of an order for relief against it in an involuntary case,
- (C) consents to the appointment of a custodian of it or for all or substantially all of its property,
- (D) makes a general assignment for the benefit of its creditors, or
- (E) generally is not paying its debts as they become due;

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

In the event of any Event of Default specified in clause (5) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

- (1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged;
- (2) the Holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or
- (3) the default that is the basis for such Event of Default has been cured.

#### Section 6.02 *Acceleration.*

In the case of an Event of Default specified in clause (9) or (10) of Section 6.01 hereof, with respect to the Company or any Significant Subsidiary of the Company (or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary of the Company), all outstanding Notes will become due and payable immediately without further action or

notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company specifying the Event of Default. Upon any such declaration, the Notes shall become due and payable immediately. The Trustee shall have no obligation to accelerate the Notes if in the best judgment of the Trustee acceleration is not in the best interest of the Holders of the Notes.

#### Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, premium on, if any, interest or Special Interest, if any, on, the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

#### Section 6.04 *Waiver of Past Defaults.*

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, waive any existing Default or Event of Default and its consequences hereunder or under the Security Documents, except a continuing Default or Event of Default in the payment of interest or Special Interest, if any, on, premium, if any, on, or the principal of, the notes (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration ( *provided* such rescission would not conflict with any judgment of a court of competent jurisdiction). 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 this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

#### Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction from Holders.

#### Section 6.06 *Limitation on Suits.*

No Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless each of the following conditions is met:

- (1) the Holder gives the Trustee written notice of a continuing Event of Default;

- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity, security or prefunding reasonably satisfactory to the Trustee against any costs, loss, liability or expense;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

*Section 6.07 Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of the principal of, premium, if any, or Special Interest, if any, or interest on, such Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided* that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of a Security Document upon any property subject to such Lien.

*Section 6.08 Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, if any, interest and Special Interest, if any, remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

*Section 6.09 Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be

secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

#### Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

*First:* to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

*Second:* to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, interest and Special Interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, interest and Special Interest, if any, respectively; and

*Third:* to the Company or to such party as a court of competent jurisdiction shall direct, including a Guarantor, if applicable.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

#### Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

### ARTICLE 7 TRUSTEE

#### Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) Delivery of any reports, information and documents to the Trustee, including pursuant to Section 4.03, is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants pursuant to Article 4 (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

#### Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel will be full and complete



authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee reasonable indemnity or security satisfactory to it against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has knowledge thereof or unless written notice of any event which is in fact such a default is delivered to the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Issuer delivers a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture.

(k) The Trustee and the Collateral Trustee shall not be bound to make any investigation into (i) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or in any Security Documents, (ii) the occurrence of any default, or the validity, enforceability, effectiveness or genuineness of this Indenture, any Security Documents or any other agreement, instrument or document, (iii) the creation, perfection or priority of any Lien purported to be created by the Security Documents, (iv) the value or the sufficiency of any Collateral, or (v) the satisfaction of any condition set forth in any Security Documents, other than to confirm receipt of items expressly required to be delivered to the Collateral Trustee.

#### *Section 7.03 Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if this

Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

*Section 7.04 Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

*Section 7.05 Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium on, if any, interest or Special Interest, if any, on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

*Section 7.06 Reports by Trustee to Holders of the Notes.*

(a) Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee will mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA §313(a) (but if no event described in TIA §313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also will comply with TIA §313(b)(2). The Trustee will also transmit by mail all reports as required by TIA §313(c).

(b) A copy of each report at the time of its mailing to the Holders of Notes will be mailed by the Trustee to the Company and filed by the Trustee with the SEC and each stock exchange on which the Notes are listed in accordance with TIA §313(d). The Company will promptly notify the Trustee when the Notes are listed on any stock exchange.

*Section 7.07 Compensation and Indemnity.*

(a) The Company will pay to the Trustee such reasonable compensation for its acceptance of this Indenture and services hereunder as the parties shall agree in writing from time to time. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Guarantors will indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company, the Guarantors, any Holder or any other Person) or liability in

connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its reckless misconduct, negligence or bad faith. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Guarantors of their obligations hereunder. The Company or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld. Notwithstanding anything in this Indenture to the contrary, the Company need not reimburse any expense or indemnity against any loss, liability or expense incurred by the Trustee through the Trustee's own reckless misconduct, negligence or bad faith.

(c) The obligations of the Company and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture.

(d) To secure the Company's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, premium on, if any, interest or Special Interest, if any, on, particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(9) or (10) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

(f) The Trustee will comply with the provisions of TIA §313(b)(2) to the extent applicable.

#### Section 7.08 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.10 hereof or TIA §310;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

*Section 7.09 Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

*Section 7.10 Eligibility; Disqualification.*

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$100.0 million as set forth in its most recent published annual report of condition.

This Indenture will always have a Trustee who satisfies the requirements of TIA §310(a)(1), (2) and (5). The Trustee is subject to TIA §310(b).

*Section 7.11 Preferential Collection of Claims Against Company.*

The Trustee is subject to TIA §311(a), excluding any creditor relationship listed in TIA §311(b). A Trustee who has resigned or been removed shall be subject to TIA §311(a) to the extent indicated therein.

ARTICLE 8  
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

*Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance.*

The Company may at any time, at the option of the Company's or Parent's Board of Directors evidenced by a resolution set forth in an Officers' Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

#### Section 8.02 *Legal Defeasance and Discharge.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Note Guarantees) and cure all then existing Events of Default on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same, except for the following provisions which will survive until otherwise terminated or discharged hereunder:

- (1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium and Special Interest, if any, on such Notes when such payments are due from the trust referred to in Section 8.04 hereof;
- (2) the Company's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;
- (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and the Guarantors' obligations in connection therewith;
- (4) this Article 8; and
- (5) the optional redemption provisions of this Indenture to the extent that Legal Defeasance is to be effected together with a redemption.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

#### Section 8.03 *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.05, 4.06, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.14, 4.15, 4.16 and 4.17 hereof and clause (3) of Section 5.01(a) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note

Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(3), (4), (5), (6), (7) and (8) hereof will not constitute Events of Default.

*Section 8.04 Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, a nationally recognized investment bank or a nationally recognized appraisal or valuation firm, to pay the principal of, or interest and premium and Special Interest, if any, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company shall have deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions:

(A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from borrowing funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company

or any of its Subsidiaries is bound (other than that resulting with respect to any Indebtedness being defeased from any borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to such Indebtedness, and the granting of Liens in connection therewith);

(6) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others;

(7) if the Notes are to be redeemed prior to their Stated Maturity, the Company must deliver to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date; and

(8) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

#### *Section 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "*Trustee*") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, interest and Special Interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants, a nationally recognized investment bank or a nationally recognized appraisal or valuation firm, expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

The Collateral will be released from the Lien securing the Notes upon a Legal Defeasance or Covenant Defeasance in accordance with the provisions of this Article 8.

#### *Section 8.06 Repayment to Company.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium on, if any, interest or Special Interest, if any, on, any

Note and remaining unclaimed for two years after such principal, premium, if any, interest or Special Interest, if any, has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease.

*Section 8.07 Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium on, if any, interest or Special Interest, if any, on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9  
AMENDMENT, SUPPLEMENT AND WAIVER

*Section 9.01 Without Consent of Holders of Notes.*

Notwithstanding Section 9.02 hereof, without notice to or the consent of any Holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Note Guarantees or the Security Documents:

- (1) to cure any ambiguity, omission, mistake, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Company's or a Guarantor's obligations to the Holders of the Notes and Note Guarantees by a successor to the Company or such Guarantor pursuant to Article 5 or Article 10 hereof;
- (4) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder in any material respect;
- (5) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;
- (6) to comply with Section 4.17 hereof;
- (7) to conform the text of this Indenture, the Notes, the Note Guarantees or any Security Document to any provision of the "Description of Notes" section of the Offering Circular, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Notes, the Note Guarantees or any Security Document, which intent may be evidenced by an Officers' Certificate to that effect;



(8) to evidence and provide for the acceptance of appointment by a successor Trustee, *provided* that the successor Trustee is otherwise qualified and eligible to act as such under the terms of this Indenture, or evidence and provide for a successor or replacement Collateral Trustee under the Security Documents;

(9) to provide for the issuance of Additional Notes (and the grant of security for the benefit of the Additional Notes) in accordance with the terms of this Indenture and the Collateral Trust Agreement;

(10) to make, complete or confirm any grant of Collateral permitted or required by this Indenture or any of the Security Documents or any release, termination or discharge of Collateral that becomes effective as set forth in this Indenture or any of the Security Documents;

(11) to grant any Lien for the benefit of the Holders of any future Subordinated Lien Debt or any present or future Priority Lien Debt in accordance with the terms of this Indenture and the Collateral Trust Agreement;

(12) to add additional secured parties to the extent Liens securing obligations held by such parties are permitted under this Indenture;

(13) to mortgage, pledge, hypothecate or grant a security interest in favor of the collateral agent for the benefit of the Trustee and the Holders of the Notes as additional security for the payment and performance of the Company's and any Guarantor's obligations under this Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee or the Collateral Trustee in accordance with the terms of this Indenture or otherwise;

(14) to provide for the succession of any parties to the Security Documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of any agreement in accordance with the terms of this Indenture and the relevant Security Document;

(15) to provide for a reduction in the minimum denominations of the Notes;

(16) to add a Guarantor or other guarantor under this Indenture or release a Guarantor in accordance with the terms of this Indenture;

(17) to add covenants for the benefit of the Holders or surrender any right or power conferred upon the Company or any Guarantor;

(18) to make any amendment to the provisions of this Indenture relating to the transfer and legending of Notes as permitted by this Indenture, including, without limitation, to facilitate the issuance and administration of the Notes, provided that compliance with this Indenture as so amended may not result in Notes being transferred in violation of the Securities Act or any applicable securities laws;

(19) to provide for the assumption by one or more successors of the obligations of any of the Guarantors under this Indenture and the Note Guarantees;

(20) to provide for the issuance of Exchange Notes in accordance with the terms of this Indenture; or

(21) to comply with the rules of any applicable securities depository.

Upon the request of the Company accompanied by a resolution of the Company's or Parent's Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents set forth in Section 7.02 hereof, the Trustee will join with the Company and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee will not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

*Section 9.02 With Consent of Holders of Notes.*

Except as otherwise provided in this Section 9.02, the Company and the Trustee may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.14 hereof) and the Notes, the Note Guarantees and the Security Documents relating to the Notes (subject to compliance with the Intercreditor Agreement and the Collateral Trust Agreement) with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium on, if any, interest or Special Interest, if any, on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes, the Note Guarantees or the Security Documents relating to the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of the Company's or Parent's Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents set forth in Section 7.02 hereof, the Trustee will join with the Company and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Indenture to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by

the Company with any provision of this Indenture, the Notes or the Note Guarantees. However, without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the percentage of the aggregate principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the Stated Maturity of any Note or alter the provisions, or waive any payment, with respect to the redemption of the Notes (except as provided in the first paragraph of this Section 9.02 with respect to Sections 3.09, 4.10 and 4.14 hereof);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, or Special Interest, if any, on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any Note payable in money other than U.S. dollars;
- (6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, or Special Interest, if any, on the Notes;
- (7) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture or the Note Guarantees;
- (8) impair the right of any Holder to institute suit for the enforcement of any payment on or with respect to such Holder's Notes or the Note Guarantees;
- (9) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.10 after the obligation to make such Asset Sale Offer has arisen, or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 4.14 after such Change of Control has occurred, including, in each case, amending, changing or modifying any definition relating thereto; or
- (10) make any change in the amendment and waiver provisions, except to increase any such percentage required for such actions or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby.

Any amendment to, or waiver of, the provisions of this Indenture or any Security Document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Notes will require the consent of the Holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding (but only to the extent any such consent is required under the Collateral Trust Agreement).

### Section 9.03 *Compliance with Trust Indenture Act.*

Upon and after the qualification of this Indenture under the TIA, every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture that complies with the TIA as then in effect.

### Section 9.04 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver. If a record date is fixed, then, notwithstanding the preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only such Persons, shall be entitled to consent to such amendment, supplement or waiver or to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date unless the consent of the requisite number of Holders has been obtained.

### Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

### Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amended or supplemental indenture until the Board of Directors of the Company or Parent approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

ARTICLE 10  
COLLATERAL AND SECURITY

*Section 10.01 Equal and Ratable Sharing of Collateral by Holders of Priority Lien Debt.*

Notwithstanding: (1) anything to the contrary contained in the Security Documents; (2) the time of incurrence of any Series of Priority Lien Debt; (3) the order or method of attachment or perfection of any Lien securing any Series of Priority Lien Debt; (4) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Liens securing any Series of Priority Lien Debt; (5) the time of taking possession or control over any Collateral securing any Series of Priority Lien Debt; (6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or (7) the rules for determining priority under any law governing relative priorities of Liens, all Priority Liens granted at any time by the Company or any Subsidiary Guarantor will secure, equally and ratably, all present and future Priority Lien Obligations of the Company or such Subsidiary Guarantor, as the case may be, as more fully specified in the Collateral Trust Agreement.

The foregoing provision is intended for the benefit of, and will be enforceable by, each present and future holder of Priority Lien Obligations, each present and future Priority Lien Representative and the Collateral Trustee, as holder of Priority Liens, in each case, as a party to the Collateral Trust Agreement or as a third party beneficiary thereof.

*Section 10.02 Ranking of Subordinated Liens.*

The Subordinated Lien Documents, if any, shall require that, notwithstanding: (1) anything to the contrary contained in the Security Documents; (2) the time of incurrence of any Series of Secured Debt; (3) the order or method of attachment or perfection of any Liens securing any Series of Secured Debt; (4) the time or order of filing or recording of financing statements or other documents filed or recorded to perfect any Lien upon any Collateral; (5) the time of taking possession or control over any Collateral securing any series of Secured Debt; (6) that any Priority Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or (7) the rules for determining priority under any law governing relative priorities of Liens, all Subordinated Liens at any time granted by the Company or any Subsidiary Guarantor will be subject and subordinate to all Priority Liens securing all present and future Priority Lien Obligations of the Company or such Subsidiary Guarantor, as the case may be, as more fully specified in the Collateral Trust Agreement.

The Subordinated Lien Documents, if any, shall require that the foregoing provision is intended for the benefit of, and will be enforceable by, each present and future holder of Priority Lien Obligations, each present and future Priority Lien Representative and the Collateral Trustee as holder of Priority Liens, in each case, as a party to the Collateral Trust Agreement or as a third party beneficiary thereof.

*Section 10.03 Release of Liens in Respect of Notes.*

The Collateral Trustee's Liens upon the Collateral will no longer secure the Notes outstanding under this Indenture or any other Obligations under this Indenture, and the right of the Holders of the Notes and such Obligations to the benefits and proceeds of the Collateral Trustee's Liens on the Collateral will terminate and be discharged:

- (1) upon satisfaction and discharge of this Indenture as set forth under Article 12 hereof;

- (2) upon a Legal Defeasance or Covenant Defeasance of the Notes as set forth under Article 8 hereof;
- (3) upon payment in full and discharge of all Notes outstanding under this Indenture and all Obligations that are outstanding, due and payable under this Indenture at the time the Notes are paid in full and discharged;
- (4) in whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with Article 9 hereof; or
- (5) if and to the extent required by Section 5.1 of the Intercreditor Agreement.

Section 10.04 *Relative Rights.*

Nothing in the Note Documents shall:

- (1) impair, as between the Company and the Holders of the Notes, the obligation of the Company to pay principal, interest, premium, if any, or Special Interest, if any, on the Notes in accordance with their terms or any other obligation of the Company or any Guarantor under the Note Documents;
- (2) affect the relative rights of Holders of Notes as against any other creditors of the Company or any Guarantor (other than as expressly specified in the Intercreditor Agreement or the Collateral Trust Agreement);
- (3) restrict the right of any Holder of Notes to sue for payments that are then due and owing (but not the right to enforce any judgment in respect thereof against any Collateral to the extent specifically prohibited by the Intercreditor Agreement or the Collateral Trust Agreement.
- (4) restrict or prevent any Holder of Notes or other Priority Lien Obligations, the Trustee, the Collateral Trustee or any other person from exercising any of its rights or remedies upon a Default or Event of Default not specifically restricted or prohibited by the Intercreditor Agreement or the Collateral Trust Agreement; or
- (5) restrict or prevent any Holder of Notes or other Priority Lien Obligations, the Trustee, the Collateral Trustee or any other person from taking any lawful action in an Insolvency or Liquidation Proceeding not specifically restricted or prohibited by the Intercreditor Agreement or the Collateral Trust Agreement.

Section 10.05 *Compliance with Trust Indenture Act.*

Upon and after the qualification of this Indenture under the TIA, the Company shall comply with the provisions of TIA §314.

To the extent applicable, the Company shall cause TIA §313(b), relating to reports, and TIA §314(d), relating to the release of property or securities or relating to the substitution therefor of any property or securities subject to the Lien of the Security Documents, to be complied with. Any certificate or opinion required by TIA §314(d) may be made by an Officer of the Company except in cases where TIA §314(d) requires that such certificate or opinion be made by an independent Person, which Person will be an independent engineer, appraiser or other expert selected by or reasonably satisfactory to the Trustee. Notwithstanding anything to the contrary in this paragraph, the Company will not be required to

comply with all or any portion of TIA §314(d) if it determines, in good faith, that under the terms of TIA §314(d) and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including “no action” letters or exemptive orders, all or any portion of TIA §314(d) is inapplicable to released Collateral.

The Company and each of the Subsidiary Guarantors may, subject to compliance with the provisions of this Indenture, but without release or consent of the Trustee or the Collateral Trustee or any holder of Priority Lien Obligations, conduct ordinary course activities with respect to the Collateral.

Section 10.06 *Collateral Trustee.*

(a) The Company has appointed U.S. Bank National Association to serve as the Collateral Trustee for the benefit of the holders of:

- (1) the Notes;
- (2) all other Priority Lien Obligations outstanding from time to time; and
- (3) all Subordinated Lien Obligations outstanding from time to time, if any.

(b) The Collateral Trustee will hold (directly or through co-trustees or agents), and will be entitled to enforce on behalf of the holders of Priority Lien Obligations and Subordinated Lien Obligations, if any, all Liens on the Collateral created by the Security Documents, subject to the provisions of the Intercreditor Agreement and the Collateral Trust Agreement.

(c) Except as provided in the Collateral Trust Agreement or as directed by an Act of Required Debtholders in accordance with the Collateral Trust Agreement, the Collateral Trustee will not be obligated:

- (1) to act upon directions purported to be delivered to it by any Person;
- (2) to foreclose upon or otherwise enforce any Lien; or
- (3) to take any other action whatsoever with regard to any or all of the Security Documents, the Liens created thereby or the Collateral.

(d) Each Holder hereby authorizes and directs the Trustee and Collateral Trustee to act pursuant to the Security Documents.

Section 10.07 *Further Assurances.*

The Company and each of the Subsidiary Guarantors shall do or cause to be done all acts and things that may be reasonably required, or that the Collateral Trustee from time to time may reasonably request, to assure and confirm that the Collateral Trustee holds, for the benefit of the holders of Obligations under the Note Documents, duly created and enforceable and perfected Liens upon the Collateral (including any property or assets that are acquired or otherwise become Collateral after the Notes are issued), in each case, as and to the extent contemplated by, and with the Lien priority required under, the Secured Debt Documents relating to the Notes.

Section 10.08 *Insurance.*

(a) The Company and the Subsidiary Guarantors shall:

(1) keep their properties insured and maintain such general liability, automobile liability, workers' compensation / employers' liability, property casualty insurance and any excess umbrella coverage related to any of the foregoing as is customary for companies in the same or similar businesses operating in the same or similar locations;

(2) maintain such other insurance as may be required by law; and

(3) maintain such other insurance as may be required by the Security Documents relating to the Notes.

(b) Upon the request of the Trustee or the Collateral Trustee, the Company and the Subsidiary Guarantors shall furnish to the Trustee or Collateral Trustee full information as to their property and liability insurance carriers. The Company shall (x) provide the Trustee and the Collateral Trustee with notice of cancellation or modification with respect to its property and casualty policies before the effective date of such cancellation or modification and (y) name the Trustee or Collateral Trustee as a co-loss payee on property and casualty policies and as an additional insured as its interests may appear on the liability policies listed in clause (1) of Section 10.08(a).

**Section 10.09 *Real Property.***

(a) The Company shall use commercially reasonable efforts to deliver to the Trustee within 90 days of the date of this Indenture, with respect to each real property asset owned by the Company or any Guarantor listed on Exhibit G attached hereto (the "*Initial Mortgaged Property*"), the following:

(1) fully executed and notarized mortgages or deeds of trust (each, a "*Mortgage*") encumbering the fee interest of the Issuer or any of the Subsidiary Guarantors in each such Initial Mortgaged Property, together with such UCC-1 financing statements or other fixture filings as the Trustee shall reasonably deem appropriate with respect to such Mortgaged Property;

(2) evidence that counterparts of the Mortgage (and such other documents referenced in clause (1) this Section 10.09(a)) for each Initial Mortgaged Property have been filed or recorded (or are in form suitable for filing or recording) in all filing or recording offices that the Trustee may deem reasonably necessary or desirable in order to create a valid and subsisting Lien on the property described therein in favor of the Trustee;

(3) a fully paid pro forma title insurance policy for each Initial Mortgaged Property, which, upon the recording of the Mortgages, will insure the Mortgages to be valid and subsisting Liens on the Mortgaged Property described therein, free and clear of all material Liens, except Permitted Liens; and

(4) a written opinion from local counsel in each state in which Mortgaged Property is located with respect to the creation and perfection of the applicable Mortgage and any related fixture filings, in customary form and substance and subject to customary assumptions, limitations and qualifications, reasonably satisfactory to the Trustee.

(b) Notwithstanding the foregoing in this Section 10.09, in no event shall the Company or any Guarantor be required to take any action or deliver to the Trustee any agreement, instrument, title insurance or opinion with respect to any Initial Mortgaged Property or After-Acquired Property pursuant to this Indenture or any other Note Documents, if such agreement, instrument, title insurance, opinion, document or action is more onerous on the Company or any Guarantor than the analogous item received by the collateral agent for the term loan credit facility of the Company (paid-off with the proceeds of the



issuance and sale of the Notes) with respect to such Mortgaged Property. For the avoidance of doubt, it will not be a default, Default or Event of Default, (x) if the Company or the relevant Subsidiary Guarantor has not delivered to the Trustee the items described in clauses (1), (2), (3) and (4) of clause (a) of this Section 10.09 with respect to any Initial Mortgaged Property within ninety 90 days of the date of this Indenture after using commercially reasonable efforts, or (y) if the Company or the relevant Subsidiary Guarantor has not delivered to the Trustee the items described in clauses (1), (2), (3) and (4) of clause (a) of this Section 10.09 with respect to any After-Acquired Property within ninety (90) days of the relevant date (June 30 or December 31 in each year) specified in clause (c) of this Section 10.09 after using commercially reasonable efforts.

(c) Following the acquisition by the Company or any Subsidiary Guarantor of any fee interest in real property that is not an Excluded Asset (each, an “*After-Acquired Property*”), the Company or such Subsidiary Guarantor that owns such After-Acquired Property shall use commercially reasonable efforts to execute and deliver to the Trustee on a semiannual basis (within 90 days after the end of June 30 with respect to After-Acquired Property acquired between January 1 and June 30 of each year and within 90 days after the end of December 31 with respect to After-Acquired Property acquired between July 1 and December 31 of each year) a Mortgage and the other items set forth in clauses (1), (2), (3) and (4) of clause (a) of this Section 10.09 relating to such After-Acquired Property *mutatis mutandis*, and thereupon such After-Acquired Property shall be Collateral to the extent purported to be subject to the Lien of any such Mortgage.

Section 10.10 *Recording, Registration and Opinions*. The Company shall furnish to the Trustee on or within 120 days following the end of its fiscal year, commencing in 2010, an Opinion of Counsel either (A) stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of Liens under the Collateral Documents on the Collateral as is necessary to maintain the perfection of such Liens, and reciting the details of such action or (B) stating that, in the opinion of such counsel, no such action is necessary to maintain the perfection of such Liens; provided, however, that in no event shall the Company be obligated to furnish such opinion until after this Indenture has been qualified under the TIA.

## ARTICLE 11 NOTE GUARANTEES

### Section 11.01 *Guarantee*.

(a) Subject to this Article 11, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(1) the principal of, premium on, if any, interest and Special Interest, if any, on, the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, premium on, if any, interest and Special Interest, if any, on, the Notes, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(c) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(d) Each Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

#### *Section 11.02 Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer, fraudulent conveyance or fraudulent obligation for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 11, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer, fraudulent conveyance or fraudulent obligation.

#### *Section 11.03 Execution and Delivery of Note Guarantee.*

To evidence its Note Guarantee set forth in Section 11.01 hereof, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form attached as Exhibit E hereto will be

endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Guarantor by one of its Officers.

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 11.01 hereof will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer whose signature is on this Indenture or on the Note Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Note Guarantee is endorsed, the Note Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 11.04 *Guarantors May Consolidate, etc., on Certain Terms.*

(a) A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Company or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) (i) is organized or existing under the laws of the United States, any state thereof or the District of Columbia ( *provided* that the provisions set forth in this clause (i) shall not apply if such Guarantor is organized under the laws of a jurisdiction other than the United States, any state thereof or the District of Columbia) and (ii) assumes all the obligations of that Guarantor under this Indenture, its Note Guarantee and the Registration Rights Agreement pursuant to a supplemental indenture satisfactory to the Trustee; or

(B) in the case of a Subsidiary Guarantor, such sale or other disposition or consolidation or merger complies with Section 4.10 hereof.

(b) In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

(c) Notwithstanding the foregoing, any Guarantor may (i) merge with the Company or a Restricted Subsidiary of the Company solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (ii) convert into a corporation, partnership, limited partnership, limited liability company or trust organized under the laws of the jurisdiction of organization of such Guarantor, in each case without regard to the requirements set forth in clause (1) of Section 11.04(a) hereof.

*Section 11.05 Releases.*

(a) The Note Guarantee of Parent will automatically and unconditionally be released without the need for any further action by any party upon written notice from the Company to the Trustee. The Note Guarantee of a Subsidiary Guarantor will automatically and unconditionally be released without the need for any action by any party:

(1) in connection with any sale or other disposition of Capital Stock of a Subsidiary Guarantor (including by way of consolidation or merger or otherwise) to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of the Company, such that, immediately after giving effect to such transaction, such Guarantor would no longer constitute a Subsidiary of the Company, if the sale of such Capital Stock of that Subsidiary Guarantor complies with Section 4.07 and Section 4.10;

(2) in connection with the merger or consolidation of a Subsidiary Guarantor with any other Subsidiary Guarantor;

(3) in the event of the release of the guarantee under the ABL Credit Facility of a Subsidiary Guarantor that is not (A) a Wholly Owned Domestic Subsidiary or (B) a Restricted Subsidiary that guarantees Indebtedness of the Company or any Subsidiary Guarantor;

(4) if the Company properly designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary under this Indenture;

(5) upon the Legal Defeasance or Covenant Defeasance or satisfaction and discharge of this Indenture;

(6) solely in the case of a Note Guarantee created pursuant to Section 4.17(b), upon the release or discharge of the Guarantee which resulted in the creation of such Note Guarantee pursuant to Section 4.17(b), except a discharge or release by or as a result of payment under such Guarantee; or

(7) upon a liquidation or dissolution of a Subsidiary Guarantor permitted under this Indenture.

(b) The Note Guarantee of any Subsidiary Guarantor will be released in connection with a sale of all of the assets of such Subsidiary Guarantor in a transaction that complies with the conditions set forth in Section 11.04.

(c) Notwithstanding any other provision in this Indenture, any Restricted Subsidiary of the Company (including any Subsidiary Guarantor) may be liquidated at any time, so long as all assets owned by such entity which constitute Collateral remain Collateral owned by the Company or a Subsidiary Guarantor following any such liquidation.

(d) Any Guarantor not released from its obligations under its Note Guarantee as provided in this Section 11.05 will remain liable for the full amount of principal of, premium on, if any, interest and Special Interest, if any, on, the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article 11.

## ARTICLE 12 SATISFACTION AND DISCHARGE

### Section 12.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(a) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and Special Interest, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) with respect to this Indenture and the Notes issued thereunder on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound (other than any such default resulting from any borrowing of funds to be applied to make the deposit and any similar simultaneous deposit relating to other Indebtedness, and the granting of Liens in connection therewith);

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture and not provided for by the deposit required by clause 1(b) above; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section 12.01, the provisions of Sections 12.02 and 8.06 hereof will survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 12.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal, premium, if any, interest and Special Interest, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided* that if the Company has made any payment of principal of, premium on, if any, interest, if any, on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 13  
MISCELLANEOUS

Section 13.01 *Trust Indenture Act Controls.*

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA §318(c), the imposed duties will control.

Section 13.02 *Notices.*

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Guarantor:

McJunkin Red Man Corporation  
2 Houston Center  
909 Fannin, Suite 3100  
Houston, Texas 77010  
Telephone No.: (877) 294-7574  
Facsimile No.: (713) 655-1477  
Attention: Andrew Lane and Jim Underhill

with a copy to:

McJunkin Red Man Corporation  
8023 East 63rd Place, Suite 800  
Tulsa, Oklahoma 74133  
Attention: Steve W. Lake

If to the Trustee:

U.S. Bank National Association  
60 Livingston Avenue  
EP-MN-WS3C  
St. Paul, Minnesota 55107-2292  
Telephone: (651) 495-3918  
Fax: (651) 495-8097  
McJunkin Administrator

The Company, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted electronically or by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication will also be so mailed to any Person described in TIA §313(c), to the extent required by the TIA, if applicable. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee and each Agent at the same time.

Section 13.03 *Communication by Holders of Notes with Other Holders of Notes.*

Holders may communicate pursuant to TIA §312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA §312(c).

Section 13.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA §314(a)(4)) must comply with the provisions of TIA §314(e) and must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.07 *No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders.*

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, or of Parent or any other direct or indirect parent of the Company, shall have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Note Guarantees or the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and



release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.08 *Governing Law.*

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 13.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10 *Successors.*

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 11.05 hereof.

Section 13.11 *Severability.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 13.14 *Conflicts with Intercreditor Agreement or Collateral Trust Agreement.*

In the event of any conflict between the provisions of the Intercreditor Agreement or the Collateral Trust Agreement and the provisions of this Indenture, the provisions of the Intercreditor Agreement or the Collateral Trust Agreement shall govern and control.

[Signatures on following page]

Dated as of December 21, 2009

SIGNATURES

MCJUNKIN RED MAN CORPORATION

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President and Chief Executive Officer

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President, Chief Executive Officer and  
Chairman

SUBSIDIARY GUARANTORS:

MCJUNKIN RED MAN DEVELOPMENT  
CORPORATION

MCJUNKIN NIGERIA LIMITED

MCJUNKIN-PUERTO RICO CORPORATION

MCJUNKIN-WEST AFRICA CORPORATION

MILTON OIL & GAS COMPANY

RUFFNER REALTY COMPANY

GREENBRIER PETROLEUM CORPORATION

MIDWAY-TRISTATE CORPORATION

MRC MANAGEMENT COMPANY

MRM OKLAHOMA MANAGEMENT LLC

LBPS HOLDING COMPANY

LABARGE PIPE & STEEL COMPANY

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President and Chief Executive Officer

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U.S. BANK NATIONAL ASSOCIATION

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

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[Face of Note]

*[Insert the Original Issue Discount Legend, if applicable pursuant to the provisions of the Indenture]*

CUSIP/CINS \_\_\_\_\_  
ISIN \_\_\_\_\_

No. \_\_\_\_\_ 9.50% Senior Secured Notes due 2016 \$ \_\_\_\_\_

MCJUNKIN RED MAN CORPORATION

promises to pay to \_\_\_\_\_ or registered assigns,  
the principal sum of \_\_\_\_\_ DOLLARS, [, as revised by the Schedule of Exchanges of  
Interest in the Global Note attached hereto,] on December 15, 2016.

Interest Payment Dates: June 15 and December 15

Record Dates: June 1 and December 1

Dated: \_\_\_\_\_, 20\_\_

MCJUNKIN RED MAN CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

This is one of the Notes referred to  
in the within-mentioned Indenture:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By: \_\_\_\_\_  
Authorized Signatory

[Back of Note]

9.50% Senior Secured Notes due 2016

*[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]*

*[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]*

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *Interest.* McJunkin Red Man Corporation, a West Virginia corporation (the “*Company*”), promises to pay or cause to be paid interest on the principal amount of this Note at 9.50% per annum from \_\_\_\_\_, 20\_\_ until maturity and shall pay the Special Interest, if any, payable pursuant to the Registration Rights Agreement referred to below. The Company will pay interest and Special Interest, if any, semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an “*Interest Payment Date*”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that, if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be June 15, 2010. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate then in effect to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Special Interest, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(2) *Method of Payment.* The Company will pay interest on the Notes (except defaulted interest) and Special Interest, if any, to the Persons who are registered Holders of Notes at the close of business on the June 1 or December 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, interest and Special Interest, if any, at the office or agency of the Paying Agent and Registrar within the City and State of New York, or, at the option of the Company, payment of interest and Special Interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium on, if any, interest and Special Interest, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *Paying Agent and Registrar.* Initially, U.S. Bank National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without prior notice to the Holders of the Notes. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

(4) *Indenture*. The Company issued the Notes under an Indenture dated as of December 21, 2009 (the “*Indenture*”) among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and, when the Indenture is qualified under the TIA, those made part of the Indenture by reference to the TIA. The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) *Optional Redemption*.

(a) At any time prior to December 15, 2012, the Company may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture (together with any Additional Notes) at a redemption price of 109.50% of the principal amount thereof, *plus* accrued and unpaid interest and Special Interest (if any) thereon to the applicable redemption date, with all or a portion of the net cash proceeds of one or more Qualified Equity Offerings; *provided that*:

(A) at least 65% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes) remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(B) the redemption must occur within 90 days of the date of the closing of such Qualified Equity Offering.

(b) At any time prior to December 15, 2012, the Company may, on any one or more occasions, redeem all or a part of the Notes, upon not less than 15 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of, and accrued and unpaid interest and Special Interest (if any) to, the date of redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(c) Except pursuant to the two preceding paragraphs, the Notes will not be redeemable at the Company’s option prior to December 15, 2012.

(d) On or after December 15, 2012, the Company may redeem all or a part of the Notes upon not less than 15 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest and Special Interest, if any, thereon, to the applicable redemption date, if redeemed during the 12-month period beginning on December 15 of the years indicated below, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2012	107.125%
2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(6) *Mandatory Redemption*. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *Repurchase at the Option of Holder*.

(a) If there is a Change of Control, the Company will be required to make an offer (a “*Change of Control Offer*”) to each Holder to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of each Holder’s Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Special Interest, if any, thereon to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date (the “*Change of Control Payment*”). Within 30 days following any Change of Control (or prior to the Change of Control if a definitive agreement is in place for the Change of Control), the Company will send a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Restricted Subsidiary of the Company consummates any Asset Sales, within ten Business Days of each date on which the aggregate amount of Excess Proceeds exceeds \$35.0 million, the Company will make an Asset Sale Offer to all Holders of Notes and all holders of Priority Lien Debt containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets in accordance with the Indenture to purchase the maximum principal amount of Notes and such other Priority Lien Debt that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Special Interest, if any, to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Priority Lien Debt tendered in such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other Priority Lien Debt to be purchased on a *pro rata* basis, based on the amounts tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. The Company may satisfy the foregoing obligation with respect to any Net Proceeds prior to the expiration of the relevant 365 day period (as such period may be extended in accordance with the Indenture) or with respect to Excess Proceeds of \$35.0 million or less Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled “*Option of Holder to Elect Purchase*” attached to the Notes.

(8) *Notice of Redemption*. At least 15 days but not more than 60 days before a redemption date, the Company will send electronically, mail, or cause to be mailed, by first class mail, or provide in accordance with the procedures of the Depositary a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Articles 8 or 12 thereof. Notes and portions of Notes selected will be in amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder

are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. Redemptions may be subject to one or more conditions.

(9) *Denominations, Transfer, Exchange.* The Notes are in registered form in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

(10) *Security.* The Notes will be secured by the Collateral on the terms and subject to the conditions set forth in the Indenture and the Security Documents. The Collateral Agent holds the Collateral in trust for the benefit of the Trustee and the Holders of the Notes pursuant to the Security Documents. Each Holder, by accepting this Note, consents and agrees to the terms of the Security Documents (including the provisions providing for the foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and the Indenture and authorizes and directs the Trustee and/or the Collateral Agent, as applicable, to enter into the Security Documents, and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith.

(11) *Persons Deemed Owners.* The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

(12) *Amendment, Supplement and Waiver.* Subject to certain exceptions, the Indenture, the Notes, the Note Guarantees or the Security Documents relating to the Notes (subject to compliance with the Intercreditor Agreement and the Collateral Trust Agreement) may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes, the Note Guarantees or the Security Documents relating to the Notes may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class. Without the consent of any Holder of Notes, the Indenture, the Notes, the Note Guarantees or the Security Documents relating to the Notes may be amended or supplemented: (i) to cure any ambiguity, omission, mistake, defect or inconsistency; (ii) to provide for uncertificated Notes in addition to or in place of certificated Notes; (iii) to provide for the assumption of the Company's or a Guarantor's obligations to the Holders of the Notes and Note Guarantees by a successor to the Company or such Guarantor pursuant to Article 5 or Article 10 of the Indenture; (iv) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any Holder in any material respect; (v) to comply with requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA; (vi) to comply with Section 4.17 of the Indenture; (vii) to conform the text of the Indenture, the Notes, the Note Guarantees or any Security Document to any provision of the "Description of Notes" section of the Offering Circular, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Note Guarantees or any Security Document, which intent may be evidenced by an Officers' Certificate to that effect; (viii) to evidence and provide



for the acceptance of appointment by a successor Trustee, *provided* that the successor Trustee is otherwise qualified and eligible to act as such under the terms of the Indenture, or evidence and provide for a successor or replacement Collateral Trustee under the Security Documents; (ix) to provide for the issuance of Additional Notes (and the grant of security for the benefit of the Additional Notes) in accordance with the terms of the Indenture and the Collateral Trust Agreement; (x) to make, complete or confirm any grant of Collateral permitted or required by the Indenture or any of the Security Documents or any release, termination or discharge of Collateral that becomes effective as set forth in the Indenture or any of the Security Documents; (xi) to grant any Lien for the benefit of the Holders of any future Subordinated Lien Debt or any present or future Priority Lien Debt in accordance with the terms of the Indenture and the Collateral Trust Agreement; (xii) to add additional secured parties to the extent Liens securing obligations held by such parties are permitted under the Indenture; (xiii) to mortgage, pledge, hypothecate or grant a security interest in favor of the collateral agent for the benefit of the Trustee and the Holders of the Notes as additional security for the payment and performance of the Company's and any Guarantor's obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee or the Collateral Trustee in accordance with the terms of the Indenture or otherwise; (xiv) to provide for the succession of any parties to the Security Documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of any agreement in accordance with the terms of the Indenture and the relevant Security Document; (xv) to provide for a reduction in the minimum denominations of the Notes; (xvi) to add a Guarantor or other guarantor under the Indenture or release a Guarantor in accordance with the terms of the Indenture; (xvii) to add covenants for the benefit of the Holders or surrender any right or power conferred upon the Company or any Guarantor; (xviii) to make any amendment to the provisions of the Indenture relating to the transfer and legend of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes, provided that compliance with the Indenture as so amended may not result in Notes being transferred in violation of the Securities Act or any applicable securities laws; (xix) to provide for the assumption by one or more successors of the obligations of any of the Guarantors under the Indenture and the Note Guarantees; (xx) to provide for the issuance of Exchange Notes in accordance with the terms of the Indenture; or (xxi) to comply with the rules of any applicable securities depository.

(13) *Defaults and Remedies*. Events of Default include: (i) default for 30 consecutive days in the payment when due of interest on, or Special Interest with respect to, the Notes; (ii) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the Notes; (iii) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10, 4.14, 5.01 or 11.04(a) of the Indenture for 30 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding; (iv) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding to comply with any of the agreements in the Indenture or the Security Documents for the benefit of the Holders of the Notes other than those referred to in the foregoing clauses (i) through (iii); (v) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company), or the payment of which is guaranteed by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of

the Company), whether such Indebtedness or Guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a Payment Default or (b) results in the acceleration of such Indebtedness prior to its express maturity, and, in the case of each of clauses (a) and (b), the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$50.0 million or more; (vi) failure by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company) to pay non-appealable final judgments aggregating in excess of \$50.0 million (excluding amounts covered by insurance provided by a carrier that has acknowledged coverage and has the ability to perform), which judgments are not paid, discharged or stayed for a period of more than 60 days after such judgments have become final and non-appealable and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed; (vii) the occurrence of any of the following: (a) any Security Document for the benefit of Holders of the Notes is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect in any material respect, other than in accordance with the terms of the relevant Security Documents; or (b) except as permitted by the Indenture, any Priority Lien for the benefit of Holders of the Notes purported to be granted under any Security Document for the benefit of Holders of the Notes on Collateral, individually or in the aggregate, having a Fair Market Value in excess of \$50.0 million ceases to be an enforceable and perfected first-priority Lien in any material respect, subject only to Permitted Prior Liens, and such condition continues for 60 days after written notice by the Trustee or the Collateral Trustee of failure to comply with such requirement; provided that it will not be an Event of Default under this clause (b) if such condition results from the action or inaction of the Trustee or the Collateral Trustee; or (c) the Company or any Significant Subsidiary that is a Subsidiary Guarantor (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary), or any Person acting on behalf of any of them, denies or disaffirms, in writing, any material obligation of the Company or such Significant Subsidiary that is a Guarantor (or such Subsidiary Guarantors that together constitute a Significant Subsidiary) set forth in or arising under any Security Document for the benefit of Holders of the Notes; (viii) except as permitted by the Indenture, any Note Guarantee of a Subsidiary Guarantor that is a Significant Subsidiary of the Company (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary) shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect in any material respect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm in writing its obligations under its Note Guarantee if, and only if, in each such case, such Default continues for 21 days after notice of such Default shall have been given to the Trustee; and (ix) certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary of the Company (or any Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary).

(14) *Trustee Dealings with Company.* The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(15) *No Recourse Against Others.* No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, or of Parent or any other direct or indirect parent of the Company, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees or the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of

Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

(16) *Guarantees*. The Company's obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

(17) *Authentication*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(18) *Abbreviations*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(19) *Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes*. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes will have all the rights set forth in the Registration Rights Agreement dated as of December 21, 2009, among the Company, the Guarantors and the other parties named on the signature pages thereof or, in the case of Additional Notes, Holders of Restricted Global Notes and Restricted Definitive Notes will have the rights set forth in one or more registration rights agreements, if any, among the Company, the Guarantors and the other parties thereto, relating to rights given by the Company and the Guarantors to the purchasers of any Additional Notes (collectively, the "*Registration Rights Agreement*").

(20) *CUSIP and ISIN Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP and ISIN numbers to be printed on the Notes, and the Trustee may use CUSIP and ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(21) *GOVERNING LAW*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement.

Requests may be made to:

McJunkin Red Man Corporation  
2 Houston Center, 909 Fannin, Suite 3100  
Houston, Texas 77010  
Attention: Steve W. Lake

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: \_\_\_\_\_  
(Insert assignee's legal name)

\_\_\_\_\_  
(Insert assignee's soc. sec. or tax I.D. no.)

\_\_\_\_\_  
(Print or type assignee's name, address and zip code)

and irrevocably appoint \_\_\_\_\_ to transfer this Note on the  
books of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.14 of the Indenture, check the appropriate box below:

–Section 4.10

–Section 4.14

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased:

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: \_\_\_\_\_

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

Schedule of Exchanges of Interests in the Global Note

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Custodian</u>
		A1-11		

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[Face of Regulation S Temporary Global Note]

*[Insert the Original Issue Discount Legend, if applicable pursuant to the provisions of the Indenture]*

CUSIP/CINS \_\_\_\_\_  
ISIN \_\_\_\_\_

9.50% Senior Secured Notes due 2016

No. \_\_\_\_\_

\$ \_\_\_\_\_

MCJUNKIN RED MAN CORPORATION

promises to pay to \_\_\_\_\_ or registered assigns,

the principal sum of \_\_\_\_\_ DOLLARS, as revised by the Schedule of Exchanges of Interest  
in the Global Note attached hereto, on December 15, 2016.

Interest Payment Dates: June 15 and December 15

Record Dates: June 1 and December 1

Dated: \_\_\_\_\_, 20\_\_

MCJUNKIN RED MAN CORPORATION

By: \_\_\_\_\_

Name:

Title:

A2-1

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[Back of Regulation S Temporary Global Note]

9.50% Senior Secured Notes due 2016

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5)



PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

[Back of Regulation S Temporary Global Note]  
9.50% Senior Secured Notes due 2016

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *Interest.* McJunkin Red Man Corporation, a West Virginia corporation (the "*Company*"), promises to pay or cause to be paid interest on the principal amount of this Note at 9.50% per annum from \_\_\_\_\_, 20\_\_ until maturity and shall pay the Special Interest, if any, payable pursuant to the Registration Rights Agreement referred to below. The Company will pay interest and Special Interest, if any, semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "*Interest Payment Date*"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be June 15, 2010. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate then in effect to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Special Interest, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Until this Regulation S Temporary Global Note is exchanged for one or more Regulation S Permanent Global Notes, the Holder hereof shall not be entitled to receive payments of interest hereon; until so exchanged in full, this Regulation S Temporary Global Note shall in all other respects be entitled to the same benefits as other Notes under the Indenture.

(2) *Method of Payment.* The Company will pay interest on the Notes (except defaulted interest) and Special Interest, if any, to the Persons who are registered Holders of Notes at the close of business on the June 1 or December 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, interest and Special Interest, if any, at the office or agency of the Paying Agent and Registrar within the City and State of New York, or, at the option of the Company, payment of interest and Special Interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium on, if any, interest and Special Interest, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *Paying Agent and Registrar.* Initially, U.S. Bank National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without prior notice to the Holders of the Notes. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

(4) *Indenture*. The Company issued the Notes under an Indenture dated as of December 21, 2009 (the “*Indenture*”) among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and, when the Indenture is qualified under the TIA, those made part of the Indenture by reference to the TIA. The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) *Optional Redemption*.

(a) At any time prior to December 15, 2012, the Company may, on any one or more occasions, redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture (together with any Additional Notes) at a redemption price of 109.50% of the principal amount thereof, *plus* accrued and unpaid interest and Special Interest (if any) thereon to the applicable redemption date, with all or a portion of the net cash proceeds of one or more Qualified Equity Offerings; *provided* that:

(A) at least 65% of the aggregate principal amount of Notes issued under the Indenture (including any Additional Notes) remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(B) the redemption must occur within 90 days of the date of the closing of such Qualified Equity Offering.

(b) At any time prior to December 15, 2012, the Company may, on any one or more occasions, redeem all or a part of the Notes, upon not less than 15 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, *plus* the Applicable Premium as of, and accrued and unpaid interest and Special Interest (if any) to, the date of redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(c) Except pursuant to the two preceding paragraphs, the Notes will not be redeemable at the Company’s option prior to December 15, 2012.

(d) On or after December 15, 2012, the Company may redeem all or a part of the Notes upon not less than 15 nor more than 60 days’ notice, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest and Special Interest, if any, thereon, to the applicable redemption date, if redeemed during the 12-month period beginning on December 15 of the years indicated below, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2012	107.125%
2013	104.750%
2014	102.375%
2015 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(6) *Mandatory Redemption*. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *Repurchase at the Option of Holder*.

(a) If there is a Change of Control, the Company will be required to make an offer (a “*Change of Control Offer*”) to each Holder to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of each Holder’s Notes at a purchase price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Special Interest, if any, thereon to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date (the “*Change of Control Payment*”). Within 30 days following any Change of Control (or prior to the Change of Control if a definitive agreement is in place for the Change of Control), the Company will send a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Restricted Subsidiary of the Company consummates any Asset Sales, within ten Business Days of each date on which the aggregate amount of Excess Proceeds exceeds \$35.0 million, the Company will make an Asset Sale Offer to all Holders of Notes and all holders of Priority Lien Debt containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets in accordance with the Indenture to purchase the maximum principal amount of Notes and such other Priority Lien Debt that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Special Interest, if any, to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Priority Lien Debt tendered in such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other Priority Lien Debt to be purchased on a *pro rata* basis, based on the amounts tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. The Company may satisfy the foregoing obligation with respect to any Net Proceeds prior to the expiration of the relevant 365 day period (as such period may be extended in accordance with the Indenture) or with respect to Excess Proceeds of \$35.0 million or less. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled “*Option of Holder to Elect Purchase*” attached to the Notes.

(8) *Notice of Redemption*. At least 15 days but not more than 60 days before a redemption date, the Company will send electronically, mail, or cause to be mailed, by first class mail, or provide in accordance with the procedures of the Depositary a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Articles 8 or 12 thereof. Notes and portions of Notes selected will be in amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. Redemptions may be subject to one or more conditions.

(9) *Denominations, Transfer, Exchange.* The Notes are in registered form in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

This Regulation S Temporary Global Note is exchangeable in whole or in part for one or more Global Notes only (i) on or after the termination of the 40-day distribution compliance period (as defined in Regulation S) and (ii) upon presentation of certificates (accompanied by an Opinion of Counsel, if applicable) required by Article 2 of the Indenture. Upon exchange of this Regulation S Temporary Global Note for one or more Global Notes, the Trustee shall cancel this Regulation S Temporary Global Note.

(10) *Security.* The Notes will be secured by the Collateral on the terms and subject to the conditions set forth in the Indenture and the Security Documents. The Collateral Agent holds the Collateral in trust for the benefit of the Trustee and the Holders of the Notes pursuant to the Security Documents. Each Holder, by accepting this Note, consents and agrees to the terms of the Security Documents (including the provisions providing for the foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and the Indenture and authorizes and directs the Trustee and/or the Collateral Agent, as applicable, to enter into the Security Documents, and to perform their respective obligations and exercise their respective rights thereunder in accordance therewith.

(11) *Persons Deemed Owners.* The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

(12) *Amendment, Supplement and Waiver.* Subject to certain exceptions, the Indenture, the Notes, the Note Guarantees or the Security Documents relating to the Notes (subject to compliance with the Intercreditor Agreement and Collateral Trust Agreement) may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes, the Note Guarantees or the Security Documents relating to the Notes (subject to compliance with the Intercreditor Agreement and Collateral Trust Agreement) may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes including Additional Notes, if any, voting as a single class. Without the consent of any Holder of Notes, the Indenture, the Notes, the Note Guarantees or the Security Documents relating to the Notes (subject to compliance with the Intercreditor Agreement and Collateral Trust Agreement) may be amended or supplemented: (i) to cure any ambiguity, omission, mistake, defect or inconsistency; (ii) to provide for uncertificated Notes in addition to or in place of certificated Notes; (iii) to provide for the assumption of the Company's or a Guarantor's obligations to the Holders of the Notes and Note Guarantees by a successor to the Company or such Guarantor pursuant to Article 5 or Article 10 of the Indenture; (iv) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any Holder in any material respect; (v) to comply with requirements of the SEC in order to effect or maintain the

qualification of the Indenture under the TIA; (vi) to comply with Section 4.17 of the Indenture; (vii) to conform the text of the Indenture, the Notes, the Note Guarantees or any Security Document to any provision of the “Description of Notes” section of the Offering Circular, to the extent that such provision in that “Description of Notes” was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Note Guarantees or any Security Document, which intent may be evidenced by an Officers’ Certificate to that effect; (viii) to evidence and provide for the acceptance of appointment by a successor Trustee, *provided* that the successor Trustee is otherwise qualified and eligible to act as such under the terms of the Indenture, or evidence and provide for a successor or replacement Collateral Trustee under the Security Documents; (ix) to provide for the issuance of Additional Notes (and the grant of security for the benefit of the Additional Notes) in accordance with the terms of the Indenture and the Collateral Trust Agreement; (x) to make, complete or confirm any grant of Collateral permitted or required by the Indenture or any of the Security Documents or any release, termination or discharge of Collateral that becomes effective as set forth in the Indenture or any of the Security Documents; (xi) to grant any Lien for the benefit of the Holders of any future Subordinated Lien Debt or any present or future Priority Lien Debt in accordance with the terms of the Indenture and the Collateral Trust Agreement; (xii) to add additional secured parties to the extent Liens securing obligations held by such parties are permitted under the Indenture; (xiii) to mortgage, pledge, hypothecate or grant a security interest in favor of the collateral agent for the benefit of the Trustee and the Holders of the Notes as additional security for the payment and performance of the Company’s and any Guarantor’s obligations under the Indenture, in any property, or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Trustee or the Collateral Trustee in accordance with the terms of the Indenture or otherwise; (xiv) to provide for the succession of any parties to the Security Documents (and other amendments that are administrative or ministerial in nature) in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of any agreement in accordance with the terms of the Indenture and the relevant Security Document; (xv) to provide for a reduction in the minimum denominations of the Notes; (xvi) to add a Guarantor or other guarantor under the Indenture or release a Guarantor in accordance with the terms of the Indenture; (xvii) to add covenants for the benefit of the Holders or surrender any right or power conferred upon the Company or any Guarantor; (xviii) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes, provided that compliance with the Indenture as so amended may not result in Notes being transferred in violation of the Securities Act or any applicable securities laws; (xix) to provide for the assumption by one or more successors of the obligations of any of the Guarantors under the Indenture and the Note Guarantees; (xx) to provide for the issuance of Exchange Notes in accordance with the terms of the Indenture; or (xxi) to comply with the rules of any applicable securities depository.

(13) *Defaults and Remedies*. Events of Default include: (i) default for 30 consecutive days in the payment when due of interest on, or Special Interest with respect to, the Notes; (ii) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the Notes; (iii) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10, 4.14, 5.01 or 11.04(a) of the Indenture for 30 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding; (iv) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding to comply with any of the agreements in the Indenture or the Security Documents for the benefit of the Holders of the Notes other than those referred to in the foregoing clauses (i) through (iii); (v) default

under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company), or the payment of which is guaranteed by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company), whether such Indebtedness or Guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a Payment Default or (b) results in the acceleration of such Indebtedness prior to its express maturity, and, in the case of each of clauses (a) and (b), the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$50.0 million or more; (vi) failure by the Company or any of the Company's Significant Subsidiaries (or any group of Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary of the Company) to pay non-appealable final judgments aggregating in excess of \$50.0 million (excluding amounts covered by insurance provided by a carrier that has acknowledged coverage and has the ability to perform), which judgments are not paid, discharged or stayed for a period of more than 60 days after such judgments have become final and non-appealable and, in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed; (vii) the occurrence of any of the following: (a) any Security Document for the benefit of Holders of the Notes is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect in any material respect, other than in accordance with the terms of the relevant Security Documents; or (b) except as permitted by the Indenture, any Priority Lien for the benefit of Holders of the Notes purported to be granted under any Security Document for the benefit of Holders of the Notes on Collateral, individually or in the aggregate, having a Fair Market Value in excess of \$50.0 million ceases to be an enforceable and perfected first-priority Lien in any material respect, subject only to Permitted Prior Liens, and such condition continues for 60 days after written notice by the Trustee or the Collateral Trustee of failure to comply with such requirement; provided that it will not be an Event of Default under this clause (b) if such condition results from the action or inaction of the Trustee or the Collateral Trustee; or (c) the Company or any Significant Subsidiary that is a Subsidiary Guarantor (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary), or any Person acting on behalf of any of them, denies or disaffirms, in writing, any material obligation of the Company or such Significant Subsidiary that is a Guarantor (or such Subsidiary Guarantors that together constitute a Significant Subsidiary) set forth in or arising under any Security Document for the benefit of Holders of the Notes; (viii) except as permitted by the Indenture, any Note Guarantee of a Subsidiary Guarantor that is a Significant Subsidiary of the Company (or any such Subsidiary Guarantors that together would constitute a Significant Subsidiary) shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect in any material respect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm in writing its obligations under its Note Guarantee if, and only if, in each such case, such Default continues for 21 days after notice of such Default shall have been given to the Trustee; and (ix) certain events of bankruptcy or insolvency with respect to the Company or any Significant Subsidiary of the Company (or any Restricted Subsidiaries of the Company that together would constitute a Significant Subsidiary).

(14) *Trustee Dealings with Company.* The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(15) *No Recourse Against Others*. No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, or of Parent or any other direct or indirect parent of the Company, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees or the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

(16) *Guarantees*. The Company's obligations under the Notes are fully and unconditionally guaranteed, jointly and severally, by the Guarantors.

(17) *Authentication*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(18) *Abbreviations*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(19) *Additional Rights of Holders*. In addition to the rights provided to Holders of Notes under the Indenture, Holders of this Regulation S Temporary Global Note will have all the rights set forth in the Registration Rights Agreement dated as of December 21, 2009, among the Company, the Guarantors and the other parties named on the signature pages thereof or, in the case of Additional Notes, Holders of this Regulation S Temporary Global Note will have the rights set forth in one or more registration rights agreements, if any, among the Company, the Guarantors and the other parties thereto, relating to rights given by the Company and the Guarantors to the purchasers of any Additional Notes (collectively, the "*Registration Rights Agreement*").

(20) *CUSIP and ISIN Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP and ISIN numbers to be printed on the Notes, and the Trustee may use CUSIP and ISIN numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(21) *GOVERNING LAW*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

McJunkin Red Man Corporation  
2 Houston Center, 909 Fannin, Suite 3100  
Houston, Texas 77010  
Attention: Steve W. Lake



Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: \_\_\_\_\_  
(Insert assignee's legal name)

\_\_\_\_\_  
(Insert assignee's soc. sec. or tax I.D. no.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Print or type assignee's name, address and zip code)

and irrevocably appoint \_\_\_\_\_ to transfer this Note on the books  
of the Company. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.14 of the Indenture, check the appropriate box below:

☐ Section 4.10

☐ Section 4.14

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased:

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature: \_\_\_\_\_  
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: \_\_\_\_\_

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

Schedule of Exchanges of Interests in the Regulation S Temporary Global Note

The following exchanges of a part of this Regulation S Temporary Global Note for an interest in another Global Note, or exchanges of a part of another other Restricted Global Note for an interest in this Regulation S Temporary Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Custodian</u>
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EXECUTION COPY

**McJunkin Red Man Corporation**  
**9.50% Senior Secured Notes due 2016**  
**fully and unconditionally guaranteed as to the**  
**payment of principal, premium,**  
**if any, and interest by**

**McJunkin Red Man Holding Corporation**  
**and the Subsidiary Guarantors party hereto**

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**Exchange and Registration Rights Agreement**

December 21, 2009

Goldman, Sachs & Co.  
Barclays Capital Inc.  
Banc of America Securities LLC  
J.P. Morgan Securities Inc.

As representatives of the several Purchasers  
named in Schedule I to the Purchase Agreement  
c/o Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004

Ladies and Gentlemen:

McJunkin Red Man Corporation, a West Virginia corporation (the “*Company*”), proposes to issue and sell to the Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) \$1,000,000,000 in aggregate principal amount of its 9.50% Senior Secured Notes due 2016, which are fully and unconditionally guaranteed (the “*Guarantees*”) as to the payment of principal, premium, interest and special interest, if any, jointly and severally, initially by McJunkin Red Man Holding Corporation (the “*Parent*”) (on a senior unsecured basis) and each of the Subsidiary Guarantors (on a senior secured basis) listed on the signature pages of this Agreement (each a “*Subsidiary Guarantor*” and, collectively, the “*Subsidiary Guarantors*”). As an inducement to the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Purchasers thereunder, the Company, the Parent and the Subsidiary Guarantors agree with the Purchasers for the benefit of holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. *Certain Definitions*. For purposes of this Exchange and Registration Rights Agreement (this “*Agreement*”), the following terms shall have the following respective meanings:

“*Base Interest*” shall mean the interest that would otherwise accrue on the Securities under the terms thereof and the Indenture, without giving effect to the provisions of this Agreement.

The term “*broker-dealer*” shall mean any broker or dealer registered with the Commission under the Exchange Act.

“*Business Day*” shall have the meaning set forth in Rule 13e-4(a)(3) promulgated by the Commission under the Exchange Act, as the same may be amended or succeeded from time to time.

“*Closing Date*” shall mean the date on which the Securities are initially issued.

“*Commission*” shall mean the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

“*EDGAR System*” means the EDGAR filing system of the Commission and the rules and regulations pertaining thereto promulgated by the Commission in Regulation S-T under the Securities Act and the Exchange Act, in each case as the same may be amended or succeeded from time to time (and without regard to format).

“*Effective Time*,” in the case of (i) an Exchange Registration, shall mean the time and date as of which the Commission declares the Exchange Registration Statement effective or as of which the Exchange Registration Statement otherwise becomes effective pursuant to the Securities Act, (ii) a Shelf Registration, shall mean the time and date as of which the Commission declares the Shelf Registration Statement effective or as of which the Shelf Registration Statement otherwise becomes effective pursuant to the Securities Act and (iii) a Market-Making Registration, shall mean the time and date as of which the Commission declares the Market-Making Registration Statement effective or as of which the Market-Making Registration Statement otherwise becomes effective pursuant to the Securities Act.

“*Electing Holder*” shall mean any holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(ii) or Section 3(d)(iii) and the instructions set forth in the Notice and Questionnaire.

“*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder, as the same may be amended or succeeded from time to time.

“*Exchange Effectiveness Deadline*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Filing Deadline*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Offer*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Registration*” shall have the meaning assigned thereto in Section 3(c).

“*Exchange Registration Statement*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Securities*” shall have the meaning assigned thereto in Section 2(a).

The term “*holder*” shall mean each of the Purchasers and other persons who acquire Registrable Securities from time to time (including any successors or assigns), in each case for so long as such person owns any Registrable Securities.

“*Indenture*” shall mean the Indenture, dated as of December 21, 2009 among the Company, the Parent, the Subsidiary Guarantors and U.S. Bank National Association, as trustee, as the same may be amended from time to time.

“*Market Maker*” shall mean Goldman, Sachs & Co. and its affiliates (as defined under the rules and regulations of the Commission).

“*Market-Making Conditions*” shall have the meaning assigned thereto in Section 2(d).

“*Market-Making Prospectus*” shall have the meaning assigned thereto in Section 2(d).

“*Market-Making Registration*” shall have the meaning assigned thereto in Section 2(d).

“*Market-Making Registration Statement*” shall have the meaning assigned thereto in Section 2(d).

“*Material Adverse Effect*” shall have the meaning set forth in Section 5(c).

“*Notice and Questionnaire*” means a Notice of Registration Statement and Selling Securityholder Questionnaire substantially in the form of Exhibit A hereto.

The term “*person*” shall mean a corporation, limited liability company, association, partnership, organization, business, individual, government or political subdivision thereof or governmental agency.

“*Purchase Agreement*” shall mean the Purchase Agreement, dated as of December 16, between the Purchasers, the Company, the Parent and the Subsidiary Guarantors relating to the Securities.

“*Purchasers*” shall mean the Purchasers named in Schedule I to the Purchase Agreement.

“*Registrable Securities*” shall mean the Securities; *provided, however*, that a Security shall cease to be a Registrable Security upon the earliest to occur of the following: (i) in the circumstances contemplated by Section 2(a), the Security has been exchanged for an Exchange Security in an Exchange Offer as contemplated in Section 2(a) (*provided* that any Exchange Security that, pursuant to the last two sentences of Section 2(a), is included in a prospectus for use in connection with resales by broker-dealers shall be deemed to be a Registrable Security with respect to Sections 5, 6 and 9 until resale of such Registrable Security has been effected within the Resale Period); (ii) in the circumstances contemplated by Section 2(b), a Shelf Registration Statement registering such Security under the Securities Act has been declared or becomes effective and such Security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Shelf Registration Statement; (iii) the first date on or after the three year anniversary of the date of the Indenture that such security is eligible for sale pursuant to Rule 144 under the Securities Act without any volume or manner limitations pursuant thereto; or (iv) such Security shall cease to be outstanding.

“*Registration Default*” shall have the meaning assigned thereto in Section 2(c).

*“Registration Default Period”* shall have the meaning assigned thereto in Section 2(c).

*“Registration Expenses”* shall have the meaning assigned thereto in Section 4.

*“Resale Period”* shall have the meaning assigned thereto in Section 2(a).

*“Restricted Holder”* shall mean (i) a holder that is an affiliate of the Company within the meaning of Rule 405, (ii) a holder who acquires Exchange Securities outside the ordinary course of such holder’s business, (iii) a holder who has arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing Exchange Securities and (iv) a holder that is a broker-dealer, but only with respect to Exchange Securities received by such broker-dealer pursuant to an Exchange Offer in exchange for Registrable Securities acquired by the broker-dealer directly from the Company.

*“Rule 144”, “Rule 405”, “Rule 415”, “Rule 424”, “Rule 430B” and “Rule 433”* shall mean, in each case, such rule promulgated by the Commission under the Securities Act (or any successor provision), as the same may be amended or succeeded from time to time.

*“Securities”* shall mean, collectively, the \$1,000,000,000 in aggregate principal amount of the Company’s 9.50% Senior Secured Notes due 2016 to be issued and sold to the Purchasers, and securities issued in exchange therefor or in lieu thereof pursuant to the Indenture. Each Security is entitled to the benefit of the Guarantees provided by the Parent and the Subsidiary Guarantors in the Indenture and, unless the context otherwise requires, any reference herein to a “Security,” an “Exchange Security” or a “Registrable Security” shall include a reference to the related Guarantee.

*“Securities Act”* shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder, as the same may be amended or succeeded from time to time.

*“Shelf Registration”* shall have the meaning assigned thereto in Section 2(b).

*“Shelf Registration Statement”* shall have the meaning assigned thereto in Section 2(b).

*“Special Interest”* shall have the meaning assigned thereto in Section 2(c).

*“Suspension Period”* shall have the meaning assigned thereto in Section 2(b).

*“Trust Indenture Act”* shall mean the Trust Indenture Act of 1939, as amended, and the rules and regulations promulgated by the Commission thereunder, as the same may be amended or succeeded from time to time.

*“Trustee”* shall mean US Bank National Association, as trustee under the Indenture, together with any successors thereto in such capacity.

Unless the context otherwise requires, any reference herein to a “Section” or “clause” refers to a Section or clause, as the case may be, of this Agreement, and the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision.

## *2. Registration Under the Securities Act.*

(a) Except as set forth in Section 2(b) below, the Company, the Parent and the Subsidiary Guarantors agree to file under the Securities Act, no later than 470 days after the

Closing Date (the “*Exchange Filing Deadline*”), a registration statement relating to an offer to exchange (such registration statement, the “*Exchange Registration Statement*”, and such offer, the “*Exchange Offer*”) any and all of the Securities for a like aggregate principal amount of debt securities issued by the Company and guaranteed by the Parent and the Subsidiary Guarantors, which debt securities and guarantees are substantially identical to the Securities and the related Guarantees, respectively (and are entitled to the benefits of the Indenture), except that they have been registered pursuant to an effective registration statement under the Securities Act and do not contain provisions for Special Interest contemplated in Section 2(c) below (such new debt securities hereinafter called “*Exchange Securities*”). The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to cause the Exchange Registration Statement to become effective under the Securities Act no later than 110 days after the Exchange Filing Deadline (the “*Exchange Effectiveness Deadline*”). The Exchange Offer will be registered under the Securities Act on the appropriate form and will comply with all applicable tender offer rules and regulations under the Exchange Act. Unless the Exchange Offer would not be permitted by applicable law or Commission policy, the Company further agrees to use their commercially reasonable efforts to (i) commence the Exchange Offer reasonably promptly following the Effective Time of such Exchange Registration Statement, (ii) hold the Exchange Offer open for at least 20 Business Days in accordance with Regulation 14E promulgated by the Commission under the Exchange Act and (iii) exchange Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn promptly following the expiration of the Exchange Offer. The Exchange Offer will be deemed to have been “completed” only (i) if the debt securities and related guarantees received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are, upon receipt, transferable by each such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the blue sky or securities laws of a substantial majority of the States of the United States of America and (ii) upon the Company having exchanged, pursuant to the Exchange Offer, Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn before the expiration of the Exchange Offer, which shall be on a date that is at least 20 Business Days following the commencement of the Exchange Offer. The Company, the Parent and the Subsidiary Guarantors agree (x) to include in the Exchange Registration Statement a prospectus for use in any resales by any holder of Exchange Securities that is a broker-dealer and (y) to keep such Exchange Registration Statement effective for a period (the “*Resale Period*”) beginning when Exchange Securities are first issued in the Exchange Offer and ending upon the earlier of the expiration of the 90<sup>th</sup> day after the Exchange Offer has been completed or such time as such broker-dealers no longer own any Registrable Securities. With respect to such Exchange Registration Statement, such holders shall have the benefit of the rights of indemnification and contribution set forth in Subsections 6(a), (c), (d) and (f).

(b) If (i) on or prior to the time the Exchange Offer is completed existing law or Commission interpretations are changed such that the debt securities or the related guarantees received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are not or would not be, upon receipt, transferable by each such holder without restriction under the Securities Act, (ii) the Effective Time of the Exchange Registration Statement is not within 110 days following the Exchange Filing Deadline and the Exchange Offer has not been completed within 30 Business Days of such Effective Time (provided that once an Exchange Offer has been completed, a Shelf Registration Statement shall no longer be required to be filed or required to become effective pursuant to clause (ii) or (iii) any holder of Registrable Securities notifies the Company prior to the 20<sup>th</sup> Business Day following the completion of the Exchange Offer that: (A) it is prohibited by law or



Commission policy from participating in the Exchange Offer, (B) it may not resell the Exchange Securities acquired by it in the Exchange Offer to the public without delivering a prospectus and the prospectus supplement contained in the Exchange Registration Statement is not appropriate or available for such resales or (C) it is a broker-dealer and owns Securities acquired directly from the Company or an affiliate of the Company, then the Company, the Parent and the Subsidiary Guarantors shall, in lieu of (or, in the case of clause (iii), in addition to) conducting the Exchange Offer contemplated by Section 2(a), file under the Securities Act no later than 45 days after the time such obligation to file arises (but no earlier than 470 days after the Closing Date) (the “*Shelf Filing Deadline*”), a “shelf” registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to Rule 415 or any similar rule that may be adopted by the Commission (such filing, the “*Shelf Registration*” and such registration statement, the “*Shelf Registration Statement*”). The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective no later than 110 days after the Shelf Filing Deadline (but no earlier than 110 days after the Exchange Filing Deadline); *provided*, that if at any time the Company or Parent is or becomes a “well-known seasoned issuer” (as defined in Rule 405) and is eligible to file an “automatic shelf registration statement” (as defined in Rule 405) and an automatic shelf registration statement is permissible for the contemplated transaction, then the Company, the Parent and the Subsidiary Guarantors shall use their commercially reasonable efforts to file the Shelf Registration Statement in the form of an automatic shelf registration statement as provided in Rule 405. The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to keep such Shelf Registration Statement continuously effective for a period ending on the earlier of the second anniversary of the Effective Time or such time as there are no longer any Registrable Securities outstanding. No holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the prospectus forming a part thereof for resales of Registrable Securities unless such holder is an Electing Holder. The Company, the Parent and the Subsidiary Guarantors agree, after the Effective Time of the Shelf Registration Statement and promptly upon the request of any holder of Registrable Securities that is not then an Electing Holder, to use their commercially reasonable efforts to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such holder as a selling securityholder in the Shelf Registration Statement (whether by post-effective amendment thereto or by filing a prospectus pursuant to Rules 430B and 424(b) under the Securities Act identifying such holder), *provided, however*, that nothing in this sentence shall relieve any such holder of the obligation to return a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(iii). Notwithstanding anything to the contrary in this Section 2(b), upon notice to the Electing Holders, the Company may suspend the use or the effectiveness of such Shelf Registration Statement, or extend the time period in which it is required to file the Shelf Registration Statement, for one or more periods of up to 90 days in the aggregate, in each case in any 12-month period (a “*Suspension Period*”) if the Board of Directors of the Company or Parent determines that there is a valid business purpose for suspension of the Shelf Registration Statement; *provided* that the Company shall promptly notify the Electing Holders when the Shelf Registration Statement may once again be used or is effective.

(c) In the event that (i) the Company, the Parent and the Subsidiary Guarantors have not filed the Exchange Registration Statement or the Shelf Registration Statement on or before the date on which such registration statement is required to be filed pursuant to Section 2(a) or Section 2(b), respectively, or (ii) such Exchange Registration Statement or Shelf

Registration Statement has not become effective or been declared effective by the Commission on or before the date on which such registration statement is required to become or be declared effective pursuant to Section 2(a) or Section 2(b), respectively, or (iii) the Exchange Offer has not been completed within 30 Business Days after the Exchange Effectiveness Deadline (if the Exchange Offer is then required to be made) or (iv) any Exchange Registration Statement or Shelf Registration Statement required by Section 2(a) or Section 2(b) is filed and declared effective but shall thereafter either be withdrawn by the Company or shall become subject to an effective stop order issued pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such registration statement (except as specifically permitted herein, including, with respect to any Shelf Registration Statement, during any applicable Suspension Period in accordance with the last sentence of Section 2(b)) without being succeeded within five (5) business days by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a “*Registration Default*” and each period during which a Registration Default has occurred and is continuing, a “*Registration Default Period*”), then, as a result of such Registration Default, subject to the provisions of Section 9(b), special interest ( “*Special Interest*”), in addition to the Base Interest, shall accrue on all Registrable Securities then outstanding at a per annum rate of 0.25% for the first 90 days of the Registration Default Period, at a per annum rate of 0.50% for the second 90 days of the Registration Default Period, at a per annum rate of 0.75% for the third 90 days of the Registration Default Period and at a per annum rate of 1.0% thereafter for the remaining portion of the Registration Default Period in the aggregate, regardless of the length of time in which a Registration Default is continuing; *provided, however*, that upon the filing of the Exchange Registration Statement or the Shelf Registration Statement (in the case of clause (i) of this Section 2(c)), upon the effectiveness of the applicable Exchange Registration Statement or Shelf Registration Statement which had not been declared effective (in the case of (ii) of this Section 2(c)), upon the exchange of the Exchange Securities for all Securities tendered (in the case of clause (iii) of this Section 2(c)), or upon the effectiveness of the applicable Exchange Registration Statement or Shelf Registration Statement which had ceased to remain effective (in the case of (iv) of this Section 2(c)), Special Interest on the Registrable Securities in respect of which such events relate as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue. Special Interest shall accrue and be payable only with respect to a single Registration Default at any given time, notwithstanding the fact that multiple Registration Defaults may exist at such time. The accrual of Special Interest shall be the exclusive monetary remedy available to the holders of Registrable Securities for any Registration Default.

(d) So long as (w) any of the Securities (whether Registrable Securities, Exchange Securities or otherwise) are outstanding, (x) the Market Maker proposes to make a market in the Securities as part of its business in the ordinary course, (y) in the reasonable opinion of Goldman, Sachs & Co., it would be necessary or appropriate under applicable laws, rules and regulations for the Market Maker to deliver a prospectus in connection with market-making activities with respect to the Securities (clauses (w) through (y) collectively, the “*Market-Making Conditions*”) and (z) the Market Maker provides initial notice (which need not be in writing) to the Company that the Market-Making Conditions are satisfied, the following provisions of this Section 2(d) shall apply for the sole benefit of the Market Maker (it being understood that only a person for whom the Market-Making Conditions apply at the applicable time shall be entitled to the use of the Market-Making Registration Statement and related provisions of this Agreement at any time). The Company, the Parent and the Subsidiary Guarantors shall use their commercially reasonable efforts to file under the Securities Act, a “shelf” registration statement (which may be the Exchange Registration Statement or the Shelf Registration Statement if permitted by the rules and regulations of the

Commission) pursuant to Rule 415 under the Securities Act or any similar rule that may be adopted by the Commission providing for the registration of, and the sale on a continuous or delayed basis in secondary transactions by the Market Maker of, Securities (such filing, a “*Market-Making Registration*”, such registration statement as amended or supplemented from time to time, a “*Market-Making Registration Statement*”, and the prospectus contained in such Market-Making Registration Statement, as amended or supplemented from time to time, a “*Market-Making Prospectus*”), The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to cause the Market-Making Registration Statement to become or be declared effective on or prior to (i) the date the Exchange Offer is completed pursuant to Section 2(a) above or (ii) the date the Shelf Registration becomes or is declared effective pursuant Section 2(b) above, and to keep such Market-Making Registration Statement continuously effective for so long as the Market Maker is required to deliver a prospectus in connection with transactions in the Securities. In the event that the Market Maker holds Securities at the time an Exchange Offer is to be conducted under Section 2(a) above, the Company, the Parent and the Subsidiary Guarantors agree that the Market-Making Registration Statement shall provide for the resale by the Market Maker of such Securities and shall use its commercially reasonable efforts to keep the Market-Making Registration Statement continuously effective until such time as Goldman, Sachs & Co. determines in its reasonable judgment that the Market Maker is no longer required to deliver a prospectus in connection with the sale of such Securities.

Notwithstanding anything to the contrary in this Section 2(d), the Company may suspend the offering and sale under the Market-Making Registration Statement for one or more Suspension Periods if the Board of Directors of the Company determines that (i) such registration would require disclosure of an event at such time as could reasonably be expected to have a material adverse effect on the business operations or prospects of the Company, (ii) such registration would require disclosure of material information relating to a corporate development or (iii) such Market-Making Registration Statement or amendment or supplement thereto contains an untrue statement of material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the Company shall promptly notify the Market Maker when the Market-Making Registration Statement may once again be used or is effective. It is also agreed that each year the Company updates its Market-Maker Registration Statement, to the extent such registration statement undergoes Commission review, the Company will need to suspend use of the Market-Making Registration Statement pending completion of such review.

(e) The Company, the Parent and the Subsidiary Guarantors shall use commercially reasonable efforts to take all actions necessary or advisable to be taken by them to ensure that the transactions contemplated herein are effected as so contemplated, including all actions necessary or desirable to register the Guarantees under any Exchange Registration Statement, Shelf Registration Statement or Market-Making Registration Statement, as applicable.

(f) Any reference herein to a registration statement or prospectus as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time; and any reference herein to any post-effective amendment to a registration statement or to any prospectus supplement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

### 3. *Registration Procedures.*

If the Company, the Parent and the Subsidiary Guarantors file a registration statement pursuant to Section 2(a), Section 2(b) or Section 2(d), the following provisions shall apply:

(a) At or before the Effective Time of the Exchange Registration, any Shelf Registration or any Market-Making Registration, whichever may occur first, the Company shall qualify the Indenture under the Trust Indenture Act.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's, the Parent's and the Subsidiary Guarantors' obligations with respect to the registration of Exchange Securities as contemplated by Section 2(a) (the "*Exchange Registration*"), if applicable, the Company, the Parent and the Subsidiary Guarantors shall (subject to the occurrence of one or more Suspension Periods):

(i) prepare and file with the Commission an Exchange Registration Statement on any form which may be utilized by the Company, the Parent and the Subsidiary Guarantors and which shall permit the Exchange Offer and resales of Exchange Securities by broker-dealers during the Resale Period to be effected as contemplated by Section 2(a), and use commercially reasonable efforts to cause such Exchange Registration Statement to become effective no later than 110 days after the Exchange Filing Deadline;

(ii) promptly prepare and file with the Commission such amendments and supplements to such Exchange Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Exchange Registration Statement for the periods and purposes contemplated in Section 2(a) and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Exchange Registration Statement, and promptly provide each broker-dealer holding Exchange Securities with such number of copies of the prospectus included therein (as then amended or supplemented), in conformity in all material respects with the requirements of the Securities Act and the Trust Indenture Act, as such broker-dealer reasonably may request prior to the expiration of the Resale Period, for use in connection with resales of Exchange Securities;

(iii) promptly notify each broker-dealer that has requested or received copies of the prospectus included in such Exchange Registration Statement, and confirm such advice in writing, (A) when such Exchange Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Exchange Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such Exchange Registration Statement or prospectus or for additional information (provided that such comments themselves need not be provided to any such broker-dealer), (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Exchange Registration Statement or the initiation or threatening of any proceedings for that

purpose, (D) if at any time the representations and warranties of the Company contemplated by Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (F) the occurrence of any event that causes the Company to become an “ineligible issuer” as defined in Rule 405, or (G) if at any time during the Resale Period when a prospectus is required to be delivered under the Securities Act, that such Exchange Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(iv) in the event that the Company, the Parent and the Subsidiary Guarantors would be required, pursuant to Section 3(c)(iii)(G), to notify any broker-dealers holding Exchange Securities (except as otherwise permitted during any Suspension Period), reasonably promptly prepare and furnish to each such holder a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of such Exchange Securities during the Resale Period, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(v) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Exchange Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(vi) use commercially reasonable efforts to (A) register or qualify the Exchange Securities under the state securities laws or blue sky laws of such U.S. jurisdictions as are contemplated by Section 2(a) no later than the commencement of the Exchange Offer, to the extent required by such laws, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions until the expiration of the Resale Period, (C) take any and all other actions as may be reasonably necessary or advisable to enable each broker-dealer holding Exchange Securities to consummate the disposition thereof in such jurisdictions and (D) obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Exchange Registration, the Exchange Offer and the offering and sale of Exchange Securities by broker-dealers during the Resale Period; *provided, however*, that none of the Company, the Parent and the Subsidiary Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(vi), (2) consent to general service of process in any such jurisdiction or become subject to taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or other governing documents or any agreement between it and its stockholders;

(vii) obtain a CUSIP number for all Exchange Securities, not later than the applicable Effective Time; and

(viii) comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its securityholders no later than eighteen months after the Effective Time of such Exchange Registration Statement, an “earning statement” of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder); *provided, however*, that this requirement shall be deemed satisfied by the Company’s compliance with Section 4.03 of the Indenture.

(d) In connection with the Company’s, the Parent’s and the Subsidiary Guarantors’ obligations with respect to the Shelf Registration, if applicable, the Company, the Parent and the Subsidiary Guarantors shall (subject to the occurrence of one or more Suspension Periods):

(i) prepare and file with the Commission a Shelf Registration Statement on any form which may be utilized by the Company and which shall register all of the Registrable Securities for resale by the holders thereof in accordance with such method or methods of disposition as may be specified by the holders of Registrable Securities as, from time to time, may be Electing Holders and use commercially reasonable efforts to cause such Shelf Registration Statement to become effective within the time periods specified in Section 2(b);

(ii) mail the Notice and Questionnaire to the holders of Registrable Securities (A) not less than 30 days prior to the anticipated Effective Time of the Shelf Registration Statement or (B) in the case of an “automatic shelf registration statement” (as defined in Rule 405), mail the Notice and Questionnaire to the holders of Registrable Securities not later than the Effective Time of such Shelf Registration Statement, and in any such case no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement, and no holder shall be entitled to use the prospectus forming a part thereof for resales of Registrable Securities at any time, unless and until such holder has returned a completed and signed Notice and Questionnaire to the Company by the deadline for responses set forth therein;

(iii) after the Effective Time of the Shelf Registration Statement, upon the request of any holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such holder; *provided* that the Company shall not be required to take any action to name such holder as a selling securityholder in the Shelf Registration Statement or to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities until such holder has returned a completed and signed Notice and Questionnaire to the Company;

(iv) promptly prepare and file with the Commission such amendments and supplements to such Shelf Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Shelf Registration Statement for the period specified in Section 2(b) and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Shelf Registration Statement, and furnish to the Electing Holders copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission to the

extent such documents are not publicly available on the Commission's EDGAR System;

(v) comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such Shelf Registration Statement in accordance with the intended methods of disposition by the Electing Holders provided for in such Shelf Registration Statement;

(vi) provide the Electing Holders and not more than one counsel for all the Electing Holders (designated by the holders of at least a majority in aggregate principal amount of the Registrable Securities held by the Electing Holders) the opportunity to participate in the preparation of such Shelf Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto upon customary terms;

(vii) for a reasonable period prior to the filing of such Shelf Registration Statement, and throughout the period specified in Section 2(b), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the persons referred to in Section 3(d)(vi) who shall certify to the Company that they have a current intention to sell the Registrable Securities pursuant to the Shelf Registration such financial and other information and books and records of the Company, and cause the officers, employees, counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary (and in the case of counsel, not violate an attorney-client privilege, in such counsel's reasonable belief), in the judgment of the respective counsel referred to in Section 3(d)(vi), to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; *provided, however*, that the foregoing inspection and information gathering on behalf of the Electing Holders shall be conducted by one counsel designated by the holders of at least a majority in aggregate principal amount of the Registrable Securities held by the Electing Holders at the time outstanding and *provided further* that each such party shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential and shall execute a customary agreement to such effect if requested by the Company, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such Shelf Registration Statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is required to be set forth in such Shelf Registration Statement or the prospectus included therein or in an amendment to such Shelf Registration Statement or an amendment or supplement to such prospectus in order that such Shelf Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; *provided, further*, that if any such information is Identified by the Company, the Parent or the Subsidiary Guarantors as being confidential or proprietary, prior to being given such information, each person receiving such information shall take such actions as are reasonably

necessary to protect the confidentiality of such information, including if reasonably necessary, executing a customary confidentiality agreement

(viii) promptly notify each of the Electing Holders and confirm such advice in writing (which notice and confirmation may be delivered by email, to the extent an email address is provided by any such Electing Holder), (A) when such Shelf Registration Statement or the prospectus included therein has been initially filed, and, with respect to such Shelf Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto which are relevant to the Electing Holders or any request by the Commission for amendments or supplements to such Shelf Registration Statement or prospectus or for additional information (provided that such comments themselves need not be provided), (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company set forth in Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (F) the occurrence of any event that causes the Company to become an “ineligible issuer” as defined in Rule 405, or (G) if at any time when a prospectus is required to be delivered under the Securities Act, that such Shelf Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(ix) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Shelf Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(x) if requested by any Electing Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such Electing Holder specifies should be included therein relating to the terms of the sale of such Registrable Securities, including information with respect to the principal amount of Registrable Securities being sold by such Electing Holder, the name and description of such Electing Holder, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof and with respect to any other terms of the offering of the Registrable Securities to be sold by such Electing Holder; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(xi) furnish to each Electing Holder and the counsel referred to in Section 3(d)(vi) an executed copy (or a conformed copy) of such Shelf Registration Statement, each such amendment and supplement thereto (in each case including all exhibits thereto (in the case of an Electing Holder of Registrable Securities, upon request) and documents incorporated by reference therein) and such number of



copies of such Shelf Registration Statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested by such Electing Holder) and of the prospectus included in such Shelf Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act; and the Trust Indenture Act to the extent such documents are not available through the Commission's EDGAR System, and such other documents, as such Electing Holder may reasonably request in order to facilitate the offering and disposition of the Registrable Securities owned by such Electing Holder and to permit such Electing Holder to satisfy the prospectus delivery requirements of the Securities Act; and subject to Section 3(e), the Company hereby consents to the use of such prospectus (including such preliminary and summary prospectus) and any amendment or supplement thereto by each such Electing Holder (subject to any applicable Suspension Period), in each case in the form most recently provided to such person by the Company, in connection with the offering and sale of the Registrable Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(xii) use commercially reasonable efforts to (A) register or qualify the Registrable Securities to be included in such Shelf Registration Statement under such state securities laws or blue sky laws of such U.S. jurisdictions as any Electing Holder shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration Statement is required to remain effective under Section 2(b) and for so long as may be necessary to enable any such Electing Holder to complete its distribution of Registrable Securities pursuant to such Shelf Registration Statement, (C) take any and all other actions as may be reasonably necessary or advisable to enable each such Electing Holder to consummate the disposition in such jurisdictions of such Registrable Securities and (D) obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Shelf Registration or the offering or sale in connection therewith or to enable the selling holder or holders to offer, or to consummate the disposition of, their Registrable Securities; *provided, however*, that none of the Company, the Parent and the Subsidiary Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(d)(xii), (2) consent to general service of process in any such jurisdiction or become subject to taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or other governing documents or any agreement between it and its stockholders;

(xiii) unless any Registrable Securities shall be in book-entry only form, cooperate with the Electing Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be printed, penned, lithographed, engraved or otherwise produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends;

(xiv) obtain a CUSIP number for all Securities that have been registered under the Securities Act, not later than the applicable Effective Time;

(xv) notify in writing each holder of Registrable Securities of any proposal by the Company to amend or waive any provision of this Agreement pursuant to Section 9(h) and of any amendment or waiver effected pursuant thereto, each of which notices shall contain the text of the amendment or waiver proposed or effected, as the case may be; and

(xvi) comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its securityholders no later than eighteen months after the Effective Time of such Shelf Registration Statement an “earning statement” of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder); *provided, however*, that this requirement shall be deemed satisfied by the Company’s compliance with Section 4.03 of the Indenture.

(e) In the event that the Company would be required, pursuant to Section 3(d)(viii)(G), to notify the Electing Holders, the Company shall reasonably promptly prepare and furnish to each of the Electing Holders a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing (for the avoidance of doubt, any such prospectus filed via the EDGAR System shall be deemed provided to such persons). Each Electing Holder agrees that upon receipt of any notice from the Company pursuant to Section 3(d)(viii)(G), such Electing Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Shelf Registration Statement applicable to such Registrable Securities until such Electing Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Electing Holder shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies, of the prospectus covering such Registrable Securities in such Electing Holder’s possession at the time of receipt of such notice.

(f) In the event of a Shelf Registration, in addition to the information required to be provided by each Electing Holder in its Notice and Questionnaire, the Company may require such Electing Holder to furnish to the Company such additional information regarding such Electing Holder and such Electing Holder’s intended method of distribution of Registrable Securities as may be required in order to comply with the Securities Act. Each such Electing Holder agrees to notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Electing Holder to the Company or of the occurrence of any event in either case as a result of which any prospectus relating to such Shelf Registration contains or would contain an untrue statement of a material fact regarding such Electing Holder or such Electing Holder’s intended method of disposition of such Registrable Securities or omits to state any material fact regarding such Electing Holder or such Electing Holder’s intended method of disposition of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and promptly to furnish to the Company any additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain, with respect to such Electing Holder or the disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Until the expiration of one year after the Closing Date, the Company will not, and will not permit any of its “affiliates” (as defined in Rule 144) to, resell any of the Securities that have been reacquired by any of them except pursuant to an effective registration statement, or a valid exemption from the registration requirements, under the Securities Act.

(h) As a condition to its participation in the Exchange Offer, each holder of Registrable Securities shall furnish, upon the request of the Company, a written representation to the Company (which may be contained in the letter of transmittal or “agent’s message” transmitted via The Depository Trust Company’s Automated Tender Offer Procedures, in either case contemplated by the Exchange Registration Statement) to the effect that (A) it is not an “affiliate” of the Company, as defined in Rule 405 of the Securities Act, or if it is such an “affiliate”, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable, (B) it is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Securities to be issued in the Exchange Offer, (C) it is acquiring the Exchange Securities in its ordinary course of business, (D) if it is a broker-dealer that holds Securities that were acquired for its own account as a result of market-making activities or other trading activities (other than Securities acquired directly from the Company or any of its affiliates), it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Securities received by it in the Exchange Offer, (E) if it is a broker-dealer, that it did not purchase the Securities to be exchanged in the Exchange Offer from the Company or any of its affiliates, and (F) it is not acting on behalf of any person who could not truthfully and completely make the representations contained in the foregoing subclauses (A) through (E).

(i) In connection with the Company’s, the Parent’s and the Subsidiary Guarantors’ obligations with respect to a Market-Making Registration, if applicable, the Company, the Parent and the Subsidiary Guarantors shall:

(i) prepare and file with the Commission a Market-Making Registration Statement on any form which may be utilized by the Company and which shall register all of the Securities and the Exchange Securities for resale by the Market Maker in accordance with such method or methods of disposition as may be specified by the Market Maker and use commercially reasonable efforts to cause such Market-Making Registration Statement to become effective within the time periods specified in Section 2(d);

(ii) promptly prepare and file with the Commission such amendments and supplements to such Market-Making Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Market-Making Registration Statement for the period specified in Section 2(d) and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Market-Making Registration Statement, and furnish to the Market Maker copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission to the extent such documents are not publicly available on the Commission’s EDGAR System;

(iii) comply with the provisions of the Securities Act with respect to the disposition of all of the Securities and Exchange Securities covered by such Market-Making Registration Statement in accordance with the intended methods of disposition by the Market Maker provided for in such Market-Making Registration Statement;

(iv) provide the Market Maker and its counsel the opportunity to participate in the preparation of such Market-Making Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(v) for a reasonable period prior to the filing of such Market-Making Registration Statement, and throughout the period specified in Section 2(d), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the Market Maker and its counsel such financial and other information and books and records of the Company, and cause the officers employees counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary (and in the case of counsel, not violate an attorney-client privilege, in such counsel's reasonable belief), in the judgment of the Market Maker's counsel, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; *provided, however*, that the Market Maker and its counsel shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such Market-Making Registration Statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is required to be set forth in such Market-Making Registration Statement or the prospectus included therein or in an amendment to such Market-Making Registration Statement or an amendment or supplement to such prospectus in order that such Market-Making Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; *provided, further*, that if any such information is identified by the Company, the Parent or the Subsidiary Guarantors as being confidential or proprietary, prior to being given such information, each person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information, including if reasonably necessary, executing a customary confidentiality agreement;

(vi) promptly notify the Market Maker and confirm such advice in writing (which notice and confirmation may be delivered by email, to the extent an email address is provided by the Market Maker), (A) when such Market-Making Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Market-Making Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto which are relevant to the Market Maker, or any request by the Commission for amendments or supplements to such Market-Making Registration Statement or prospectus or for additional information (provided that such comments themselves need not be provided), (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Market-Making Registration Statement or the

initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company set forth in Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities or the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (F) the occurrence of any event that causes the Company to become an “ineligible issuer” as defined in Rule 405, or (G) if at any time when a prospectus is required to be delivered under the Securities Act, that such Market-Making Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirement of the Securities Act and the Trust Indenture Act or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(vii) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Market-Making Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(viii) if requested by the Market Maker, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as the Market Maker specifies should be included therein relating to the terms of the sale of such Securities or Exchange Securities by the Market Maker; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(ix) furnish to the Market Maker and its counsel an executed copy (or a conformed copy) of such Market-Making Registration Statement, each such amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein) and such number of copies of such Market-Making Registration Statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested by the Market Maker) and of the prospectus included in such Market Making Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act to the extent such documents are not available through the Commission’s EDGAR System, and such other documents, as the Market Maker may reasonably request in order to facilitate the offering and disposition of the Securities and the Exchange Securities by the Market Maker and to permit the Market Maker to satisfy the prospectus delivery requirements of the Securities Act; and subject to Section 3(j), the Company, the Parent and the Subsidiary Guarantor hereby consent to the use of such prospectus (including such preliminary and summary prospectus) and any amendment or supplement thereto by the Market Maker (subject to any applicable suspension period in accordance with Section 3(j)), in each case in the form most recently provided to the Market Maker by the Company, in connection with the offering and sale of the Securities and Exchange Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(x) use commercially reasonable efforts to (A) register or qualify the Securities and Exchange Securities to be included in such Market-Making Registration Statement under such state securities laws or blue sky laws of such U.S. jurisdictions as the Market Maker shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Market-Making Registration Statement is required to remain effective under Section 2(d) and for so long as may be necessary to enable the Market Maker to complete its distribution of Securities and Exchange Securities pursuant to such Market-Making Registration Statement, (C) take any and all other actions as may be reasonably necessary or advisable to enable the Market Maker to consummate the disposition in such jurisdictions of such Securities and Exchange Securities and (D) obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Market-Making Registration or the offering or sale in connection therewith or to enable the Market Maker to offer, or to consummate the disposition of, Securities and Exchange Securities in connection with its market making activities; *provided, however*, that none of the Company, the Parent or the Subsidiary Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(i)(x), (2) consent to general service of process in any such jurisdiction or become subject to taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or other governing documents or any agreement between it and its stockholders;

(xi) use commercially reasonable efforts to furnish or cause to be furnished to the Market Maker upon its request at reasonable intervals (subject to the proviso below), when the Market-Making Registration Statement or the Market-Making Prospectus shall be amended or supplemented at any time when the Market-Making Conditions are satisfied: (1) access to the Company's officers and financial and other records; (2) written opinions of counsel for the Company (which may be the General Counsel of the Company in his sole discretion) covering such customary matters as the Market Maker may reasonably request and that, to such counsel's knowledge, no stop order suspending the effectiveness of the Market-Making Registration Statement has been issued and no proceeding for that purpose is pending or threatened by the Commission; (3) a letter from the independent accountants who have certified the financial statements included in the Market-Making Registration Statement as then amended covering such matters as the Market Maker shall reasonably request and consistent with customary practice; and (4) certificates of officers of the Company to the effect that: (A) to the knowledge of such officer, the Market-Making Registration Statement has been declared effective; (B) in the case of an amendment, to the knowledge of such officer, such amendment has become effective under the Securities Act as of the date and time specified in such certificate, if applicable; (C) if required, such amendment or supplement to the Market-Making Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) under the Securities Act specified in such certificate on the date specified therein; (D) to the knowledge of such officers, no stop order suspending the effectiveness of the Market-Making Registration Statement has been issued and no proceeding for that purpose is pending or threatened by the Commission; (E) such officers have examined the Market-Making Registration Statement and the Market-Making Prospectus (and, in the case of an amendment or supplement, such amendment or supplement) and as of the date of such document, the Market-Making

Registration Statement and the Market-Making Prospectus, as amended or supplemented, as applicable, did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and in the case of clauses (2), (3) and (4) above in form and substance reasonably satisfactory to the Market Maker and as modified to relate to the Market-Making Registration Statement and the Market-Making Prospectus as then amended or supplemented; provided, however, that (x) such letters from the independent accountants shall be required only in connection with amendments or supplements relating to the inclusion of audited financial statements, beginning with the audited financial statements for the year ended 2008 and shall be required no more than once in any calendar year and (y) such opinions of counsel and such officers certificates shall be required no more than twice in any calendar year;

(xii) unless any Securities or Exchange Securities shall be in book-entry only form, cooperate with the Market Maker to facilitate the timely preparation and delivery of certificates representing Securities and Exchange Securities to be sold, which certificates, if so required by any securities exchange upon which any Securities or Exchange Securities are listed, shall be printed, penned, lithographed, engraved or otherwise produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends; and

(xiii) comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its securityholders no later than eighteen months after the Effective Time of such Market-Making Registration Statement an “earning statement” of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder); *provided, however*, that this requirement shall be deemed satisfied by the Company’s compliance with Section 4.03 of the Indenture.

(j) In the event that the Company would be required, pursuant to Section 3(i)(vi)(G), to notify the Market Maker, the Company shall reasonably promptly prepare and furnish to the Market Maker a reasonable number of copies of a Market-Making prospectus supplemented or amended so that, as thereafter delivered to purchasers of Securities or Exchange Securities, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Market Maker agrees that upon receipt of any notice from the Company pursuant to Section 3(i)(vi)(G), the Market Maker shall forthwith discontinue the disposition of Securities and Exchange Securities pursuant to the Market-Making Registration Statement until the Market Maker shall have received copies of such amended or supplemented Market-Making Prospectus, and if so directed by the Company, the Market Maker shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies, of the Market-Making Prospectus in the Market-Maker’s possession at the time of receipt of such notice. Notwithstanding anything to the contrary contained herein, the Company may for valid business reasons, including without limitation, a potential acquisition, divestiture of assets or other material corporate transaction, issue a notice that a Market-Making Registration Statement is no longer effective or the prospectus included therein is no longer usable for offers and sales of Securities, and may issue any notice suspending use of such Market-Making Registration Statement required under applicable securities laws to be issued for so long as valid business reasons exist, and the Company

shall not be obligated to amend or supplement such Market-Making Registration Statement or the prospectus included therein until it reasonably deems appropriate. The Market Maker agrees that upon receipt of any notice from the Company pursuant to this Section 3(j), it will discontinue use of the Market-Making Registration Statement until receipt of copies of the supplemented or amended prospectus relating thereto and the Market Maker is advised by the Company that the use of a Market-Making Registration Statement may be resumed.

#### 4. *Registration Expenses.*

The Company agrees to bear and to pay or cause to be paid promptly all expenses incident to the Company's performance of or compliance with this Agreement, including (a) all Commission and any FINRA registration, filing and review fees and expenses including reasonable fees and disbursements of a single counsel for the Eligible Holders and a single counsel for the Market Maker in connection with such registration, filing and review, (b) all fees and expenses in connection with the qualification of the Registrable Securities, the Securities and the Exchange Securities, as applicable, for offering and sale under the State securities and blue sky laws referred to in Section 3(d)(xii) and Section 3(i)(x) and determination of their eligibility for investment under the laws of such jurisdictions as the Electing Holders or the Market Maker may designate, including any reasonable fees and disbursements of a single counsel for the Electing Holders and a single counsel for the Market Maker in connection with such qualification and determination, (c) all expenses relating to the preparation, printing, production, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the expenses of preparing the Securities or Exchange Securities, as applicable, for delivery and the expenses of printing or producing any selling agreements and blue sky or legal investment memoranda and all other documents in connection with the offering, sale or delivery of Securities or Exchange Securities, as applicable, to be disposed of (including certificates representing the Securities or Exchange Securities, as applicable), (d) messenger, telephone and delivery expenses relating to the offering, sale or delivery of Securities or Exchange securities, as applicable, and the preparation of documents referred in clause (c) above, (e) fees and expenses of the Trustee under the Indenture, any agent of the Trustee and any counsel for the Trustee and of any collateral agent or custodian, (f) internal expenses (including all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (g) reasonable fees, disbursements and expenses of counsel and independent certified public accountants of the Company, (h) reasonable fees, disbursements and expenses of (x) one counsel for the Electing Holders retained in connection with a Shelf Registration, as selected by the Electing Holders of at least a majority in aggregate principal amount of the Registrable Securities held by Electing Holders (which counsel shall be reasonably satisfactory to the Company) and (y) one counsel for the Market Maker retained in connection with a Market-Making Registration, as selected by the Market Maker (which counsel shall be reasonably satisfactory to the Company), (i) any fees charged by securities rating services for rating the Registrable Securities, the Securities or the Exchange Securities, as applicable, and (j) fees, expenses and disbursements of any other persons, including special experts, retained by the Company in connection with such registration (collectively, the "*Registration Expenses*"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities, Securities or Exchange Securities (including the Market Maker), as applicable, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered or the Market Maker, as applicable, shall pay all placement or agency fees and commissions and underwriting discounts and commissions, if any, and transfer taxes, if any, attributable to the sale of such Registrable Securities, Securities and Exchange



Securities, as applicable, and the reasonable fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), other than the counsel and experts specifically referred to above.

#### 5. Representations and Warranties.

Each of The Company, the Parent and the Subsidiary Guarantors, jointly and severally, represents and warrants to, and agrees with, each Purchaser and each of the holders from time to time of Registrable Securities and the Market Maker that:

(a) Each registration statement covering Registrable Securities, Securities or Exchange Securities, as applicable, and each prospectus (including any preliminary or summary prospectus) contained therein or furnished pursuant to Section 3(c), Section 3(d) or Section 3(i) and any further amendments or supplements to any such registration statement or prospectus, when it becomes effective or is filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at all times subsequent to the Effective Time when a prospectus would be required to be delivered under the Securities Act, other than (A) from (I) such time as a notice has been given to holders of Registrable Securities or to the Market Maker pursuant to Section 3(c)(iii)(G), Section 3(d)(viii)(G) or Section 3(i)(vi)(G) until (ii) such time as the Company furnishes an amended or supplemented prospectus pursuant to Section 3(c)(iv), Section 3(e) or Section 3(j); or (B) during any applicable Suspension Period or period of suspension of the Market-Making Registration Statement pursuant to Section 3(j), each such registration statement, and each prospectus (including any summary prospectus) contained therein or furnished pursuant to Section 3(c), Section 3(d) or Section 3(i), as then amended or supplemented, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities or the Market Maker expressly for use therein.

(b) Any documents incorporated by reference in any prospectus referred to in Section 5(a), when they become or became effective or are or were filed with the Commission, as the case may be, will conform or conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents (taken together with all other information in the Shelf Registration Statement or Market-Making Registration Statement, in each case as amended at the time such document became effective or was filed with the Commission, as the case may be) will contain or contained an untrue statement of a material fact or will omit or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities or the Market Maker expressly for use therein.

(c) The compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any

indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the certificate of incorporation, as amended, or the by-laws or other governing documents, as applicable, of the Company, the Parent or any Subsidiary Guarantor or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties; except in the case of (i) and (iii) above, for such conflicts, breaches or defaults as would not reasonably be expected to result in a material adverse effect on the general affairs, management, financial position stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect"); and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company, the Parent and the Subsidiary Guarantors of the transactions contemplated by this Agreement, except (x) the registration under the Securities Act of the Registrable Securities, the Securities and the Exchange Securities, as applicable, and qualification of the Indenture under the Trust Indenture Act, (y) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or blue sky laws in connection with the offering and distribution of the Registrable Securities, the Securities and the Exchange Securities, as applicable and (z) such consents, approvals, authorizations, registrations or qualifications that have been obtained and are in full force and effect as of the date hereof.

(d) This Agreement has been duly authorized, executed and delivered by the Company, the Parent and the Subsidiary Guarantors.

#### *6. Indemnification and Contribution.*

(a) *Indemnification by the Company, the Parent and the Subsidiary Guarantors.* The Company, the Parent and the Subsidiary Guarantors, jointly and severally, will indemnify and hold harmless each of the holders of Registrable Securities included in an Exchange Registration Statement, each of the Electing Holders as holders of Registrable Securities included in a Shelf Registration Statement and the Market Maker as holder of Securities or Exchange Securities included in a Market-Making Registration Statement against any losses, claims, damages or liabilities, joint or several, to which such holder, such Electing Holder or the Market Maker may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Exchange Registration Statement, any Shelf Registration Statement or any Market-Making Registration Statement, as the case may be, under which such Registrable Securities, Securities or Exchange Securities were registered under the Securities Act, or any preliminary, final or summary prospectus (including, without limitation, any "issuer free writing prospectus" as defined in Rule 433) contained therein or furnished by the Company to any such holder, any such Electing Holder or the Market Maker, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such holder, each such Electing Holder and the Market Maker for any and all legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that none of the Company, the Parent or any Subsidiary Guarantor shall be liable to any such person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement

or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus (including, without limitation, any “issuer free writing prospectus” as defined in Rule 433), or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such person expressly for use therein.

(b) *Indemnification by the Electing Holders*. The Company may require, as a condition to including any Registrable Securities in any Shelf Registration Statement filed pursuant to Section 2(b), that the Company shall have received an undertaking substantially as provided in this subsection from each Electing Holder of Registrable Securities included in such Shelf Registration Statement, severally and not jointly, to (i) indemnify and hold harmless the Company, the Parent, the Subsidiary Guarantors and all other Electing Holders of Registrable Securities included in such Shelf Registration Statement, against any losses, claims, damages or liabilities to which the Company, the Parent, the Subsidiary Guarantors or such other Electing Holders may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary, final or summary prospectus (including, without limitation, any “issuer free writing prospectus” as defined in Rule 433) contained therein or furnished by the Company to any Electing Holder, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Electing Holder expressly for use therein, and (ii) reimburse the Company, the Parent and the Subsidiary Guarantors for any legal or other expenses reasonably incurred by the Company, the Parent and the Subsidiary Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that no such Electing Holder shall be required to undertake liability to any person under this Section 6(b) for any amounts in excess of the dollar amount of the proceeds received by such Electing Holder from the sale of such Electing Holder’s Registrable Securities pursuant to such registration.

(c) *Indemnification by the Market Maker*. The Company may require, as a condition to including any Securities or Exchange Securities in the Market-Making Registration Statement filed pursuant to Section 2(d) hereof and to entering into any underwriting agreement with respect thereto, that the Company shall have received an undertaking reasonably satisfactory to it from each underwriter named in any such underwriting agreement, severally and not jointly, to, and the Market Maker shall, and hereby agrees to, (i) indemnify and hold harmless the Company, the Parent and the Subsidiary Guarantors against any losses, claims, damages or liabilities to which the Company, the Parent or the Subsidiary Guarantors may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Market-Making Registration Statement, or any preliminary, final or summary prospectus contained therein or furnished by the Company to the Market Maker or to any such underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written

information furnished to the Company by the Market Maker or such underwriter expressly for use therein, and (ii) reimburse the Company, the Parent and the Subsidiary Guarantors for any legal or other expenses reasonably incurred by the Company, the Parent and the Subsidiary Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that, in the case of Securities held by the Market Maker at the time of the Exchange Offer, the Market Maker shall not be required to undertake liability to any person under this Section 6(c) for any amounts in excess of the dollar amount of the proceeds received by the Market Maker from the sale of such Securities by the Market Maker pursuant to the Market-Making Registration Statement.

(d) *Notices of Claims, Etc.* Promptly after receipt by an indemnified party under subsection (a), (b) or (c) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 6, notify such indemnifying party in writing of the commencement of such action; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party under the indemnification provisions of or contemplated by Sections 6(a), (b) or (c) above, except to the extent it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by Sections 6(a), 6(b) or 6(c). In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) *Contribution.* If for any reason the indemnification provisions contemplated by Sections 6(a), 6(b) or 6(c) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each Indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or

alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 6(e) were determined by pro rata allocation (even if the holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6(e) none of the Electing Holders or, in the case of a Market-Making Registration relating to the sale by the Market Maker of Securities held by it at the time of the Exchange Offer, the Market Maker shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities or the Market Maker from the sale of any such Securities or Exchange Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder or Market Maker, as applicable, have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and the Market Makers' obligations in this Section 6(e) to contribute shall be several in proportion to the principal amount of Registrable Securities registered by them and not joint.

(f) The obligations of the Company, the Parent and the Subsidiary Guarantors under this Section 6 shall be in addition to any liability which the Company, the Parent and the Subsidiary Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and partner of each holder, the Market Maker, each Electing Holder and each person, if any, who controls any of the foregoing within the meaning of the Securities Act; and the obligations of the holders, the Market Maker and the Electing Holders contemplated by this Section 6 shall be in addition to any liability which the respective holder, Market Maker or Electing Holder may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company, the Parent and the Subsidiary Guarantors (including any person who, with his consent, is named in any registration statement as about to become a director of the Company, the Parent or any Subsidiary Guarantor) and to each person, if any, who controls the Company within the meaning of the Securities Act, as well as to each officer and director of the other holders and to each person, if any, who controls such other holders within the meaning of the Securities Act.

#### *7. Underwritten Offerings.*

Each holder of Registrable Securities hereby agrees with the Company and each other such holder that no holder of Registrable Securities may participate in any underwritten offering hereunder unless (a) the Company gives its prior written consent to such underwritten offering, (b) the managing underwriter or underwriters thereof shall be designated by the Company, provided that such designated managing underwriter or underwriters is or are reasonably acceptable to Electing Holders holding at least a majority in aggregate principal amount of the Registrable Securities to be included in such offering, (c) each holder of Registrable Securities participating in such underwritten offering agrees to sell such holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the

persons selecting the managing underwriter or underwriters hereunder and (d) each holder of Registrable Securities participating in such underwritten offering timely completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements. The Company hereby agrees with each holder of Registrable Securities that, to the extent it consents to an underwritten offering hereunder, it will negotiate in good faith and execute all indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, including using commercially reasonable efforts to procure customary legal opinions and auditor “comfort” letters.

#### 8. *Rule 144.*

(a) *Facilitation of Sales Pursuant to Rule 144.* The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, the Company shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144), and shall take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144. Upon the request of any holder of Registrable Securities in connection with that holder’s sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

(b) *Availability of Rule 144 Not Excuse for Obligations under Section 2.* The fact that holders of Registrable Securities may become eligible to sell such Registrable Securities pursuant to Rule 144 shall not (1) cause such Securities to cease to be Registrable Securities by any means other than pursuant to the definition of Registrable Securities or (2) excuse the Company’s, the Parent’s and the Subsidiary Guarantors’ obligations set forth in Section 2 of this Agreement, including without limitation the obligations in respect of an Exchange Offer, Shelf Registration, Special Interest and Market-Making Registration.

#### 9. *Miscellaneous.*

(a) *No Inconsistent Agreements.* The Company represents, warrants, covenants and agrees that it has not granted, and shall not grant, registration rights with respect to Registrable Securities, Exchange Securities or Securities, as applicable, or any other securities which would be inconsistent with the terms contained in this Agreement. For clarification, nothing herein is intended to prohibit the Company, Parent and Subsidiary Guarantors from registering any Additional Notes (as defined in the Indenture) issued on the same registration statement as the Registrable Securities.

(b) *Specific Performance.* Subject to the provisions set forth in Section 3(c) hereof, the parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Purchasers and the holders from time to time of the Registrable Securities and the Market Maker may be irreparably harmed by any such failure, and, accordingly agree that the Purchasers and such holders and the Market Maker, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of the Company under this Agreement in accordance with the terms and conditions of this Agreement, in any court of the United States or any State thereof having jurisdiction. Time shall be of the essence in this Agreement.

(c) *Notices.* All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand, if delivered personally, by facsimile or by courier, or three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows: If to the Company, to it at McJunkin Red Man Corporation, 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010, and if to a holder, to the address of such holder set forth in the security register or other records of the Company, or to such other address as the Company or any such holder may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt and if to the Market Maker, to 85 Broad Street New York, New York 10004.

(d) *Parties in Interest.* All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto, the holders from time to time of the Registrable Securities, the Market Maker and the respective successors and assigns of the foregoing. In the event that any transferee of any holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a beneficiary hereof for all purposes and such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of, and be conclusively deemed to have agreed to be bound by all of the applicable terms and provisions of this Agreement. Notwithstanding the foregoing, nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If the Company shall so request, any such successor, assign or transferee shall agree in writing to acquire and hold the Registrable Securities subject to all of the applicable terms hereof.

(e) *Survival.* The respective indemnities, agreements, representations, warranties and each other provision set forth in this Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, the Market Maker, any director, officer or partner of such holder or the Market Maker, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Purchase Agreement, the transfer and registration of Registrable Securities by such holder and the consummation of an Exchange Offer and the transfer and registration of Securities and Exchange Securities by the Market Maker.

(f) ***Governing Law.*** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(g) *Headings.* The descriptive headings of the several Sections and paragraphs of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(h) *Entire Agreement; Amendments.* This Agreement and the other writings referred to herein (including the Indenture and the form of Securities) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least a majority in aggregate principal

amount of the Registrable Securities at the time outstanding and, with respect to provisions relating to the Market Maker, the Market Maker; *provided* that any such amendment or waiver affecting solely the provisions of this Agreement relating to a Market-Making Registration may be effected by a written instrument duly executed solely by the Company and the Market Maker. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 9(h), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(i) *Inspection.* For so long as this Agreement shall be in effect, this Agreement and a complete list of the names and addresses of all the record holders of Registrable Securities shall be made available for inspection and copying on any Business Day by any holder of Registrable Securities and the Market Maker for proper purposes only (which shall include any purpose related to the rights of the holders of Registrable Securities under the Securities, the Indenture and this Agreement) at the offices of the Company at the address thereof set forth in Section 9(c).

(j) *Counterparts.* This Agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

(k) *Severability.* If any provision of this Agreement, or the application thereof in any circumstance, is held to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of such provision in every other respect and of the remaining provisions contained in this Agreement shall not be affected or impaired thereby.

*[The remainder of this page is intentionally left blank.]*



If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Purchasers, this letter and such acceptance hereof shall constitute a binding agreement between each of the Purchasers, the Parent, the Subsidiary Guarantors and the Company. It is understood that your acceptance of this letter on behalf of each of the Purchasers is pursuant to the authority set forth in a form of Agreement among Purchasers, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

**McJunkin Red Man Corporation**

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President and Chief Executive Officer

**McJunkin Red Man Holding Corporation**

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President, Chief Executive Officer and Chairman

**Subsidiary Guarantors:**

**MCJUNKIN RED MAN DEVELOPMENT  
CORPORATION**

**MCJUNKIN NIGERIA LIMITED**

**MCJUNKIN-PUERTO RICO  
CORPORATION**

**MCJUNKIN-WEST AFRICA  
CORPORATION**

**MILTON OIL & GAS COMPANY**

**RUFFNER REALTY COMPANY**

**GREENBRIER PETROLEUM CORPORATION**

**MIDWAY-TRISTATE CORPORATION**

**MRC MANAGEMENT COMPANY**

**MRM OKLAHOMA MANAGEMENT LLC**

**LBPS HOLDING COMPANY**

**LABARGE PIPE & STEEL COMPANY**

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President and Chief Executive Officer

Accepted as of the date hereof:

**Goldman, Sachs & Co.**

By: /s/ Goldman, Sachs & Co.  
(Goldman, Sachs & Co.)

**Barclays Capital Inc.**

By: /s/ Benjamin Burton  
Name: Benjamin Burton  
Title: Director

**J.P. Morgan Securities Inc.**

By: /s/ Cornelius J. Droogan  
Name: Cornelius J. Droogan  
Title: Executive Director

**Banc of America Securities LLC**

By: /s/ Michael Browne  
Name: Michael Browne  
Title: Managing Director

On behalf of each of the Purchasers

**McJunkin Red Man Corporation**  
9.50% Senior Secured Notes due 2016  
**fully and unconditionally guaranteed as to the  
payment of principal, premium,  
if any, and interest by**  
**McJunkin Red Man Holding Corporation  
and the Subsidiary Guarantors party hereto**

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**Exchange and Registration Rights Agreement**

February 11, 2010

Goldman, Sachs & Co.  
Barclays Capital Inc.  
As representatives of the several Purchasers  
named in Schedule I to the Purchase Agreement  
c/o Goldman, Sachs & Co.  
200 West Street  
New York, New York 10282

Ladies and Gentlemen:

McJunkin Red Man Corporation, a West Virginia corporation (the “*Company*”), proposes to issue and sell to the Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) \$50,000,000 in aggregate principal amount of its 9.50% Senior Secured Notes due 2016, which are fully and unconditionally guaranteed (the “*Guarantees*”) as to the payment of principal, premium, interest and special interest, if any, jointly and severally, initially by McJunkin Red Man Holding Corporation (the “*Parent*”) (on a senior unsecured basis) and each of the Subsidiary Guarantors (on a senior secured basis) listed on the signature pages of this Agreement (each a “*Subsidiary Guarantor*” and, collectively, the “*Subsidiary Guarantors*”). As an inducement to the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Purchasers thereunder, the Company, the Parent and the Subsidiary Guarantors agree with the Purchasers for the benefit of holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. *Certain Definitions.* For purposes of this Exchange and Registration Rights Agreement (this “*Agreement*”), the following terms shall have the following respective meanings:

“*Base Interest*” shall mean the interest that would otherwise accrue on the Securities under the terms thereof and the Indenture, without giving effect to the provisions of this Agreement.

The term “*broker-dealer*” shall mean any broker or dealer registered with the Commission under the Exchange Act.

“*Business Day*” shall have the meaning set forth in Rule 13e-4(a)(3) promulgated by the Commission under the Exchange Act, as the same may be amended or succeeded from time to time.

“*Closing Date*” shall mean the date on which the Securities are initially issued.

“*Commission*” shall mean the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

“*EDGAR System*” means the EDGAR filing system of the Commission and the rules and regulations pertaining thereto promulgated by the Commission in Regulation S-T under the Securities Act and the Exchange Act, in each case as the same may be amended or succeeded from time to time (and without regard to format).

“*Effective Time*,” in the case of (i) an Exchange Registration, shall mean the time and date as of which the Commission declares the Exchange Registration Statement effective or as of which the Exchange Registration Statement otherwise becomes effective pursuant to the Securities Act, (ii) a Shelf Registration, shall mean the time and date as of which the Commission declares the Shelf Registration Statement effective or as of which the Shelf Registration Statement otherwise becomes effective pursuant to the Securities Act and (iii) a Market-Making Registration, shall mean the time and date as of which the Commission declares the Market-Making Registration Statement effective or as of which the Market-Making Registration Statement otherwise becomes effective pursuant to the Securities Act.

“*Electing Holder*” shall mean any holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(ii) or Section 3(d)(iii) and the instructions set forth in the Notice and Questionnaire.

“*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder, as the same may be amended or succeeded from time to time.

“*Exchange Effectiveness Deadline*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Filing Deadline*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Offer*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Registration*” shall have the meaning assigned thereto in Section 3(c).

“*Exchange Registration Statement*” shall have the meaning assigned thereto in Section 2(a).

“*Exchange Securities*” shall have the meaning assigned thereto in Section 2(a).

The term “*holder*” shall mean each of the Purchasers and other persons who acquire Registrable Securities from time to time (including any successors or assigns), in each case for so long as such person owns any Registrable Securities.

“*Indenture*” shall mean the Indenture, dated as of December 21, 2009 among the Company, the Parent, the Subsidiary Guarantors and U.S. Bank National Association, as trustee, as the same may be amended from time to time.

“*Market Maker*” shall mean Goldman, Sachs & Co. and its affiliates (as defined under the rules and regulations of the Commission).

“*Market-Making Conditions*” shall have the meaning assigned thereto in Section 2(d).

“*Market-Making Prospectus*” shall have the meaning assigned thereto in Section 2(d).

“*Market-Making Registration*” shall have the meaning assigned thereto in Section 2(d).

“*Market-Making Registration Statement*” shall have the meaning assigned thereto in Section 2(d).

“*Material Adverse Effect*” shall have the meaning set forth in Section 5(c).

“*Notice and Questionnaire*” means a Notice of Registration Statement and Selling Securityholder Questionnaire substantially in the form of Exhibit A hereto.

The term “*person*” shall mean a corporation, limited liability company, association, partnership, organization, business, individual, government or political subdivision thereof or governmental agency.

“*Purchase Agreement*” shall mean the Purchase Agreement, dated as of February 8, 2010 between the Purchasers, the Company, the Parent and the Subsidiary Guarantors relating to the Securities.

“*Purchasers*” shall mean the Purchasers named in Schedule I to the Purchase Agreement.

“*Registrable Securities*” shall mean the Securities; *provided, however*, that a Security shall cease to be a Registrable Security upon the earliest to occur of the following: (i) in the circumstances contemplated by Section 2(a), the Security has been exchanged for an Exchange Security in an Exchange Offer as contemplated in Section 2(a) (provided that any Exchange Security that, pursuant to the last two sentences of Section 2(a), is included in a prospectus for use in connection with resales by broker-dealers shall be deemed to be a Registrable Security with respect to Sections 5, 6 and 9 until resale of such Registrable Security has been effected within the Resale Period); (ii) in the circumstances contemplated by Section 2(b), a Shelf Registration Statement registering such Security under the Securities Act has been declared or becomes effective and such Security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Shelf Registration Statement; (iii) the first date on or after the three year anniversary of the date of the Indenture that such security is eligible for sale pursuant to Rule 144 under the Securities Act without any volume or manner limitations pursuant thereto; or (iv) such Security shall cease to be outstanding.

“*Registration Default*” shall have the meaning assigned thereto in Section 2(c).

“*Registration Default Period*” shall have the meaning assigned thereto in Section 2(c).

“*Registration Expenses*” shall have the meaning assigned thereto in Section 4.

“*Resale Period*” shall have the meaning assigned thereto in Section 2(a).

“*Restricted Holder*” shall mean (i) a holder that is an affiliate of the Company within the meaning of Rule 405, (ii) a holder who acquires Exchange Securities outside the ordinary course of such holder’s business, (iii) a holder who has arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing Exchange Securities and (iv) a holder that is a broker-dealer, but only with respect to Exchange Securities received by such broker-dealer pursuant to an Exchange Offer in exchange for Registrable Securities acquired by the broker-dealer directly from the Company.

“*Rule 144*,” “*Rule 405*,” “*Rule 415*,” “*Rule 424*,” “*Rule 430B*” and “*Rule 433*” shall mean, in each case, such rule promulgated by the Commission under the Securities Act (or any successor provision), as the same may be amended or succeeded from time to time.

“*Securities*” shall mean, collectively, the \$50,000,000 in aggregate principal amount of the Company’s 9.50% Senior Secured Notes due 2016 to be issued and sold to the Purchasers, and securities issued in exchange therefor or in lieu thereof pursuant to the Indenture. Each Security is entitled to the benefit of the Guarantees provided by the Parent and the Subsidiary Guarantors in the Indenture and, unless the context otherwise requires, any reference herein to a “Security,” an “Exchange Security” or a “Registrable Security” shall include a reference to the related Guarantee.

“*Securities Act*” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder, as the same may be amended or succeeded from time to time.

“*Shelf Registration*” shall have the meaning assigned thereto in Section 2(b).

“*Shelf Registration Statement*” shall have the meaning assigned thereto in Section 2(b).

“*Special Interest*” shall have the meaning assigned thereto in Section 2(c).

“*Suspension Period*” shall have the meaning assigned thereto in Section 2(b).

“*Trust Indenture Act*” shall mean the Trust Indenture Act of 1939, as amended, and the rules and regulations promulgated by the Commission thereunder, as the same may be amended or succeeded from time to time.

“*Trustee*” shall mean US Bank National Association, as trustee under the Indenture, together with any successors thereto in such capacity.

Unless the context otherwise requires, any reference herein to a “Section” or “clause” refers to a Section or clause, as the case may be, of this Agreement, and the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision.

## *2. Registration Under the Securities Act.*

(a) Except as set forth in Section 2(b) below, the Company, the Parent and the Subsidiary Guarantors agree to file under the Securities Act, no later than April 5, 2011 (the

“*Exchange Filing Deadline*”), a registration statement relating to an offer to exchange (such registration statement, the “*Exchange Registration Statement*”, and such offer, the “*Exchange Offer*”) any and all of the Securities for a like aggregate principal amount of debt securities issued by the Company and guaranteed by the Parent and the Subsidiary Guarantors, which debt securities and guarantees are substantially identical to the Securities and the related Guarantees, respectively (and are entitled to the benefits of the Indenture), except that they have been registered pursuant to an effective registration statement under the Securities Act and do not contain provisions for Special Interest contemplated in Section 2(c) below (such new debt securities hereinafter called “*Exchange Securities*”). The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to cause the Exchange Registration Statement to become effective under the Securities Act no later than 110 days after the Exchange Filing Deadline (the “*Exchange Effectiveness Deadline*”). The Exchange Offer will be registered under the Securities Act on the appropriate form and will comply with all applicable tender offer rules and regulations under the Exchange Act. Unless the Exchange Offer would not be permitted by applicable law or Commission policy, the Company further agrees to use their commercially reasonable efforts to (i) commence the Exchange Offer reasonably promptly following the Effective Time of such Exchange Registration Statement, (ii) hold the Exchange Offer open for at least 20 Business Days in accordance with Regulation 14E promulgated by the Commission under the Exchange Act and (iii) exchange Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn promptly following the expiration of the Exchange Offer. The Exchange Offer will be deemed to have been “completed” only (i) if the debt securities and related guarantees received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are, upon receipt, transferable by each such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the blue sky or securities laws of a substantial majority of the States of the United States of America and (ii) upon the Company having exchanged, pursuant to the Exchange Offer, Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn before the expiration of the Exchange Offer, which shall be on a date that is at least 20 Business Days following the commencement of the Exchange Offer. The Company, the Parent and the Subsidiary Guarantors agree (x) to include in the Exchange Registration Statement a prospectus for use in any resales by any holder of Exchange Securities that is a broker-dealer and (y) to keep such Exchange Registration Statement effective for a period (the “*Resale Period*”) beginning when Exchange Securities are first issued in the Exchange Offer and ending upon the earlier of the expiration of the 90<sup>th</sup> day after the Exchange Offer has been completed or such time as such broker-dealers no longer own any Registrable Securities. With respect to such Exchange Registration Statement, such holders shall have the benefit of the rights of indemnification and contribution set forth in Subsections 6(a), (c), (d) and (f).

(b) If (i) on or prior to the time the Exchange Offer is completed existing law or Commission interpretations are changed such that the debt securities or the related guarantees received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are not or would not be, upon receipt, transferable by each such holder without restriction under the Securities Act, (ii) the Effective Time of the Exchange Registration Statement is not within 110 days following the Exchange Filing Deadline and the Exchange Offer has not been completed within 30 Business Days of such Effective Time (provided that once an Exchange Offer has been completed, a Shelf Registration Statement shall no longer be required to be filed or required to become effective pursuant to clause (ii)) or (iii) any holder of Registrable Securities notifies the Company prior to the 20<sup>th</sup> Business Day following the completion of the Exchange Offer that: (A) it is prohibited by law or

Commission policy from participating in the Exchange Offer, (B) it may not resell the Exchange Securities acquired by it in the Exchange Offer to the public without delivering a prospectus and the prospectus supplement contained in the Exchange Registration Statement is not appropriate or available for such resales or (C) it is a broker-dealer and owns Securities acquired directly from the Company or an affiliate of the Company, then the Company, the Parent and the Subsidiary Guarantors shall, in lieu of (or, in the case of clause (iii), in addition to) conducting the Exchange Offer contemplated by Section 2(a), file under the Securities Act no later than 45 days after the time such obligation to file arises (but no earlier than 470 days after the Closing Date) (the “*Shelf Filing Deadline*”), a “shelf” registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to Rule 415 or any similar rule that may be adopted by the Commission (such filing, the “*Shelf Registration*” and such registration statement, the “*Shelf Registration Statement*”). The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to cause the Shelf Registration Statement to become or be declared effective no later than 110 days after the Shelf Filing Deadline (but no earlier than 110 days after the Exchange Filing Deadline); *provided*, that if at any time the Company or Parent is or becomes a “well-known seasoned issuer” (as defined in Rule 405) and is eligible to file an “automatic shelf registration statement” (as defined in Rule 405) and an automatic shelf registration statement is permissible for the contemplated transaction, then the Company, the Parent and the Subsidiary Guarantors shall use their commercially reasonable efforts to file the Shelf Registration Statement in the form of an automatic shelf registration statement as provided in Rule 405. The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to keep such Shelf Registration Statement continuously effective for a period ending on the earlier of the second anniversary of the Effective Time or such time as there are no longer any Registrable Securities outstanding. No holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the prospectus forming a part thereof for resales of Registrable Securities unless such holder is an Electing Holder. The Company, the Parent and the Subsidiary Guarantors agree, after the Effective Time of the Shelf Registration Statement and promptly upon the request of any holder of Registrable Securities that is not then an Electing Holder, to use their commercially reasonable efforts to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such holder as a selling securityholder in the Shelf Registration Statement (whether by post-effective amendment thereto or by filing a prospectus pursuant to Rules 430B and 424(b) under the Securities Act identifying such holder), *provided, however*, that nothing in this sentence shall relieve any such holder of the obligation to return a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(iii). Notwithstanding anything to the contrary in this Section 2(b), upon notice to the Electing Holders, the Company may suspend the use or the effectiveness of such Shelf Registration Statement, or extend the time period in which it is required to file the Shelf Registration Statement, for one or more periods of up to 90 days in the aggregate, in each case in any 12-month period (a “*Suspension Period*”) if the Board of Directors of the Company or Parent determines that there is a valid business purpose for suspension of the Shelf Registration Statement; *provided* that the Company shall promptly notify the Electing Holders when the Shelf Registration Statement may once again be used or is effective.

(c) In the event that (i) the Company, the Parent and the Subsidiary Guarantors have not filed the Exchange Registration Statement or the Shelf Registration Statement on or before the date on which such registration statement is required to be filed pursuant to Section 2(a) or Section 2(b), respectively, or (ii) such Exchange Registration Statement or Shelf



Registration Statement has not become effective or been declared effective by the Commission on or before the date on which such registration statement is required to become or be declared effective pursuant to Section 2(a) or Section 2(b), respectively, or (iii) the Exchange Offer has not been completed within 30 Business Days after the Exchange Effectiveness Deadline (if the Exchange Offer is then required to be made) or (iv) any Exchange Registration Statement or Shelf Registration Statement required by Section 2(a) or Section 2(b) is filed and declared effective but shall thereafter either be withdrawn by the Company or shall become subject to an effective stop order issued pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such registration statement (except as specifically permitted herein, including, with respect to any Shelf Registration Statement, during any applicable Suspension Period in accordance with the last sentence of Section 2(b)) without being succeeded within five (5) business days by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a “*Registration Default*” and each period during which a Registration Default has occurred and is continuing, a “*Registration Default Period*”), then, as a result of such Registration Default, subject to the provisions of Section 9(b), special interest (“*Special Interest*”), in addition to the Base Interest, shall accrue on all Registrable Securities then outstanding at a per annum rate of 0.25% for the first 90 days of the Registration Default Period, at a per annum rate of 0.50% for the second 90 days of the Registration Default Period, at a per annum rate of 0.75% for the third 90 days of the Registration Default Period and at a per annum rate of 1.0% thereafter for the remaining portion of the Registration Default Period in the aggregate, regardless of the length of time in which a Registration Default is continuing; *provided, however*, that upon the filing of the Exchange Registration Statement or the Shelf Registration Statement (in the case of clause (i) of this Section 2(c)), upon the effectiveness of the applicable Exchange Registration Statement or Shelf Registration Statement which had not been declared effective (in the case of (ii) of this Section 2(c)), upon the exchange of the Exchange Securities for all Securities tendered (in the case of clause (iii) of this Section 2(c)), or upon the effectiveness of the applicable Exchange Registration Statement or Shelf Registration Statement which had ceased to remain effective (in the case of (iv) of this Section 2(c)), Special Interest on the Registrable Securities in respect of which such events relate as a result of such clause (or the relevant subclause thereof), as the case may be, shall cease to accrue. Special Interest shall accrue and be payable only with respect to a single Registration Default at any given time, notwithstanding the fact that multiple Registration Defaults may exist at such time. The accrual of Special Interest shall be the exclusive monetary remedy available to the holders of Registrable Securities for any Registration Default.

(d) So long as (w) any of the Securities (whether Registrable Securities, Exchange Securities or otherwise) are outstanding, (x) the Market Maker proposes to make a market in the Securities as part of its business in the ordinary course, (y) in the reasonable opinion of Goldman, Sachs & Co., it would be necessary or appropriate under applicable laws, rules and regulations for the Market Maker to deliver a prospectus in connection with market-making activities with respect to the Securities (clauses (w) through (y) collectively, the “*Market-Making Conditions*”) and (z) the Market Maker provides initial notice (which need not be in writing) to the Company that the Market-Making Conditions are satisfied, the following provisions of this Section 2(d) shall apply for the sole benefit of the Market Maker (it being understood that only a person for whom the Market-Making Conditions apply at the applicable time shall be entitled to the use of the Market-Making Registration Statement and related provisions of this Agreement at any time). The Company, the Parent and the Subsidiary Guarantors shall use their commercially reasonable efforts to file under the Securities Act, a “shelf” registration statement (which may be the Exchange Registration Statement or the Shelf Registration Statement if permitted by the rules and regulations of the

Commission) pursuant to Rule 415 under the Securities Act or any similar rule that may be adopted by the Commission providing for the registration of, and the sale on a continuous or delayed basis in secondary transactions by the Market Maker of, Securities (such filing, a “*Market-Making Registration*”, such registration statement as amended or supplemented from time to time, a “*Market-Making Registration Statement*”, and the prospectus contained in such Market-Making Registration Statement, as amended or supplemented from time to time, a “*Market-Making Prospectus*”). The Company, the Parent and the Subsidiary Guarantors agree to use their commercially reasonable efforts to cause the Market-Making Registration Statement to become or be declared effective on or prior to (i) the date the Exchange Offer is completed pursuant to Section 2(a) above or (ii) the date the Shelf Registration becomes or is declared effective pursuant to Section 2(b) above, and to keep such Market-Making Registration Statement continuously effective for so long as the Market Maker is required to deliver a prospectus in connection with transactions in the Securities. In the event that the Market Maker holds Securities at the time an Exchange Offer is to be conducted under Section 2(a) above, the Company, the Parent and the Subsidiary Guarantors agree that the Market-Making Registration Statement shall provide for the resale by the Market Maker of such Securities and shall use its commercially reasonable efforts to keep the Market-Making Registration Statement continuously effective until such time as Goldman, Sachs & Co. determines in its reasonable judgment that the Market Maker is no longer required to deliver a prospectus in connection with the sale of such Securities.

Notwithstanding anything to the contrary in this Section 2(d), the Company may suspend the offering and sale under the Market-Making Registration Statement for one or more Suspension Periods if the Board of Directors of the Company determines that (i) such registration would require disclosure of an event at such time as could reasonably be expected to have a material adverse effect on the business operations or prospects of the Company, (ii) such registration would require disclosure of material information relating to a corporate development or (iii) such Market-Making Registration Statement or amendment or supplement thereto contains an untrue statement of material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the Company shall promptly notify the Market Maker when the Market-Making Registration Statement may once again be used or is effective. It is also agreed that each year the Company updates its Market-Maker Registration Statement, to the extent such registration statement undergoes Commission review, the Company will need to suspend use of the Market-Making Registration Statement pending completion of such review.

(e) The Company, the Parent and the Subsidiary Guarantors shall use commercially reasonable efforts to take all actions necessary or advisable to be taken by them to ensure that the transactions contemplated herein are effected as so contemplated, including all actions necessary or desirable to register the Guarantees under any Exchange Registration Statement, Shelf Registration Statement or Market-Making Registration Statement, as applicable.

(f) Any reference herein to a registration statement or prospectus as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time; and any reference herein to any post-effective amendment to a registration statement or to any prospectus supplement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

### 3. *Registration Procedures.*

If the Company, the Parent and the Subsidiary Guarantors file a registration statement pursuant to Section 2(a), Section 2(b) or Section 2(d), the following provisions shall apply:

(a) At or before the Effective Time of the Exchange Registration, any Shelf Registration or any Market-Making Registration, whichever may occur first, the Company shall qualify the Indenture under the Trust Indenture Act.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's, the Parent's and the Subsidiary Guarantors' obligations with respect to the registration of Exchange Securities as contemplated by Section 2(a) (the "*Exchange Registration*"), if applicable, the Company, the Parent and the Subsidiary Guarantors shall (subject to the occurrence of one or more Suspension Periods):

(i) prepare and file with the Commission an Exchange Registration Statement on any form which may be utilized by the Company, the Parent and the Subsidiary Guarantors and which shall permit the Exchange Offer and resales of Exchange Securities by broker-dealers during the Resale Period to be effected as contemplated by Section 2(a), and use commercially reasonable efforts to cause such Exchange Registration Statement to become effective no later than 110 days after the Exchange Filing Deadline;

(ii) promptly prepare and file with the Commission such amendments and supplements to such Exchange Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Exchange Registration Statement for the periods and purposes contemplated in Section 2(a) and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Exchange Registration Statement, and promptly provide each broker-dealer holding Exchange Securities with such number of copies of the prospectus included therein (as then amended or supplemented), in conformity in all material respects with the requirements of the Securities Act and the Trust Indenture Act, as such broker-dealer reasonably may request prior to the expiration of the Resale Period, for use in connection with resales of Exchange Securities;

(iii) promptly notify each broker-dealer that has requested or received copies of the prospectus included in such Exchange Registration Statement, and confirm such advice in writing, (A) when such Exchange Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Exchange Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such Exchange Registration Statement or prospectus or for additional information (provided that such comments themselves need not be provided to any such broker-dealer), (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Exchange Registration Statement or the initiation or threatening of any proceedings for that

purpose, (D) if at any time the representations and warranties of the Company contemplated by Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (F) the occurrence of any event that causes the Company to become an “ineligible issuer” as defined in Rule 405, or (G) if at any time during the Resale Period when a prospectus is required to be delivered under the Securities Act, that such Exchange Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(iv) in the event that the Company, the Parent and the Subsidiary Guarantors would be required, pursuant to Section 3(c)(iii)(G), to notify any broker-dealers holding Exchange Securities (except as otherwise permitted during any Suspension Period), reasonably promptly prepare and furnish to each such holder a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of such Exchange Securities during the Resale Period, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(v) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Exchange Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(vi) use commercially reasonable efforts to (A) register or qualify the Exchange Securities under the state securities laws or blue sky laws of such U.S. jurisdictions as are contemplated by Section 2(a) no later than the commencement of the Exchange Offer, to the extent required by such laws, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions until the expiration of the Resale Period, (C) take any and all other actions as may be reasonably necessary or advisable to enable each broker-dealer holding Exchange Securities to consummate the disposition thereof in such jurisdictions and (D) obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Exchange Registration, the Exchange Offer and the offering and sale of Exchange Securities by broker-dealers during the Resale Period; *provided, however*, that none of the Company, the Parent and the Subsidiary Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(vi), (2) consent to general service of process in any such jurisdiction or become subject to taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or other governing documents or any agreement between it and its stockholders;

(vii) obtain a CUSIP number for all Exchange Securities, not later than the applicable Effective Time; and

(viii) comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its securityholders no later than eighteen months after the Effective Time of such Exchange Registration Statement, an “earning statement” of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder); *provided, however*, that this requirement shall be deemed satisfied by the Company’s compliance with Section 4.03 of the Indenture.

(d) In connection with the Company’s, the Parent’s and the Subsidiary Guarantors’ obligations with respect to the Shelf Registration, if applicable, the Company, the Parent and the Subsidiary Guarantors shall (subject to the occurrence of one or more Suspension Periods):

(i) prepare and file with the Commission a Shelf Registration Statement on any form which may be utilized by the Company and which shall register all of the Registrable Securities for resale by the holders thereof in accordance with such method or methods of disposition as may be specified by the holders of Registrable Securities as, from time to time, may be Electing Holders and use commercially reasonable efforts to cause such Shelf Registration Statement to become effective within the time periods specified in Section 2(b);

(ii) mail the Notice and Questionnaire to the holders of Registrable Securities (A) not less than 30 days prior to the anticipated Effective Time of the Shelf Registration Statement or (B) in the case of an “automatic shelf registration statement” (as defined in Rule 405), mail the Notice and Questionnaire to the holders of Registrable Securities not later than the Effective Time of such Shelf Registration Statement, and in any such case no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement, and no holder shall be entitled to use the prospectus forming a part thereof for resales of Registrable Securities at any time, unless and until such holder has returned a completed and signed Notice and Questionnaire to the Company by the deadline for responses set forth therein;

(iii) after the Effective Time of the Shelf Registration Statement, upon the request of any holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such holder; *provided* that the Company shall not be required to take any action to name such holder as a selling securityholder in the Shelf Registration Statement or to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities until such holder has returned a completed and signed Notice and Questionnaire to the Company;

(iv) promptly prepare and file with the Commission such amendments and supplements to such Shelf Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Shelf Registration Statement for the period specified in Section 2(b) and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Shelf Registration Statement, and furnish to the Electing Holders copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission to the

extent such documents are not publicly available on the Commission's EDGAR System;

(v) comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such Shelf Registration Statement in accordance with the intended methods of disposition by the Electing Holders provided for in such Shelf Registration Statement;

(vi) provide the Electing Holders and not more than one counsel for all the Electing Holders (designated by the holders of at least a majority in aggregate principal amount of the Registrable Securities held by the Electing Holders) the opportunity to participate in the preparation of such Shelf Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto upon customary terms;

(vii) for a reasonable period prior to the filing of such Shelf Registration Statement, and throughout the period specified in Section 2(b), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the persons referred to in Section 3(d)(vi) who shall certify to the Company that they have a current intention to sell the Registrable Securities pursuant to the Shelf Registration such financial and other information and books and records of the Company, and cause the officers, employees, counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary (and in the case of counsel, not violate an attorney-client privilege, in such counsel's reasonable belief), in the judgment of the respective counsel referred to in Section 3(d)(vi), to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; *provided, however*, that the foregoing inspection and information gathering on behalf of the Electing Holders shall be conducted by one counsel designated by the holders of at least a majority in aggregate principal amount of the Registrable Securities held by the Electing Holders at the time outstanding and *provided further* that each such party shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential and shall execute a customary agreement to such effect if requested by the Company, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such Shelf Registration Statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is required to be set forth in such Shelf Registration Statement or the prospectus included therein or in an amendment to such Shelf Registration Statement or an amendment or supplement to such prospectus in order that such Shelf Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; *provided, further*, that if any such information is identified by the Company, the Parent or the Subsidiary Guarantors as being confidential or proprietary, prior to being given such information, each person receiving such information shall take such actions as are reasonably

necessary to protect the confidentiality of such information, including if reasonably necessary, executing a customary confidentiality agreement.

(viii) promptly notify each of the Electing Holders and confirm such advice in writing (which notice and confirmation may be delivered by email, to the extent an email address is provided by any such Electing Holder), (A) when such Shelf Registration Statement or the prospectus included therein has been initially filed, and, with respect to such Shelf Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto which are relevant to the Electing Holders or any request by the Commission for amendments or supplements to such Shelf Registration Statement or prospectus or for additional information (provided that such comments themselves need not be provided), (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company set forth in Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (F) the occurrence of any event that causes the Company to become an “ineligible issuer” as defined in Rule 405, or (G) if at any time when a prospectus is required to be delivered under the Securities Act, that such Shelf Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(ix) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Shelf Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(x) if requested by any Electing Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such Electing Holder specifies should be included therein relating to the terms of the sale of such Registrable Securities, including information with respect to the principal amount of Registrable Securities being sold by such Electing Holder, the name and description of such Electing Holder, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof and with respect to any other terms of the offering of the Registrable Securities to be sold by such Electing Holder; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(xi) furnish to each Electing Holder and the counsel referred to in Section 3(d)(vi) an executed copy (or a conformed copy) of such Shelf Registration Statement, each such amendment and supplement thereto (in each case including all exhibits thereto (in the case of an Electing Holder of Registrable Securities, upon request) and documents incorporated by reference therein) and such number of

copies of such Shelf Registration Statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested by such Electing Holder) and of the prospectus included in such Shelf Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act to the extent such documents are not available through the Commission's EDGAR System, and such other documents, as such Electing Holder may reasonably request in order to facilitate the offering and disposition of the Registrable Securities owned by such Electing Holder and to permit such Electing Holder to satisfy the prospectus delivery requirements of the Securities Act; and subject to Section 3(e), the Company hereby consents to the use of such prospectus (including such preliminary and summary prospectus) and any amendment or supplement thereto by each such Electing Holder (subject to any applicable Suspension Period), in each case in the form most recently provided to such person by the Company, in connection with the offering and sale of the Registrable Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(xii) use commercially reasonable efforts to (A) register or qualify the Registrable Securities to be included in such Shelf Registration Statement under such state securities laws or blue sky laws of such U.S. jurisdictions as any Electing Holder shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration Statement is required to remain effective under Section 2(b) and for so long as may be necessary to enable any such Electing Holder to complete its distribution of Registrable Securities pursuant to such Shelf Registration Statement, (C) take any and all other actions as may be reasonably necessary or advisable to enable each such Electing Holder to consummate the disposition in such jurisdictions of such Registrable Securities and (D) obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Shelf Registration or the offering or sale in connection therewith or to enable the selling holder or holders to offer, or to consummate the disposition of, their Registrable Securities; *provided, however*, that none of the Company, the Parent and the Subsidiary Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(d)(xii), (2) consent to general service of process in any such jurisdiction or become subject to taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or other governing documents or any agreement between it and its stockholders;

(xiii) unless any Registrable Securities shall be in book-entry only form, cooperate with the Electing Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be printed, penned, lithographed, engraved or otherwise produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends;

(xiv) obtain a CUSIP number for all Securities that have been registered under the Securities Act, not later than the applicable Effective Time;



(xv) notify in writing each holder of Registrable Securities of any proposal by the Company to amend or waive any provision of this Agreement pursuant to Section 9(h) and of any amendment or waiver effected pursuant thereto, each of which notices shall contain the text of the amendment or waiver proposed or effected, as the case may be; and

(xvi) comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its securityholders no later than eighteen months after the Effective Time of such Shelf Registration Statement an “earning statement” of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder); *provided, however*, that this requirement shall be deemed satisfied by the Company’s compliance with Section 4.03 of the Indenture.

(e) In the event that the Company would be required, pursuant to Section 3(d)(viii)(G), to notify the Electing Holders, the Company shall reasonably promptly prepare and furnish to each of the Electing Holders a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing (for the avoidance of doubt, any such prospectus filed via the EDGAR System shall be deemed provided to such persons). Each Electing Holder agrees that upon receipt of any notice from the Company pursuant to Section 3(d)(viii)(G), such Electing Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Shelf Registration Statement applicable to such Registrable Securities until such Electing Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Electing Holder shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies, of the prospectus covering such Registrable Securities in such Electing Holder’s possession at the time of receipt of such notice.

(f) In the event of a Shelf Registration, in addition to the information required to be provided by each Electing Holder in its Notice and Questionnaire, the Company may require such Electing Holder to furnish to the Company such additional information regarding such Electing Holder and such Electing Holder’s intended method of distribution of Registrable Securities as may be required in order to comply with the Securities Act. Each such Electing Holder agrees to notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Electing Holder to the Company or of the occurrence of any event in either case as a result of which any prospectus relating to such Shelf Registration contains or would contain an untrue statement of a material fact regarding such Electing Holder or such Electing Holder’s intended method of disposition of such Registrable Securities or omits to state any material fact regarding such Electing Holder or such Electing Holder’s intended method of disposition of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and promptly to furnish to the Company any additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain, with respect to such Electing Holder or the disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Until the expiration of one year after the Closing Date, the Company will not, and will not permit any of its “affiliates” (as defined in Rule 144) to, resell any of the Securities that have been reacquired by any of them except pursuant to an effective registration statement, or a valid exemption from the registration requirements, under the Securities Act.

(h) As a condition to its participation in the Exchange Offer, each holder of Registrable Securities shall furnish, upon the request of the Company, a written representation to the Company (which may be contained in the letter of transmittal or “agent’s message” transmitted via The Depository Trust Company’s Automated Tender Offer Procedures, in either case contemplated by the Exchange Registration Statement) to the effect that (A) it is not an “affiliate” of the Company, as defined in Rule 405 of the Securities Act, or if it is such an “affiliate”, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable, (B) it is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Securities to be issued in the Exchange Offer, (C) it is acquiring the Exchange Securities in its ordinary course of business, (D) if it is a broker-dealer that holds Securities that were acquired for its own account as a result of market-making activities or other trading activities (other than Securities acquired directly from the Company or any of its affiliates), it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Securities received by it in the Exchange Offer, (E) if it is a broker-dealer, that it did not purchase the Securities to be exchanged in the Exchange Offer from the Company or any of its affiliates, and (F) it is not acting on behalf of any person who could not truthfully and completely make the representations contained in the foregoing subclauses (A) through (E).

(i) In connection with the Company’s, the Parent’s and the Subsidiary Guarantors’ obligations with respect to a Market-Making Registration, if applicable, the Company, the Parent and the Subsidiary Guarantors shall:

(i) prepare and file with the Commission a Market-Making Registration Statement on any form which may be utilized by the Company and which shall register all of the Securities and the Exchange Securities for resale by the Market Maker in accordance with such method or methods of disposition as may be specified by the Market Maker and use commercially reasonable efforts to cause such Market-Making Registration Statement to become effective within the time periods specified in Section 2(d);

(ii) promptly prepare and file with the Commission such amendments and supplements to such Market-Making Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Market-Making Registration Statement for the period specified in Section 2(d) and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Market-Making Registration Statement, and furnish to the Market Maker copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission to the extent such documents are not publicly available on the Commission’s EDGAR System;

(iii) comply with the provisions of the Securities Act with respect to the disposition of all of the Securities and Exchange Securities covered by such Market-Making Registration Statement in accordance with the intended methods of disposition by the Market Maker provided for in such Market-Making Registration Statement;

(iv) provide the Market Maker and its counsel the opportunity to participate in the preparation of such Market-Making Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(v) for a reasonable period prior to the filing of such Market-Making Registration Statement, and throughout the period specified in Section 2(d), make available at reasonable times at the Company's principal place of business or such other reasonable place for inspection by the Market Maker and its counsel such financial and other information and books and records of the Company, and cause the officers, employees, counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary (and in the case of counsel, not violate an attorney-client privilege, in such counsel's reasonable belief), in the judgment of the Market Maker's counsel, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; *provided, however*, that the Market Maker and its counsel shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such Market-Making Registration Statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is required to be set forth in such Market-Making Registration Statement or the prospectus included therein or in an amendment to such Market-Making Registration Statement or an amendment or supplement to such prospectus in order that such Market-Making Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing; *provided, further*, that if any such information is identified by the Company, the Parent or the Subsidiary Guarantors as being confidential or proprietary, prior to being given such information, each person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information, including if reasonably necessary, executing a customary confidentiality agreement;

(vi) promptly notify the Market Maker and confirm such advice in writing (which notice and confirmation may be delivered by email, to the extent an email address is provided by the Market Maker), (A) when such Market-Making Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Market-Making Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto which are relevant to the Market Maker, or any request by the Commission for amendments or supplements to such Market-Making Registration Statement or prospectus or for additional information (provided that such comments themselves need not be provided), (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Market-Making Registration Statement or the

initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company set forth in Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities or the Exchange Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (F) the occurrence of any event that causes the Company to become an “ineligible issuer” as defined in Rule 405, or (G) if at any time when a prospectus is required to be delivered under the Securities Act, that such Market-Making Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing;

(vii) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such Market-Making Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(viii) if requested by the Market Maker, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as the Market Maker specifies should be included therein relating to the terms of the sale of such Securities or Exchange Securities by the Market Maker; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(ix) furnish to the Market Maker and its counsel an executed copy (or a conformed copy) of such Market-Making Registration Statement, each such amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein) and such number of copies of such Market-Making Registration Statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested by the Market Maker) and of the prospectus included in such Market Making Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act to the extent such documents are not available through the Commission’s EDGAR System, and such other documents, as the Market Maker may reasonably request in order to facilitate the offering and disposition of the Securities and the Exchange Securities by the Market Maker and to permit the Market Maker to satisfy the prospectus delivery requirements of the Securities Act; and subject to Section 3(j), the Company, the Parent and the Subsidiary Guarantor hereby consent to the use of such prospectus (including such preliminary and summary prospectus) and any amendment or supplement thereto by the Market Maker (subject to any applicable suspension period in accordance with Section 3(j)), in each case in the form most recently provided to the Market Maker by the Company, in connection with the offering and sale of the Securities and Exchange Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(x) use commercially reasonable efforts to (A) register or qualify the Securities and Exchange Securities to be included in such Market-Making Registration Statement under such state securities laws or blue sky laws of such U.S. jurisdictions as the Market Maker shall reasonably request, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Market-Making Registration Statement is required to remain effective under Section 2(d) and for so long as may be necessary to enable the Market Maker to complete its distribution of Securities and Exchange Securities pursuant to such Market-Making Registration Statement, (C) take any and all other actions as may be reasonably necessary or advisable to enable the Market Maker to consummate the disposition in such jurisdictions of such Securities and Exchange Securities and (D) obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Market-Making Registration or the offering or sale in connection therewith or to enable the Market Maker to offer, or to consummate the disposition of, Securities and Exchange Securities in connection with its market making activities; *provided, however*, that none of the Company, the Parent or the Subsidiary Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(i)(x), (2) consent to general service of process in any such jurisdiction or become subject to taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or other governing documents or any agreement between it and its stockholders;

(xi) use commercially reasonable efforts to furnish or cause to be furnished to the Market Maker upon its request at reasonable intervals (subject to the proviso below), when the Market-Making Registration Statement or the Market-Making Prospectus shall be amended or supplemented at any time when the Market-Making Conditions are satisfied: (1) access to the Company's officers and financial and other records; (2) written opinions of counsel for the Company (which may be the General Counsel of the Company in his sole discretion) covering such customary matters as the Market Maker may reasonably request and that, to such counsel's knowledge, no stop order suspending the effectiveness of the Market-Making Registration Statement has been issued and no proceeding for that purpose is pending or threatened by the Commission; (3) a letter from the independent accountants who have certified the financial statements included in the Market-Making Registration Statement as then amended covering such matters as the Market Maker shall reasonably request and consistent with customary practice; and (4) certificates of officers of the Company to the effect that: (A) to the knowledge of such officer, the Market-Making Registration Statement has been declared effective; (B) in the case of an amendment, to the knowledge of such officer, such amendment has become effective under the Securities Act as of the date and time specified in such certificate, if applicable; (C) if required, such amendment or supplement to the Market-Making Prospectus was filed with the Commission pursuant to the subparagraph of Rule 424(b) under the Securities Act specified in such certificate on the date specified therein; (D) to the knowledge of such officers, no stop order suspending the effectiveness of the Market-Making Registration Statement has been issued and no proceeding for that purpose is pending or threatened by the Commission; (E) such officers have examined the Market-Making Registration Statement and the Market Making Prospectus (and, in the case of an amendment or supplement, such amendment or supplement) and as of the date of such document, the Market-Making

Registration Statement and the Market-Making Prospectus, as amended or supplemented, as applicable, did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and in the case of clauses (2), (3) and (4) above in form and substance reasonably satisfactory to the Market Maker and as modified to relate to the Market-Making Registration Statement and the Market-Making Prospectus as then amended or supplemented; *provided, however*, that (x) such letters from the independent accountants shall be required only in connection with amendments or supplements relating to the inclusion of audited financial statements, beginning with the audited financial statements for the year ended 2008 and shall be required no more than once in any calendar year and (y) such opinions of counsel and such officers certificates shall be required no more than twice in any calendar year;

(xii) unless any Securities or Exchange Securities shall be in book-entry only form, cooperate with the Market Maker to facilitate the timely preparation and delivery of certificates representing Securities and Exchange Securities to be sold, which certificates, if so required by any securities exchange upon which any Securities or Exchange Securities are listed, shall be printed, penned, lithographed, engraved or otherwise produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends; and

(xiii) comply in all material respects with all applicable rules and regulations of the Commission, and make generally available to its securityholders no later than eighteen months after the Effective Time of such Market-Making Registration Statement an “earning statement” of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder); *provided, however*, that this requirement shall be deemed satisfied by the Company’s compliance with Section 4.03 of the Indenture.

(j) In the event that the Company would be required, pursuant to Section 3(i)(vi)(G), to notify the Market Maker, the Company shall reasonably promptly prepare and furnish to the Market Maker a reasonable number of copies of a Market-Making prospectus supplemented or amended so that, as thereafter delivered to purchasers of Securities or Exchange Securities, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Market Maker agrees that upon receipt of any notice from the Company pursuant to Section 3(i)(vi)(G), the Market Maker shall forthwith discontinue the disposition of Securities and Exchange Securities pursuant to the Market-Making Registration Statement until the Market Maker shall have received copies of such amended or supplemented Market-Making Prospectus, and if so directed by the Company, the Market Maker shall deliver to the Company (at the Company’s expense) all copies, other than permanent file copies, of the Market-Making Prospectus in the Market-Maker’s possession at the time of receipt of such notice. Notwithstanding anything to the contrary contained herein, the Company may for valid business reasons, including without limitation, a potential acquisition, divestiture of assets or other material corporate transaction, issue a notice that a Market-Making Registration Statement is no longer effective or the prospectus included therein is no longer usable for offers and sales of Securities, and may issue any notice suspending use of such Market-Making Registration Statement required under applicable securities laws to be issued for so long as valid business reasons exist, and the Company

shall not be obligated to amend or supplement such Market-Making Registration Statement or the prospectus included therein until it reasonably deems appropriate. The Market Maker agrees that upon receipt of any notice from the Company pursuant to this Section 3(j), it will discontinue use of the Market-Making Registration Statement until receipt of copies of the supplemented or amended prospectus relating thereto and the Market Maker is advised by the Company that the use of a Market-Making Registration Statement may be resumed.

#### *4. Registration Expenses.*

The Company agrees to bear and to pay or cause to be paid promptly all expenses incident to the Company's performance of or compliance with this Agreement, including (a) all Commission and any FINRA registration, filing and review fees and expenses including reasonable fees and disbursements of a single counsel for the Eligible Holders and a single counsel for the Market Maker in connection with such registration, filing and review, (b) all fees and expenses in connection with the qualification of the Registrable Securities, the Securities and the Exchange Securities, as applicable, for offering and sale under the State securities and blue sky laws referred to in Section 3(d)(xii) and Section 3(i)(x) and determination of their eligibility for investment under the laws of such jurisdictions as the Electing Holders or the Market Maker may designate, including any reasonable fees and disbursements of a single counsel for the Electing Holders and a single counsel for the Market Maker in connection with such qualification and determination, (c) all expenses relating to the preparation, printing, production, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the expenses of preparing the Securities or Exchange Securities, as applicable, for delivery and the expenses of printing or producing any selling agreements and blue sky or legal investment memoranda and all other documents in connection with the offering, sale or delivery of Securities or Exchange Securities, as applicable, to be disposed of (including certificates representing the Securities or Exchange Securities, as applicable), (d) messenger, telephone and delivery expenses relating to the offering, sale or delivery of Securities or Exchange Securities, as applicable, and the preparation of documents referred in clause (c) above, (e) fees and expenses of the Trustee under the Indenture, any agent of the Trustee and any counsel for the Trustee and of any collateral agent or custodian, (f) internal expenses (including all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (g) reasonable fees, disbursements and expenses of counsel and independent certified public accountants of the Company, (h) reasonable fees, disbursements and expenses of (x) one counsel for the Electing Holders retained in connection with a Shelf Registration, as selected by the Electing Holders of at least a majority in aggregate principal amount of the Registrable Securities held by Electing Holders (which counsel shall be reasonably satisfactory to the Company) and (y) one counsel for the Market Maker retained in connection with a Market-Making Registration, as selected by the Market Maker (which counsel shall be reasonably satisfactory to the Company), (i) any fees charged by securities rating services for rating the Registrable Securities, the Securities or the Exchange Securities, as applicable, and (j) fees, expenses and disbursements of any other persons, including special experts, retained by the Company in connection with such registration (collectively, the "*Registration Expenses*"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities, Securities or Exchange Securities (including the Market Maker), as applicable, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a request therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered or the Market Maker, as applicable, shall pay all placement or agency fees and commissions and underwriting discounts and commissions, if any, and transfer taxes, if any, attributable to the sale of such Registrable Securities, Securities and Exchange

Securities, as applicable, and the reasonable fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), other than the counsel and experts specifically referred to above.

#### 5. *Representations and Warranties.*

Each of the Company, the Parent and the Subsidiary Guarantors, jointly and severally, represents and warrants to, and agrees with, each Purchaser and each of the holders from time to time of Registrable Securities and the Market Maker that:

(a) Each registration statement covering Registrable Securities, Securities or Exchange Securities, as applicable, and each prospectus (including any preliminary or summary prospectus) contained therein or furnished pursuant to Section 3(c), Section 3(d) or Section 3(i) and any further amendments or supplements to any such registration statement or prospectus, when it becomes effective or is filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at all times subsequent to the Effective Time when a prospectus would be required to be delivered under the Securities Act, other than (A) from (i) such time as a notice has been given to holders of Registrable Securities or to the Market Maker pursuant to Section 3(c)(iii)(G), Section 3(d)(viii)(G) or Section 3(i)(vi)(G) until (ii) such time as the Company furnishes an amended or supplemented prospectus pursuant to Section 3(c)(iv), Section 3(e) or Section 3(j); or (B) during any applicable Suspension Period or period of suspension of the Market-Making Registration Statement pursuant to Section 3(j), each such registration statement, and each prospectus (including any summary prospectus) contained therein or furnished pursuant to Section 3(c), Section 3(d) or Section 3(i), as then amended or supplemented, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities or the Market Maker expressly for use therein.

(b) Any documents incorporated by reference in any prospectus referred to in Section 5(a), when they become or became effective or are or were filed with the Commission, as the case may be, will conform or conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents (taken together with all other information in the Shelf Registration Statement or Market-Making Registration Statement, in each case as amended at the time such document became effective or was filed with the Commission, as the case may be) will contain or contained an untrue statement of a material fact or will omit or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; *provided, however*, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities or the Market Maker expressly for use therein.

(c) The compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any



indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the certificate of incorporation, as amended, or the by-laws or other governing documents, as applicable, of the Company, the Parent or any Subsidiary Guarantor or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties; except in the case of (i) and (iii) above, for such conflicts, breaches or defaults as would not reasonably be expected to result in a material adverse effect on the general affairs, management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a " *Material Adverse Effect*"); and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company, the Parent and the Subsidiary Guarantors of the transactions contemplated by this Agreement, except (x) the registration under the Securities Act of the Registrable Securities, the Securities and the Exchange Securities, as applicable, and qualification of the Indenture under the Trust Indenture Act, (y) such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or blue sky laws in connection with the offering and distribution of the Registrable Securities, the Securities and the Exchange Securities, as applicable and (z) such consents, approvals, authorizations, registrations or qualifications that have been obtained and are in full force and effect as of the date hereof.

(d) This Agreement has been duly authorized, executed and delivered by the Company, the Parent and the Subsidiary Guarantors.

#### *6. Indemnification and Contribution.*

(a) *Indemnification by the Company, the Parent and the Subsidiary Guarantors.* The Company, the Parent and the Subsidiary Guarantors, jointly and severally, will indemnify and hold harmless each of the holders of Registrable Securities included in an Exchange Registration Statement, each of the Electing Holders as holders of Registrable Securities included in a Shelf Registration Statement and the Market Maker as holder of Securities or Exchange Securities included in a Market-Making Registration Statement against any losses, claims, damages or liabilities, joint or several, to which such holder, such Electing Holder or the Market Maker may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Exchange Registration Statement, any Shelf Registration Statement or any Market-Making Registration Statement, as the case may be, under which such Registrable Securities, Securities or Exchange Securities were registered under the Securities Act, or any preliminary, final or summary prospectus (including, without limitation, any "issuer free writing prospectus" as defined in Rule 433) contained therein or furnished by the Company to any such holder, any such Electing Holder or the Market Maker, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such holder, each such Electing Holder and the Market Maker for any and all legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that none of the Company, the Parent or any Subsidiary Guarantor shall be liable to any such person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement

or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus (including, without limitation, any “issuer free writing prospectus” as defined in Rule 433), or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such person expressly for use therein.

(b) *Indemnification by the Electing Holders*. The Company may require, as a condition to including any Registrable Securities in any Shelf Registration Statement filed pursuant to Section 2(b), that the Company shall have received an undertaking substantially as provided in this subsection from each Electing Holder of Registrable Securities included in such Shelf Registration Statement, severally and not jointly, to (i) indemnify and hold harmless the Company, the Parent, the Subsidiary Guarantors and all other Electing Holders of Registrable Securities included in such Shelf Registration Statement, against any losses, claims, damages or liabilities to which the Company, the Parent, the Subsidiary Guarantors or such other Electing Holders may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary, final or summary prospectus (including, without limitation, any “issuer free writing prospectus” as defined in Rule 433) contained therein or furnished by the Company to any Electing Holder, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Electing Holder expressly for use therein, and (ii) reimburse the Company, the Parent and the Subsidiary Guarantors for any legal or other expenses reasonably incurred by the Company, the Parent and the Subsidiary Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that no such Electing Holder shall be required to undertake liability to any person under this Section 6(b) for any amounts in excess of the dollar amount of the proceeds received by such Electing Holder from the sale of such Electing Holder’s Registrable Securities pursuant to such registration.

(c) *Indemnification by the Market Maker*. The Company may require, as a condition to including any Securities or Exchange Securities in the Market-Making Registration Statement filed pursuant to Section 2(d) hereof and to entering into any underwriting agreement with respect thereto, that the Company shall have received an undertaking reasonably satisfactory to it from each underwriter named in any such underwriting agreement, severally and not jointly, to, and the Market Maker shall, and hereby agrees to, (i) indemnify and hold harmless the Company, the Parent and the Subsidiary Guarantors against any losses, claims, damages or liabilities to which the Company, the Parent or the Subsidiary Guarantors may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Market-Making Registration Statement, or any preliminary, final or summary prospectus contained therein or furnished by the Company to the Market Maker or to any such underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written

information furnished to the Company by the Market Maker or such underwriter expressly for use therein, and (ii) reimburse the Company, the Parent and the Subsidiary Guarantors for any legal or other expenses reasonably incurred by the Company, the Parent and the Subsidiary Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that, in the case of Securities held by the Market Maker at the time of the Exchange Offer, the Market Maker shall not be required to undertake liability to any person under this Section 6(c) for any amounts in excess of the dollar amount of the proceeds received by the Market Maker from the sale of such Securities by the Market Maker pursuant to the Market-Making Registration Statement.

(d) *Notices of Claims, Etc.* Promptly after receipt by an indemnified party under subsection (a), (b) or (c) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 6, notify such indemnifying party in writing of the commencement of such action; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party under the indemnification provisions of or contemplated by Sections 6(a), (b) or (c) above, except to the extent it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by Sections 6(a), 6(b) or 6(c). In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) *Contribution.* If for any reason the indemnification provisions contemplated by Sections 6(a), 6(b) or 6(c) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or

alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 6(e) were determined by pro rata allocation (even if the holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6(e), none of the Electing Holders or, in the case of a Market-Making Registration relating to the sale by the Market Maker of Securities held by it at the time of the Exchange Offer, the Market Maker shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds received by such holder from the sale of any Registrable Securities or the Market Maker from the sale of any such Securities or Exchange Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder or Market Maker, as applicable, have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and the Market Makers' obligations in this Section 6(e) to contribute shall be several in proportion to the principal amount of Registrable Securities registered by them and not joint.

(f) The obligations of the Company, the Parent and the Subsidiary Guarantors under this Section 6 shall be in addition to any liability which the Company, the Parent and the Subsidiary Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and partner of each holder, the Market Maker, each Electing Holder and each person, if any, who controls any of the foregoing within the meaning of the Securities Act; and the obligations of the holders, the Market Maker and the Electing Holders contemplated by this Section 6 shall be in addition to any liability which the respective holder, Market Maker or Electing Holder may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company, the Parent and the Subsidiary Guarantors (including any person who, with his consent, is named in any registration statement as about to become a director of the Company, the Parent or any Subsidiary Guarantor) and to each person, if any, who controls the Company within the meaning of the Securities Act, as well as to each officer and director of the other holders and to each person, if any, who controls such other holders within the meaning of the Securities Act.

#### *7. Underwritten Offerings.*

Each holder of Registrable Securities hereby agrees with the Company and each other such holder that no holder of Registrable Securities may participate in any underwritten offering hereunder unless (a) the Company gives its prior written consent to such underwritten offering, (b) the managing underwriter or underwriters thereof shall be designated by the Company, provided that such designated managing underwriter or underwriters is or are reasonably acceptable to Electing Holders holding at least a majority in aggregate principal amount of the Registrable Securities to be included in such offering, (c) each holder of Registrable Securities participating in such underwritten offering agrees to sell such holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the

persons selecting the managing underwriter or underwriters hereunder and (d) each holder of Registrable Securities participating in such underwritten offering timely completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements. The Company hereby agrees with each holder of Registrable Securities that, to the extent it consents to an underwritten offering hereunder, it will negotiate in good faith and execute all indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements, including using commercially reasonable efforts to procure customary legal opinions and auditor “comfort” letters.

#### 8. Rule 144.

(a) *Facilitation of Sales Pursuant to Rule 144*. The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, the Company shall timely file the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144), and shall take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144. Upon the request of any holder of Registrable Securities in connection with that holder’s sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements.

(b) *Availability of Rule 144 Not Excuse for Obligations under Section 2*. The fact that holders of Registrable Securities may become eligible to sell such Registrable Securities pursuant to Rule 144 shall not (1) cause such Securities to cease to be Registrable Securities by any means other than pursuant to the definition of Registrable Securities or (2) excuse the Company’s, the Parent’s and the Subsidiary Guarantors’ obligations set forth in Section 2 of this Agreement, including without limitation the obligations in respect of an Exchange Offer, Shelf Registration, Special Interest and Market-Making Registration.

#### 9. Miscellaneous.

(a) *No Inconsistent Agreements*. The Company represents, warrants, covenants and agrees that it has not granted, and shall not grant, registration rights with respect to Registrable Securities, Exchange Securities or Securities, as applicable, or any other securities which would be inconsistent with the terms contained in this Agreement. For clarification, nothing herein is intended to prohibit the Company, Parent and Subsidiary Guarantors from registering any Additional Notes (as defined in the Indenture) issued on the same registration statement as the Registrable Securities.

(b) *Specific Performance*. Subject to the provisions set forth in Section 3(c) hereof, the parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Purchasers and the holders from time to time of the Registrable Securities and the Market Maker may be irreparably harmed by any such failure, and accordingly agree that the Purchasers and such holders and the Market Maker, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of the Company under this Agreement in accordance with the terms and conditions of this Agreement, in any court of the United States or any State thereof having jurisdiction. Time shall be of the essence in this Agreement.

(c) *Notices.* All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand, if delivered personally, by facsimile or by courier, or three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows: If to the Company, to it at McJunkin Red Man Corporation, 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010, and if to a holder, to the address of such holder set forth in the security register or other records of the Company, or to such other address as the Company or any such holder may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt and if to the Market Maker, to 85 Broad Street New York, New York 10004.

(d) *Parties in Interest.* All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto, the holders from time to time of the Registrable Securities, the Market Maker and the respective successors and assigns of the foregoing. In the event that any transferee of any holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a beneficiary hereof for all purposes and such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of, and be conclusively deemed to have agreed to be bound by all of the applicable terms and provisions of this Agreement. Notwithstanding the foregoing, nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If the Company shall so request, any such successor, assign or transferee shall agree in writing to acquire and hold the Registrable Securities subject to all of the applicable terms hereof.

(e) *Survival.* The respective indemnities, agreements, representations, warranties and each other provision set forth in this Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, the Market Maker, any director, officer or partner of such holder or the Market Maker, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Purchase Agreement, the transfer and registration of Registrable Securities by such holder and the consummation of an Exchange Offer and the transfer and registration of Securities and Exchange Securities by the Market Maker.

(f) ***Governing Law.*** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(g) *Headings.* The descriptive headings of the several Sections and paragraphs of this Agreement are inserted for convenience only, do not constitute a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

(h) *Entire Agreement; Amendments.* This Agreement and the other writings referred to herein (including the Indenture and the form of Securities) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least a majority in aggregate principal

amount of the Registrable Securities at the time outstanding and, with respect to provisions relating to the Market Maker, the Market Maker; *provided* that any such amendment or waiver affecting solely the provisions of this Agreement relating to a Market-Making Registration may be effected by a written instrument duly executed solely by the Company and the Market Maker. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 9(h), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(i) *Inspection*. For so long as this Agreement shall be in effect, this Agreement and a complete list of the names and addresses of all the record holders of Registrable Securities shall be made available for inspection and copying on any Business Day by any holder of Registrable Securities and the Market Maker for proper purposes only (which shall include any purpose related to the rights of the holders of Registrable Securities under the Securities, the Indenture and this Agreement) at the offices of the Company at the address thereof set forth in Section 9(c).

(j) *Counterparts*. This Agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

(k) *Severability*. If any provision of this Agreement, or the application thereof in any circumstance, is held to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of such provision in every other respect and of the remaining provisions contained in this Agreement shall not be affected or impaired thereby.

[The remainder of this page is intentionally left blank.]

If the foregoing is in accordance with your understanding, please sign and return to us counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Purchasers, this letter and such acceptance hereof shall constitute a binding agreement between each of the Purchasers, the Parent, the Subsidiary Guarantors and the Company. It is understood that your acceptance of this letter on behalf of each of the Purchasers is pursuant to the authority set forth in a form of Agreement among Purchasers, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

**MCJUNKIN RED MAN CORPORATION**

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President and Chief Executive Officer

**MCJUNKIN RED MAN HOLDING CORPORATION**

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President, Chief Executive Officer and Chairman

**Subsidiary Guarantors:**

**MCJUNKIN RED MAN DEVELOPMENT  
CORPORATION**

**MCJUNKIN NIGERIA LIMITED**

**MCJUNKIN-PUERTO RICO CORPORATION**

**MCJUNKIN-WEST AFRICA CORPORATION**

**MILTON OIL & GAS COMPANY**

**RUFFNER REALTY COMPANY**

**GREENBRIER PETROLEUM CORPORATION**

**MIDWAY-TRISTATE CORPORATION**

**MRC MANAGEMENT COMPANY**

**MRM OKLAHOMA MANAGEMENT LLC**

By: /s/ Andrew Lane

Name: Andrew Lane

Title: President and Chief Executive Officer

*[Registration Rights Agreement]*

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Accepted as of the date hereof:

**Goldman, Sachs & Co.**

By: /s/ Goldman, Sachs & Co.  
(Goldman, Sachs & Co.)

**Barclays Capital Inc.**

By: /s/ Benjamin Burton  
Name: Benjamin Burton  
Title: Managing Director

On behalf of each of the Purchasers

*[Registration Rights Agreement]*

## REAFFIRMATION AGREEMENT

This REAFFIRMATION AGREEMENT, dated as of February 11, 2010 (this “Agreement”), is entered into by and among McJunkin Red Man Corporation, a West Virginia corporation (the “Issuer”), each of the Subsidiaries of the Issuer listed on the signature pages hereto (each such entity being a “Subsidiary Grantor” and, collectively, the “Subsidiary Grantors”) and U.S. Bank National Association, as Collateral Trustee (such term and each other capitalized term, unless otherwise specified herein, shall have the meanings ascribed to them in the Indenture described below).

**WHEREAS**, reference is made to (a) that certain Indenture, dated as of December 21, 2009 (the “Indenture”), by and among the Issuer, McJunkin Red Man Holding Corporation, a Delaware corporation (“Holdings” and, together with the Issuer and the Subsidiary Grantors, the “Reaffirming Parties”), the Subsidiary Grantors and U.S. Bank National Association, as trustee thereunder, and (b) that certain Purchase Agreement, dated as of February 8, 2010 (the “Purchase Agreement”), among the Issuer, Holdings, the Subsidiary Grantors and Goldman, Sachs & Co. and Barclays Capital Inc. as representatives of the purchasers named therein;

**WHEREAS**, each Reaffirming Party (other than Holdings) is party to one or more of the Security Documents;

**WHEREAS**, each Reaffirming Party has realized, and continues to realize, substantial direct and indirect benefits as a result of the Indenture becoming effective and the consummation of the transactions contemplated thereby, including the issuance and sale of \$50,000,000 aggregate principal amount of Notes on the date hereof under the Indenture pursuant to the Purchase Agreement (the “Add-On Notes”);

**WHEREAS**, each Reaffirming Party expects to realize substantial direct and indirect benefits as a result of the Purchase Agreement becoming effective and the consummation of the transactions contemplated thereby; and

**WHEREAS**, the execution and delivery of this Agreement is a condition precedent to the consummation of the transactions contemplated by the Purchase Agreement.

**NOW, THEREFORE**, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

#### Reaffirmation and Acknowledgment

##### SECTION 1.01 Reaffirmation.

Each Reaffirming Party hereby consents to the Purchase Agreement and the transactions contemplated thereby and hereby ratifies and reaffirms all payment and performance obligations, contingent or otherwise, and undertakings arising under or pursuant to its respective agreements, guarantees, pledges and grants of security interests and Liens, as applicable, under and subject to

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the terms of the Indenture and each Security Document to which it is party, and agrees that, notwithstanding the effectiveness of the Purchase Agreement and the consummation of the transactions contemplated thereby, such guarantees, pledges and grants of security interests and Liens are in full force and effect and shall hereafter continue to guarantee the Obligations under the Priority Lien Documents and secure the "Obligations" (under and as defined in the Security Agreement), as applicable.

#### SECTION 1.02 Acknowledgment.

Each of the Reaffirming Parties acknowledges that (a) the Add-On Notes are "Additional Notes" (under and as defined in the Indenture), (b) the Holders from time to time of the Add-On Notes are (i) "Additional Senior Secured Notes Secured Parties" (under and as defined in the Intercreditor Agreement), (ii) holders of "Priority Lien Obligations" (under and as defined in the Collateral Trust Agreement) and (iii) "Additional Senior Secured Notes Secured Parties" (under and as defined in the Security Agreement) and (c) all obligations of the Reaffirming Parties in respect of the Add-On Notes are (i) "Additional Senior Secured Notes Obligations" (under and as defined in the Intercreditor Agreement), (ii) "Priority Lien Obligations" (under and as defined in the Collateral Trust Agreement) and (iii) and "Obligations" (under and as defined in the Security Agreement).

### ARTICLE II

#### Miscellaneous

##### SECTION 2.01 Senior Secured Notes Document; Priority Lien Document.

This Agreement is (i) a "Senior Secured Notes Document" (under and as defined in the Intercreditor Agreement), (ii) a "Priority Lien Document" (under and as defined in the Collateral Trust Agreement) and (iii) a "Senior Secured Notes Document" (under and as defined in the Security Agreement).

##### SECTION 2.02 Effectiveness; Counterparts.

This Agreement shall become effective on the date when copies hereof (which, when taken together, bear the signatures of each of the Reaffirming Parties set forth on the signature pages hereto and the Collateral Trustee) shall have been received by the Collateral Trustee. This Agreement may not be amended nor may any provision hereof be waived except with the prior written consent of all parties hereto. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

##### SECTION 2.03 No Novation; No Offset.

This Agreement shall not discharge, release or modify the obligations for the payment of money outstanding under the Notes or the perfection or priority of any Security Document, any Lien thereunder or any other security therefor. Nothing herein contained shall be construed as a

substitution or novation of the obligations outstanding under the Notes or instruments securing such obligations, which shall remain in full force and effect. Nothing in this Agreement shall be construed as a release or other discharge of any Reaffirming Party under any Security Document from any of its obligations and liabilities under the Notes or the Security Documents. Each Reaffirming Party acknowledges that on the date hereof all outstanding Obligations under the Priority Lien Documents are payable in accordance with their terms.

SECTION 2.04 **GOVERNING LAW.**

**THIS AGREEMENT AND THE RIGHTS AND OBLIGATION OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE “SUBMISSION TO JURISDICTION; WAIVERS” PROVISIONS OF THE INTERCREDITOR AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE.**

SECTION 2.05 **No Amendments.**

Except as expressly set forth herein, no amendments to any documents are intended hereby.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, each Reaffirming Party and the Collateral Trustee have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

Issuer:

**MCJUNKIN RED MAN CORPORATION (f/k/a  
McJunkin Corporation)**

By /s/ Andrew Lane  
Name: Andrew Lane  
Title: President and Chief Executive Officer

Holdings:

**MCJUNKIN RED MAN HOLDING CORPORATION**

By /s/ Andrew Lane  
Name: Andrew Lane  
Title: Chairman of the Board,  
President and Chief Executive Officer

Subsidiary Grantors:

**MCJUNKIN RED MAN DEVELOPMENT  
CORPORATION  
MCJUNKIN NIGERIA LIMITED  
MCJUNKIN-PUERTO RICO CORPORATION  
MILTON OIL & GAS COMPANY  
GREENBRIER PETROLEUM CORPORATION  
RUFFNER REALTY COMPANY  
MCJUNKIN-WEST AFRICA CORPORATION  
MRC MANAGEMENT COMPANY  
MRM OKLAHOMA MANAGEMENT LLC  
MIDWAY- TRISTATE CORPORATION**

By: /s/ Andrew Lane  
Name: Andrew Lane  
Title: President and Chief Executive Officer

*Reaffirmation Agreement*

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Acknowledged and Agreed to by:

**U.S. BANK NATIONAL ASSOCIATION, as Collateral  
Trustee**

By: /s/ Richard Prokosch

Name: Richard Prokosch

Title: Vice President

*Reaffirmation Agreement*

[Fried Frank letterhead]

March 24, 2011

McJunkin Red Man Corporation  
2 Houston Center  
909 Fannin, Suite 3100  
Houston, TX 77010

Ladies and Gentlemen:

We have acted as special counsel to McJunkin Red Man Corporation, a Delaware corporation (the “Company”), and each of the guarantors listed on Schedule A hereto (the “Guarantors”) in connection with the Company’s offer to exchange up to \$1,050,000,000 in aggregate principal amount of its 9.50% Senior Secured Notes due December 15, 2016 (the “Exchange Notes”), which are being registered under the Securities Act of 1933, as amended (the “Securities Act”), for a like principal amount of its 9.50% Senior Secured Notes due December 15, 2016 that were issued on December 21, 2009 and February 11, 2010, (the “Outstanding Notes”, and together with the Exchange Notes, the “Notes”) pursuant to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on March 24, 2011 (the “Registration Statement”). Pursuant to the Indenture (as defined below) the Outstanding Notes are, and the Exchange Notes will be, unconditionally guaranteed, jointly and severally, on the terms and subject to the conditions set forth in the Indenture (the “Outstanding Note Guarantees” and the “Exchange Note Guarantees”, respectively). All capitalized terms used herein that are defined in, or by reference in, the Indenture have the meanings assigned to such terms therein or by reference therein, unless otherwise defined herein. With your permission, all assumptions and statements of reliance herein have been made without any independent investigation or verification on our part except to the extent otherwise expressly stated, and we express no opinion with respect to the subject matter or accuracy of such assumptions or items relied upon.

In connection with this opinion, we have (i) investigated such questions of law, (ii) examined originals or certified, conformed, facsimile, electronic, photostatic or reproduction copies of such agreements, instruments, documents and records of the Company and the Guarantors, such certificates of public officials and such other documents and (iii) received

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such information from officers and representatives of the Company and the Guarantors and others, in each case, as we have deemed necessary or appropriate for the purposes of this opinion. We have examined, among other documents, the following:

- (a) the Indenture, dated as of December 21, 2009, among the Company, the Guarantors and U.S. Bank National Association, as trustee (as supplemented, the “Indenture”);
- (b) the Outstanding Notes and the Outstanding Note Guarantees; and
- (c) the forms of Exchange Notes and the Exchange Note Guarantees.

The documents referred to in items (a) through (c) above are collectively referred to as the “Documents.”

In all such examinations, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of original and certified documents and the conformity to original or certified documents of all copies submitted to us as conformed, facsimile, electronic or reproduction copies. As to various questions of fact relevant to the opinions expressed herein, we have relied upon, and assume the accuracy of, any representations and warranties contained in the Documents and certificates and oral or written statements and other information of or from public officials, officers or other appropriate representatives of the Company, the Guarantors and others and assume compliance on the part of all parties to the Documents with their covenants and agreements contained therein.

To the extent it may be relevant to the opinions expressed herein, we have assumed that (i) the Exchange Notes will be duly authenticated and delivered by the Trustee in accordance with the terms of the Indenture, against receipt of the Outstanding Notes surrendered in exchange therefor, (ii) that all of the parties to the Documents (other than the Company and the Guarantors organized in Delaware or New York) are validly existing and in good standing under the laws of their respective jurisdictions of organization and have the power and authority to (a) execute and deliver the Documents, (b) perform their obligations thereunder and (c) consummate the transactions contemplated thereby, (iii) that the Documents have been duly authorized, executed and delivered by all of the parties thereto (other than the Company and the Guarantors organized in Delaware or New York), the execution thereof does not violate the charter, the by-laws or any other organizational document of any such parties (other than the Company and the Guarantors organized in Delaware or New York) or the laws of the jurisdiction of incorporation of any such parties (other than the Company and the Guarantors organized in Delaware or New York) and each of the Documents constitutes valid and binding obligations of all the parties thereto (other than the Company and the Guarantors), enforceable against such parties in accordance with their respective terms, and (iv) that all of the parties to the Documents will comply with all laws applicable thereto.



Based upon the foregoing, and subject to the limitations, qualifications and assumptions set forth herein, we are of the opinion that:

1. The Exchange Notes, when executed, issued and delivered in accordance with the terms of the Indenture in exchange for the Outstanding Notes in the manner contemplated by the Registration Statement, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.
2. The Exchange Note Guarantees by the Guarantors, when the Exchange Notes have been duly executed, issued and delivered in accordance with the terms of the Indenture in exchange for the Outstanding Notes in the manner contemplated by the Registration Statement, will constitute a valid and binding obligation of each of the Guarantors, enforceable against each of the Guarantors in accordance with their terms.

The opinions set forth above are subject to the following qualifications:

(A) We express no opinion as to the validity, binding effect or enforceability of any provision of the Documents relating to indemnification, contribution or exculpation.

(B) We express no opinion as to the validity, binding effect or enforceability of any provision of the Documents:

(i) (a) containing any purported waiver, release, variation, disclaimer, consent or other agreement of similar effect (all of the foregoing, collectively, a “Waiver”) by the Company or the Guarantors under any of such Documents to the extent limited by provisions of applicable law (including judicial decisions), or to the extent that such a Waiver applies to a right, claim, duty, defense or ground for discharge otherwise existing or occurring as a matter of law (including judicial decisions), except to the extent that such a Waiver is effective under, and is not prohibited by or void or invalid under provisions of applicable law (including judicial decisions); or (b) with respect to any Waiver in the Exchange Note Guarantees insofar as it relates to causes or circumstances that would operate as a discharge or release of, or defense available to, the Guarantors thereunder as a matter of law (including judicial decisions), except to the extent such Waiver is effective under and is not prohibited by or void or invalid under applicable law (including judicial decisions)

(ii) related to (I) forum selection or submission to jurisdiction (including, without limitation, any waiver of any objection to venue in any court or of any objection that a court is an inconvenient forum) to the extent the validity, binding effect or enforceability of any provision is to be determined by any court other than a court of the State of New York, or (II) choice of governing law to the extent that the validity, binding effect or enforceability of any such provision is to be determined by any court other than a court of the State of New York or a federal district court sitting in the State of New York, in

each case, applying the law and choice of law principles of the State of New York;

(iii) specifying that provisions thereof may be waived only in writing, to the extent that an oral agreement or an implied agreement by trade practice or course of conduct has been created that modifies any provision of such agreement;

(iv) purporting to give any person or entity the power to accelerate obligations without any notice to the obligor; and

(v) which may be considered to be in the nature of a penalty.

(C) Our opinions are subject to the following:

(i) bankruptcy, insolvency, reorganization, moratorium and other laws (or related judicial doctrines) now or hereafter in effect affecting creditors' rights and remedies generally;

(ii) general equitable principles (including, without limitation, standards of materiality, good faith, fair dealing and reasonableness, equitable defenses and limits on the availability of equitable remedies) whether such principles are considered in a proceeding in equity or at law; and

(iii) the application of any applicable fraudulent conveyance, fraudulent transfer, fraudulent obligation, or preferential transfer law or any law governing the distribution of assets of any person now or hereafter in effect affecting creditors' rights and remedies generally.

(D) Provisions in the Exchange Note Guarantee and the Indenture that provide that the Guarantors' liability thereunder shall not be affected by (i) actions or failures to act on the part of the recipient, the holders or the Trustee, (ii) amendments or waivers of provisions of documents governing the guaranteed obligations or (iii) other actions, events or circumstances that make more burdensome or otherwise change the obligations and liabilities of the Guarantors might not be enforceable under certain circumstances and in the event of actions that change the essential nature of the terms and conditions of the guaranteed obligations. With respect to each Guarantor, we have assumed that consideration that is sufficient to support the agreements of each Guarantor under the Documents has been received by each Guarantor.

The opinions expressed herein are limited to the laws of the State of New York and, to the extent relevant, the General Corporation Law of the State of Delaware, each as currently in effect, together with applicable provisions of the Constitution of Delaware and relevant decisional law, and no opinion is expressed with respect to any other laws or any effect that such other laws may have on the opinions expressed herein. Insofar as the opinions expressed herein involve the laws of the State of Texas, we have relied with your permission solely on the opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P., addressed to you on March 24, 2011 and filed as Exhibit 5.2 to the Registration Statement. Insofar as the opinions expressed herein involve the laws of the State of West Virginia, we have relied with your permission solely on the opinion of Bowles Rice McDavid Graff & Love LLP, addressed to you on March 24, 2011 and filed as Exhibit 5.3 to the Registration Statement.

The opinions expressed herein are given as of the date hereof, and we undertake no obligation to supplement this letter if any applicable laws change after the date hereof or if we become aware of any facts that might change the opinions expressed herein or for any other reason.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to this firm under the caption “Legal Matters” in the prospectus that is included in the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act.

Very truly yours,

/s/ Fried, Frank, Harris, Shriver & Jacobson LLP

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON LLP

SCHEDULE A

Greenbrier Petroleum Corporation, a West Virginia corporation

McJunkin Nigeria Limited, a Delaware corporation

McJunkin-Puerto Rico Corporation, a Delaware corporation

McJunkin Red Man Development Corporation, a Delaware corporation

McJunkin Red Man Holding Corporation, a Delaware corporation

McJunkin-West Africa Corporation, a Delaware corporation

Midway-Tristate Corporation, a New York corporation

Milton Oil & Gas Company, a West Virginia corporation

MRC Management Company, a Delaware corporation

Ruffner Realty Company, a West Virginia corporation

The South Texas Supply Company, Inc., a Texas corporation

[Jones Walker letterhead]

March 24, 2011

McJunkin Red Man Corporation  
2 Houston Center  
909 Fannin, Suite 3100  
Houston, TX 77010

Re: Subsidiary Guarantee Opinion

Ladies and Gentlemen:

We have acted as special Texas counsel to McJunkin Red Man Corporation, a Delaware corporation (the “Issuer”), and The South Texas Supply Company, Inc., a Texas corporation (the “Guarantor”), in connection with matters related to the execution and delivery of the Exchange Note Guarantee (as defined below) by the Guarantor, which are being delivered in connection with the Issuer’s offer to exchange up to \$1,050,000,000 in aggregate principal amount of its 9.50% Senior Secured Notes due December 15, 2016 (the “Exchange Notes”), which are being registered under the Securities Act of 1933, as amended (the “Securities Act”), for a like principal amount of its 9.50% Senior Secured Notes due December 15, 2016 that were issued on December 21, 2009 and February 11, 2010, respectively (the “Outstanding Notes”, and together with the Exchange Notes, the “Notes”) pursuant to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on March 24, 2011 (the “Registration Statement”). Pursuant to the Indenture, dated as of December 21, 2009, among the Company, the guarantors named therein and U.S. Bank National Association, as trustee (as supplemented, the “Indenture”), the Exchange Notes will be unconditionally guaranteed, jointly and severally, on the terms and subject to the conditions set forth in the Indenture (the “Exchange Note Guarantees”). All capitalized terms used herein that are defined in, or by reference in, the Indenture have the meanings assigned to such terms therein or by reference therein, unless otherwise defined herein.

You are aware, and we hereby confirm, that we have not represented either the Issuer or the Guarantor with respect to the preparation, negotiation or execution of the Indenture, the Exchange Notes, the Registration Statement or any documents ancillary thereto or transactions contemplated thereby. We have been retained by the Issuer and the Guarantor for the sole and limited purpose of rendering the opinions set forth herein. By your acceptance of this opinion, you acknowledge the foregoing and confirm that you have consented to the rendering of the opinions set forth herein by this firm in light thereof.

In connection with rendering the opinions expressed below, we have examined and relied upon copies of (i) the Registration Statement, (ii) the Indenture which will be filed with the SEC as an exhibit to the Registration Statement, (iii) the Written Consent of the Sole Director of the Guarantor, dated March 20, 2011 (the “Written Consent”), (iv) the

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Guarantor's certificate of incorporation, as amended, and the bylaws of Guarantor, dated December 27, 1996, and (v) other instruments as we have deemed relevant and necessary to enable us to express the opinions hereinafter set forth.

In connection with our examination of such documents, we have assumed without independent investigation or verification (i) that each of the documents and instruments reviewed by us has been duly authorized, executed and delivered by each of the parties thereto other than the Guarantor and is enforceable against such parties in accordance with the terms thereof, (ii) the authenticity of all documents and instruments submitted to us as originals, (iii) the conformity to the originals of all documents and instruments submitted to us as conformed, certified or photostatic copies, (iv) the accuracy and completeness of all corporate records made available to us by the Company, (v) the absence of any other documents, instruments, records, agreements, course of prior dealings or understandings that alter, modify or change in any way the terms of any documents, records or agreements provided to or reviewed by us or the validity or accuracy of the representations made to us orally or as set forth in any documents, instruments, records or agreements provided to or reviewed by us, (vi) the genuineness of all signatures on all documents and instruments examined by us, (vii) that adequate consideration and value have been given for the obligations incurred pursuant to the Indenture, (viii) the power and legal capacity of all persons (other than the Guarantor) who have executed documents reviewed by us hereunder, (ix) that the individual executing the Written Consent is the duly elected sole director of the Guarantor, and (x) that the Indenture is the valid and legally binding obligation of the Trustee. We express no opinion with respect to the subject matter or accuracy of such assumptions or items relied upon.

Based upon the foregoing, and subject to the qualifications and limitations stated herein, we are of the opinion that:

1. The Guarantor is validly existing as a corporation in good standing under the laws of the State of Texas.
2. The Guarantor has the corporate power and authority to execute and deliver the Exchange Note Guarantees and perform its obligations thereunder; and
3. The Exchange Note Guarantees have been duly authorized by the Guarantor.

The opinions expressed herein are limited to the effect of the laws of the State of Texas. We do not express any opinion herein concerning any law other than the laws of the State of Texas. This opinion is limited in all respects to Applicable Law as now in effect and which has been published and is generally available in a format which makes legal research reasonably feasible. As used in this letter, the phrase "Applicable Law" shall mean the internal laws of the State of Texas which, in our experience, are normally applicable to transactions of the type contemplated by the Indenture. No opinion is expressed as to the

effect of any other laws of the State of Texas, or the laws of any other jurisdiction, including but not limited to the federal laws of the United States.

We undertake no obligation, and hereby disclaim any obligation, to update or supplement this opinion letter with respect to subsequent changes in the law or the facts presently in effect that would alter the scope or substance of the opinions herein expressed. This letter expresses our legal opinion as to the foregoing matters based upon our professional judgment at this time. It is not, however, to be construed as a guaranty, nor is it a warranty that a court considering such matters would not rule in a manner contrary to the opinions set forth above. The manner in which any particular issue would be treated in any actual court case would depend in part on the facts and circumstances particular to that case.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the prospectus that is included in the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the SEC promulgated thereunder. This opinion letter may be relied upon by Fried, Frank, Harris, Shriver & Jacobson LLP, as if it were addressed to it, in rendering its opinions in connection with the registration of the offer and sale of the Exchange Notes and the sale and issuance of the Exchange Notes as described in the Registration Statement.

Very truly yours,

/s/ Jones, Walker, Waechter, Poitevent Carrère & Denègre, L.L.P.

Jones, Walker, Waechter, Poitevent  
Carrère & Denègre, L.L.P.

101 South Queen Street  
Martinsburg, West Virginia 25401  
(304) 263-0836



5th Floor, United Square  
501 Avery Street  
Parkersburg, West Virginia 26101  
(304) 485-8500

7000 Hampton Center  
Morgantown, West Virginia 26505  
(304) 285-2500

600 Quarrier Street  
Charleston, West Virginia 25301

480 West Jubal Early Drive  
Suite 130  
Winchester, Virginia 22601  
(540) 723-8877

333 West Vine Street, Suite 1700  
Lexington, Kentucky 40507-1639  
(859) 252-2202

Post Office Box 1386  
Charleston, West Virginia 25325-1386  
(304) 347-1100

www.bowlesrice.com

Amy J. Tawney  
Telephone — (304) 347-1123  
Facsimile — (304) 343-3058

March 24, 2011

E-Mail Address:  
atawney@bowlesrice.com

McJunkin Red Man Corporation  
2 Houston Center  
909 Fannin, Suite 3100  
Houston, Texas 77010

Re: Exchange of 9.50% Senior Secured Notes Due 2016 of  
McJunkin Red Man Corporation

Ladies and Gentlemen:

We have acted as special West Virginia counsel to Milton Oil & Gas Company, Ruffner Realty Company and Greenbrier Petroleum Corporation, each a West Virginia corporation (collectively, the "WV Guarantors"), in connection with the offer by McJunkin Red Man Corporation, a Delaware corporation (the "Issuer") to exchange up to \$1,050,000,000 in aggregate principal amount of its 9.50% Senior Secured Notes due December 15, 2016 (the "Exchange Notes"), which are being registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its 9.50% Senior Secured Notes due December 15, 2016 that were issued on December 21, 2009 and February 11, 2010, respectively (the "Outstanding Notes", and together with the Exchange Notes, the "Notes") pursuant to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on March 24, 2011 (the "Registration Statement"). Pursuant to the Indenture, dated as of December 21, 2009, among the Issuer, the guarantors named therein and U.S. Bank National Association, as trustee (as supplemented, the "Indenture"), the Exchange Notes will be unconditionally guaranteed, jointly and severally, on the terms and subject to the conditions set forth in the Indenture. All capitalized terms used herein that are defined in, or by reference in, the Indenture have the meanings assigned to such terms therein or by reference therein, unless otherwise defined herein.

In arriving at the opinions expressed below, we have examined and relied on the following documents:

(a) Registration Statement;

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March 24, 2011

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(b) The Indenture relating to the Securities dated December 21, 2009, by and among the Issuer, the Guarantors and U.S. Bank National Association, as trustee (the “Trustee”);

(c) The Notation of Guarantee to be executed by each of the WV Guarantors upon consummation of the exchange offer (the “Exchange Note Guarantees”);

(d) Unanimous Written Consent of Sole Director of Milton Oil & Gas Company dated December 11, 2009;

(e) Unanimous Written Consent of Sole Director of Ruffner Realty Company, dated December 11, 2009;

(f) Unanimous Written Consent of Sole Director of Greenbrier Petroleum Corporation, dated December 11, 2009;

(g) Unanimous Written Consent of Sole Director of Milton Oil & Gas Company dated February 8, 2010;

(h) Unanimous Written Consent of Sole Director of Ruffner Realty Company, dated February 8, 2010;

(i) Unanimous Written Consent of Sole Director of Greenbrier Petroleum Corporation, dated February 8, 2010;

(j) Articles of Incorporation, dated November 13, 1974, as certified by the Office of the Secretary of State of West Virginia on March 18, 2011, and Bylaws for Milton Oil & Gas Company;

(k) Articles of Incorporation, dated November 13, 1974, as certified by the Office of the Secretary of State of West Virginia on March 18, 2011, and Bylaws for Ruffner Realty Company;

(l) Articles of Incorporation, dated May 24, 1976, as amended on August 5, 1976, as certified by the Office of the Secretary of State of West Virginia on March 18, 2011, and Bylaws for Greenbrier Petroleum Company; and

(m) Certificates of Existence for the WV Guarantors issued by the Office of the Secretary of State of West Virginia on March 14, 2011.

The documents listed in items (a) through (m), inclusive, of the preceding paragraph are hereinafter referred to as the “Transaction Documents.”

As to questions of fact material to the opinions set forth below, we have also relied on documents, instruments and certificates of public officials, and of the officers and representatives

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March 24, 2011

Page 3

of the Issuer and the WV Guarantors, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinions expressed below. We have made no independent investigation of the records of the Issuer or the WV Guarantors or any other party to any of the Transaction Documents other than the review of the Organizational Documents and written consents listed above. We have made no independent investigation as to whether the representations and warranties and other statements in the Transaction Documents and in such other documents, instruments and certificates are accurate or complete.

In rendering the opinions expressed below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as copies and the authenticity of the originals of such copies.

For purposes of this opinion, we have, with your permission, assumed without independent investigation that:

- (i) the documents submitted to us as originals are authentic and the documents submitted to us as copies conform to the original documents;
- (ii) there has been no mutual mistake of fact, misunderstanding, fraud, duress or undue influence; and
- (iii) Each certificate issued by any government official, office or agency is accurate, complete and authentic, and all official public records (including their indexing and filing) are accurate and complete.

Based on the foregoing, and subject to the additional assumptions, qualifications and limitations set forth below, we are of the opinion that:

1. Each of the WV Guarantors is duly organized and validly existing as a corporation under the laws of the State of West Virginia.
2. Each of the WV Guarantors has the full corporate power and authority to execute, deliver and perform its obligations under the Exchange Note Guarantees.
3. The Exchange Note Guarantees have been duly authorized by each of the WV Guarantors.

Our opinion is further subject to the following qualifications:

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March 24, 2011

Page 4

A. We express no opinion regarding the laws of any jurisdiction other than the laws of the State of West Virginia. The opinions expressed herein concern only the effect of the laws (excluding the principles of conflict of laws as applied by courts in other states) of the State of West Virginia. We assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware of any facts that might change the opinions expressed herein after the date hereof.

B. For purposes of our opinion in paragraph 1, we have relied exclusively upon certificates of existence from the Office of the Secretary of State of West Virginia.

C. Our opinions as to laws, statutes, rules or regulations are based upon a review of those laws, statutes, rules or regulations which are normally applicable to transactions of the type contemplated by the Transaction Documents. We have not examined and we express no opinion with regard to the applicability of, compliance with, or liability under, any federal, State or local law, ordinance or regulation governing or pertaining to environmental matters, hazardous wastes, toxic substances, asbestos or the like, or subdivision, land development, land use or zoning, or construction, building or occupancy, fire safety or disabilities. We express no opinion as to whether any of the Transaction Documents and the transactions contemplated hereunder are subject to the application of, or whether the parties are in compliance with, Federal or State securities laws or tax laws, or antitrust and unfair competition laws, or patent, trademark or copyright laws, or pension, employee benefit, health, safety or labor laws.

D. Any provisions of the Transaction Documents providing for the acceleration of any indebtedness and enforcement of collateral security may be limited by statutes or judicial decisions which give the WV Guarantors the right to reinstate any promissory note and deed of trust or mortgage before or after any foreclosure sale by paying all delinquent payments due, and by paying certain other costs and expenses.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to this firm under the caption "Legal Matters" in the prospectus that is included in the Registration Statement. In giving this consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the SEC promulgated thereunder. This opinion letter may be relied upon by Fried, Frank, Harris, Shriver & Jacobson LLP, as if it were addressed to it, in rendering its opinions in connection with the registration of the offer and sale of the Exchange Notes and the sale and issuance of the Exchange Notes as described in the Registration Statement.

The opinions expressed in this letter are limited to the matters set forth in this opinion letter, and no other opinions should be inferred beyond the matters expressly herein stated.

Very truly yours,

/s/ Bowles Rice McDavid Graff & Love LLP

BOWLES RICE MCDavid GRAFF & LOVE LLP

AJT/jam  
Enclosures

## JOINDER AGREEMENT

JOINDER AGREEMENT, dated as of January 2, 2009 (this "Agreement"), by and among Barclays Bank PLC (a "New Loan Lender"), McJunkin Red Man Corporation (f/k/a McJunkin Corporation), a West Virginia corporation (the "Borrower"), and The CIT Group/Business Credit, Inc. ("CIT"), as Administrative Agent.

## RECITALS:

WHEREAS, reference is hereby made to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among the Borrower, the Lenders party thereto, CIT, as Administrative Agent, and CIT and Bank of America, N.A., collectively, as Collateral Agent (capitalized terms used but not defined herein having the meaning provided in the Credit Agreement); and

WHEREAS, subject to the terms and conditions of the Credit Agreement, the Borrower may establish New Revolving Credit Commitments by, among other things, entering into one or more Joinder Agreements with New Revolving Loan Lenders, as applicable.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. The New Loan Lender party hereto hereby agrees to commit to provide its respective New Revolving Credit Commitment, as set forth on Schedule A annexed hereto, on the terms and subject to the conditions set forth below:

SECTION 2. The New Loan Lender (a) confirms that it has received a copy of the Credit Agreement and the other Credit Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (b) agrees that it will, independently and without reliance upon the Administrative Agent or any other New Loan Lender or any other Lender or Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (c) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Credit Documents as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (d) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a New Revolving Loan Lender.

SECTION 3. The New Loan Lender hereby agrees to make its respective Commitment on the following terms and conditions:

a. Credit Agreement Governs. Except as set forth in this Agreement, the New Revolving Loans shall otherwise be subject to the provisions of the Credit Agreement and the other Credit Documents.

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b. Borrower Certifications. By its execution of this Agreement, the undersigned officer, to the best of his or her knowledge, and Borrower hereby certifies that (i) the representations and warranties contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects on and as of the date hereof to the same extent as though made on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date; (ii) no Default or Event of Default exists on the date hereof (both before and after giving to the New Revolving Credit Commitment contemplated by this Agreement); and (iii) Borrower has performed in all material respects all agreements and satisfied all conditions which the Credit Agreement (including, without limitation, Section 2.14(a)(y) thereof) provides shall be performed or satisfied by it on or before the date hereof.

c. Borrower Covenants. By its execution of this Agreement, Borrower hereby covenants that: (i) it shall make any payments required pursuant to Section 2.11 of the Credit Agreement in connection with the New Revolving Credit Commitments; and (ii) it shall deliver or cause to be delivered the following legal opinions and documents: executed legal opinions of Simpson Thacher & Bartlett, special counsel to the Borrower, and Bowles Rice McDavid Graff & Love LLP, special counsel to the Borrower, a certificate executed by a Financial Officer of the Borrower attaching calculations evidencing compliance with Section 2.14(a)(y) of the Credit Agreement and all other documents reasonably requested by the Administrative Agent in connection with this Agreement.

d. Notice. For purposes of the Credit Agreement, the initial notice address of the New Loan Lender shall be as set forth below its signature below.

e. Tax Forms. For the New Loan Lender, delivered herewith to the Administrative Agent are such forms, certificates or other evidence with respect to United States federal income tax withholding matters as the New Loan Lender may be required to deliver to the Administrative Agent pursuant to Section 5.4(d) and/or Section 5.4(e) of the Credit Agreement.

f. Recordation of the New Loans. Upon execution and delivery hereof, the Administrative Agent will record the New Revolving Loans, made by the New Loan Lender in the Register.

g. Amendment, Modification and Waiver. This Agreement may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto.

h. Entire Agreement. This Agreement, the Credit Agreement and the other Credit Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

i. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND

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SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

j. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as would be enforceable.

k. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

*[Remainder of page intentionally left blank].*

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IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Joinder Agreement as of the date first above written.

MCJUNKIN RED MAN CORPORATION  
(f/k/a McJunkin Corporation)

By: /s/ James F. Underhill

Name: James F. Underhill

Title: Executive Vice President and  
Chief Financial Officer

MCJUNKIN RED MAN CORPORATION  
Joinder Agreement

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BARCLAYS BANK PLC

By: /s/ Douglas Bernegger

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Name: DOUGLAS BERNEGGER  
Title: DIRECTOR

Notice Address: c/o Barclays Capital  
745 7<sup>th</sup> Avenue, 21<sup>st</sup> Floor  
New York, NY 10119

Attention: Maria Lund  
Telephone: (212) 526-1456  
Facsimile: (212) 526-5115

MCJUNKIN RED MAN CORPORATION  
Joinder Agreement

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Consented to by:

THE CIT GROUP/BUSINESS CREDIT, INC.,  
as Administrative Agent

By: /s/ Carmen Caporrino

Name: Carmen Caporrino

Title: Vice President

MCJUNKIN RED MAN CORPORATION  
Joinder Agreement

JOINDER PURCHASE AGREEMENT

JOINDER PURCHASE AGREEMENT, dated as of January 2, 2009 (this "Agreement"), by Barclays Bank PLC ("New Loan Lender") and acknowledged by McJunkin Red Man Corporation (f/k/a McJunkin Corporation), a West Virginia corporation (the "Borrower") and The CIT Group/Business Credit, Inc. ("CIT"), as Administrative Agent.

RECITALS:

WHEREAS, reference is hereby made to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among the Borrower, the Lenders party thereto, CIT, as Administrative Agent, and CIT and Bank of America, N.A., collectively, as Collateral Agent (capitalized terms used but not defined herein having the meaning provided in the Credit Agreement);

WHEREAS, reference is hereby made to that certain Joinder Agreement dated as of even date herewith, among the Borrower, New Loan Lender and Administrative Agent (the "Joinder Agreement"); and

WHEREAS, pursuant to the Joinder Agreement, New Loan Lender has agreed to provide a New Revolving Credit Commitment in the amount and on the terms and conditions set forth in the Joinder Agreement.

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. Pursuant to Section 2.14(b) of the Credit Agreement, each of the Lenders agreed to assign to New Loan Lender a portion of its interests in the outstanding Revolving Credit Loans such that after giving effect to the Joinder Agreement, such Revolving Credit Loans will be held by such Lenders and the New Loan Lender ratably in accordance with their respective Revolving Credit Commitments. New Loan Lender hereby agrees to transfer to Administrative Agent a total aggregate amount of \$72,799,544.28 to purchase such portions of the outstanding Revolving Credit Loans, and the Administrative Agent agrees to distribute the proceeds of such payment to the existing Lenders in amounts necessary to cause the Revolving Credit Loans to be held by each existing Lenders and the New Loan Lender ratably in accordance with their respective Revolving Credit Commitments as reflected in the Register at the close of business on the date hereof.

SECTION 2. Administrative Agent shall deliver notice to each of the existing Lenders of the transfers and distributions described in Section 1 (which notice shall be deemed delivered by the acceptance of such Lenders of the proceeds of the distribution made to such Lenders pursuant to Section 1 hereof). Upon the delivery of such notice, each of the existing Lenders shall have been deemed to have assigned to New Loan Lender the applicable portion of the Revolving Credit Loans held by such existing Lender without further action by any Person.

SECTION 3. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE

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CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 4. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

*[Remainder of page intentionally left blank].*

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IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Joinder Purchase Agreement as of the date first above written.

BARCLAYS BANK PLC

By: /s/ Douglas Bernegger

Name: DOUGLAS BERNEGGER

Title: DIRECTOR

MCJUNKIN RED MAN CORPORATION

Joinder Purchase Agreement

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Acknowledged and Agreed  
as of the date first above written:

THE CIT GROUP/BUSINESS CREDIT, INC.,  
as Administrative Agent

By: /s/ Carmen Caporrino

Name: Carmen Caporrino

Title: Vice President

MCJUNKIN RED MAN CORPORATION  
Joinder Purchase Agreement

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Acknowledged and Agreed  
as of the date first above written:

MCJUNKIN RED MAN CORPORATION  
(f/k/a Mcjunkin Corporation)

By: /s/ James F. Underhill

Name: James F. Underhill

Title: Executive Vice President and  
Chief Financial Officer

MCJUNKIN RED MAN CORPORATION  
Joinder Purchase Agreement

**FIRST AMENDMENT  
TO REVOLVING LOAN CREDIT AGREEMENT**

THIS FIRST AMENDMENT TO REVOLVING LOAN CREDIT AGREEMENT (this “Amendment”) is dated as of December 21, 2009 and is entered into by and among MCJUNKIN RED MAN CORPORATION (f/k/a McJunkin Corporation), a West Virginia corporation (the “Borrower”), CERTAIN FINANCIAL INSTITUTIONS listed on the signature pages hereto (the “Lenders”), THE CIT GROUP/BUSINESS CREDIT, INC. (“CIT”), as Administrative Agent (in such capacity, the “Administrative Agent”), and, for purposes of Section IV hereof, the CREDIT SUPPORT PARTIES listed on the signature pages hereto, and is made with reference to that certain REVOLVING LOAN CREDIT AGREEMENT dated as of October 31, 2007 (as amended through the date hereof, the “Credit Agreement”) by and among Borrower, the Lenders, Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as co-lead arrangers and joint bookrunners, Administrative Agent, CIT and Bank of America, N.A., as co-collateral agents, Bank of America, N.A., as syndication agent, and JPMorgan Chase Bank, N.A., Wachovia Bank, N.A. and PNC Bank, National Association, as co-documentation agents. Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Credit Agreement after giving effect to this Amendment.

**RECITALS**

**WHEREAS**, the Credit Parties have requested that Required Lenders agree to amend certain provisions of the Credit Agreement as provided for herein to, among other things, permit (i) the issuance of the Senior Secured Notes (as hereinafter defined), the proceeds of which will be used, in part, to repay the Term Loans and the Indebtedness of Parent Borrower (as hereinafter defined) under the Parent Borrower Credit Agreement (as hereinafter defined), (ii) a dividend to Parent Borrower in the minimum amount necessary to permit Parent Borrower to repay its Indebtedness under the Parent Borrower Credit Agreement (including accrued interest and related fees and expenses) and (iii) permit the Senior Secured Notes to be secured by the same collateral securing the Term Loans (other than Stock in the Borrower’s Subsidiaries); and

**WHEREAS**, subject to certain conditions, Required Lenders are willing to agree to such amendment relating to the Credit Agreement.

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

**SECTION I. AMENDMENTS TO CREDIT AGREEMENT**

**1.1 Amendments to Section 1: Definitions.**

**A.** The following definitions set forth in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety to read as follows:

“Applicable ABR Margin” shall mean at any date, with respect to each ABR Loan that is a Revolving Credit Loan or a Swingline Loan, the applicable percentage *per annum* set forth below based upon the Status in effect on such date:

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Status	Applicable ABR Margin for Revolving Credit Loans and Swingline Loans
Level I Status	2.00%
Level II Status	1.75%
Level III Status	1.50%

Notwithstanding the foregoing, the term “Applicable ABR Margin” shall mean, with respect to all ABR Loans, 2.00% *per annum*, during the period from and including the First Amendment Effective Date to but excluding the date on which Section 9.1 Financials are delivered to the Lenders under Section 9.1 for the fiscal quarter ending March 31, 2010.

“Applicable LIBOR Margin” shall mean at any date, with respect to each LIBOR Loan that is a Revolving Credit Loan, the applicable percentage *per annum* set forth below based upon the Status in effect on such date:

Status	Applicable LIBOR Margin for Revolving Credit Loans
Level I Status	3.00%
Level II Status	2.75%
Level III Status	2.50%

Notwithstanding the foregoing, the term “Applicable LIBOR Margin” shall mean, with respect to all LIBOR Loans, 3.00% *per annum*, during the period from and including the First Amendment Effective Date to but excluding the date on which Section 9.1 Financials are delivered to the Lenders under Section 9.1 for the fiscal quarter ending March 31, 2010.

“Commitment Fee Rate” shall mean, with respect to the Available Commitment on any day, the rate *per annum* set forth below opposite the Status in effect on such day:

Status	Commitment Fee Rate
Level I Status	0.50%
Level II Status	0.375%
Level III Status	0.375%

Notwithstanding the foregoing, the term “Commitment Fee Rate” shall mean 0.50% during the period from and including the First Amendment Effective Date to but excluding the date at which Section 9.1 Financials are delivered to the Lenders under Section 9.1 for the fiscal quarter ending March 31, 2010.

“Non-Core Assets” shall mean the assets described on Schedule 1.1(f).



“Permitted Acquisition” shall mean the acquisition, by merger or otherwise, by the Borrower or any of the Restricted Subsidiaries of assets or Stock or Stock Equivalents, so long as (a) such acquisition and all transactions related thereto shall be consummated in accordance with applicable law; (b) such acquisition shall result in the issuer of such Stock or Stock Equivalents becoming a Restricted Subsidiary and a Subsidiary Guarantor, to the extent required by Section 9.11; (c) such acquisition shall result in the Administrative Agent, for the benefit of the Secured Parties, being granted a security interest in any Stock, Stock Equivalent or any assets so acquired, to the extent required by Sections 9.11 and/or 9.17; (d) after giving effect to such acquisition, no Default or Event of Default shall have occurred and be continuing; (e) after giving effect to such acquisition, Excess Availability shall be equal to or greater than \$30,000,000; and (f) any Indebtedness incurred to finance the acquisition is permitted to be incurred by the Senior Secured Notes Indenture.

Notwithstanding the definition of Borrowing Base, in connection with and subsequent to any Permitted Acquisition, the Accounts and Inventory acquired by the Borrower or any Credit Party, or, subject to compliance with Section 9.11 of the Credit Agreement, of the Person so acquired, may be included in the calculation of the Borrowing Base and thereafter if all criteria set forth in the definitions of Eligible Accounts and Eligible Inventory and Borrowing Base Guarantor have been satisfied and, if the aggregate value (or Cost in the case of Inventory) of such Accounts and Inventory is in excess of \$20,000,000 and only to the extent reasonably requested by the Administrative Agent, the Administrative Agent shall have received a collateral audit and appraisal of such Accounts and Inventory acquired by the applicable Credit Parties or owned by such Person acquired by the applicable Credit Parties which shall be reasonably satisfactory in scope, form and substance to the Administrative Agent; provided, that if no collateral audit and appraisal is delivered to and approved by the Administrative Agent with respect to such Accounts and Inventory, then the lowest recovery rates from the current Inventory Appraisal shall apply to such Accounts and Inventory.

“Permitted Additional Debt” shall mean senior unsecured or subordinated Indebtedness, issued by the Borrower or a Subsidiary Guarantor, (a) the terms of which (i) do not provide for any scheduled repayment, mandatory redemption or sinking fund obligation prior to the date that is 180 days following the Revolving Credit Maturity Date (other than customary offers to purchase upon a change of control, asset sale or event of loss and customary acceleration rights after an event of default) and (ii) to the extent subordinated provide for customary subordination to the Obligations under the Credit Documents, (b) the covenants, events of default, guarantees and other terms of which (other than interest rate and redemption premiums), taken as a whole, are not more restrictive to the Borrower and the Subsidiaries than those in this Agreement; provided that a certificate of an Authorized Officer of the Borrower is delivered to the Administrative Agent at least five Business Days (or such shorter period as the Administrative Agent may reasonably agree) prior to the incurrence of such Indebtedness, together with a reasonably detailed description of the material terms and conditions of such Indebtedness or drafts of the documentation relating thereto, stating that the Borrower has determined in good faith that such terms and conditions satisfy the

foregoing requirement shall be conclusive evidence that such terms and conditions satisfy the foregoing requirement unless the Administrative Agent notifies the Borrower within such period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees), and (c) of which no Subsidiary of the Borrower (other than a Guarantor) is an obligor.

**B.** Section 1.1 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical sequence:

“First Amendment” shall mean that certain First Amendment to Revolving Loan Credit Agreement dated as of December 21, 2009 among the Borrower, Administrative Agent, the financial institutions and the Credit Support Parties listed on the signature pages thereto.

“First Amendment Effective Date” shall mean the date of satisfaction of the conditions referred to in Section III of the First Amendment.

“Senior Secured Notes” shall mean the senior secured notes of the Borrower issued from time to time pursuant to the Senior Secured Notes Indenture and any registered notes issued by the Borrower in exchange for, and as contemplated by, such notes with substantially identical terms as such notes, as any such notes may be amended, restated, supplemented, replaced, increased, refinanced or otherwise modified from time to time in accordance with the terms of the Intercreditor Agreement.

“Senior Secured Notes Indenture” shall mean that certain Indenture, dated as of the First Amendment Effective Date, by and among the Borrower, McJunkin Red Man Holding Corporation, the Credit Support Parties party thereto, and the trustee named therein, as the same may be amended, restated, supplemented, replaced, increased, refinanced or otherwise modified from time to time in accordance with the terms of the Intercreditor Agreement.

**1.2** Section 8.15 of the Credit Agreement is hereby amended by deleting the definition “Term Loan Credit Agreement” appearing therein and substituting the definition “Senior Secured Notes Indenture” in its place.

**1.3** Clause (ii) of the proviso to Section 10.1(A) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(ii) such secured Indebtedness has a final maturity date no earlier than the date that is 180 days following the Revolving Credit Maturity Date,”

**1.4** Clause (iii) of the proviso to Section 10.1(A) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(iii) the Liens securing such Indebtedness shall be subordinate to the Liens securing the Obligations and not senior to the Liens securing Indebtedness arising under the Senior Secured Notes Indenture.”

**1.5** Clause (iv) of the proviso to Section 10.1(A) of the Credit Agreement is hereby amended by deleting the phrase “collateral agent under the Term Loan Credit Agreement” appearing therein and substituting the phrase “collateral trustee under the Senior Secured Notes Indenture” in its place.

**1.6** Section 10.1 (B)(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(a) (i) Indebtedness arising under the Credit Documents and (ii) Indebtedness arising under the Senior Secured Notes Indenture; provided, that with respect to any such Indebtedness specified in the subclause (ii) incurred after the First Amendment Effective Date, such Indebtedness satisfies the terms set forth in the proviso at the end of Section 10.1(A).”

**1.7** Section 10.1(B)(m) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(m) (i) Indebtedness incurred in connection with any Permitted Sale Leaseback, provided that the Net Cash Proceeds thereof are promptly applied to the prepayment of the Senior Secured Notes to the extent required by the Senior Secured Notes Indenture; and (ii) any refinancing, refunding, renewal or extension of any Indebtedness specified in subclause (i) above, provided that, except to the extent otherwise permitted hereunder, (x) the principal amount of any such Indebtedness is not increased above the principal amount thereof outstanding immediately prior to such refinancing, refunding, renewal or extension and (y) the direct and contingent obligors with respect to such Indebtedness are not changed;”

**1.8** Section 10.1(B)(o) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(o) Indebtedness in respect of Permitted Additional Debt to the extent that the Net Cash Proceeds therefrom are, immediately after the receipt thereof, applied to the prepayment of the Senior Secured Notes in accordance with the Senior Secured Notes Indenture;”

**1.9** Section 10.2(q) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(q) Liens securing the Senior Secured Notes; provided, that with respect to any such Senior Secured Notes issued after the First Amendment Effective Date, such Indebtedness is permitted to be secured in accordance with the proviso at the end of Section 10.1(A).”

**1.10** Section 10.2(r) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(r) Liens securing Indebtedness permitted under Section 10.1(A), to the extent permitted in accordance with the proviso at the end of such Section;”

**1.11** A new Section 10.2(s) of the Credit Agreement is hereby inserted at the end of Section 10.2 of the Credit Agreement as follows:

“(s) Liens securing obligations under Hedge Agreements; provided, that (x) such Liens are subordinate to the Liens securing the Obligations and not senior to the Liens securing Indebtedness arising under the Senior Secured Notes Indenture and (y) the holders of such Liens are subject to the Intercreditor Agreement; and”

**1.12** A new Section 10.2(t) of the Credit Agreement is hereby inserted at the end of Section 10.2 of the Credit Agreement as follows:

“(t) additional Liens so long as the aggregate principal amount of the obligations so secured does not exceed the greater of (y) \$50,000,000 at any time outstanding and (z) 1.5% of Consolidated Total Assets at the time of the incurrence of such obligations.”

**1.13** Clause (iv) of the proviso to Section 10.3(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(iv) any Indebtedness incurred to finance such merger, amalgamation or consolidation is permitted to be incurred by the Senior Secured Notes Indenture;”

**1.14** Clause (iii) of the proviso to Section 10.4(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(iii) any Indebtedness incurred to finance such sale, transfer or disposition (or series of related sales, transfers or dispositions) is permitted to be incurred by the Senior Secured Notes Indenture; and”

**1.15** Section 10.6(d) of the Credit Agreement is hereby amended by (1) deleting the “and” at the end of the existing clause (v) thereof, (2) deleting the “.” at the end of the existing clause (vi) thereof and substituting “; and” in its place and (3) inserting the following provision as clause (vii) thereof:

“(vii) to McJunkin Red Man Holding Corporation (“Parent Borrower”) in an amount not to exceed the amount necessary to repay the outstanding indebtedness (including accrued interest and related fees and expenses) of Parent Borrower incurred pursuant to that certain Term Loan Credit Agreement dated as of May 22, 2008, by and among Parent Borrower, the several lenders from time to time party thereto, Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as co-lead arrangers and joint bookrunners, Barclays Bank PLC, as administrative agent and collateral agent, and Goldman Sachs Credit Partners L.P., as syndication agent (the “Parent Borrower Credit Agreement”); provided that (A) such dividend shall be made with the proceeds of the issuance of the Senior Secured Notes pursuant to the Senior Secured Notes Indenture received by the Borrower on the First Amendment Effective Date and (B) Parent Borrower shall, immediately following receipt of such dividend, repay such indebtedness.

**1.16** Clause (xii) of the proviso to Section 10.11 of the Credit Agreement is hereby amended by deleting the definition “Term Loan Credit Agreement” appearing therein and substituting the definition “Senior Secured Notes Indenture” in its place.

## **SECTION II. AMENDMENT TO EXHIBIT TO CREDIT AGREEMENT**

Exhibit to the Credit Agreement (Form of Intercreditor Agreement) is hereby amended and restated in its entirety in substantially the form attached to this Amendment as Exhibit A (or such other terms as are not less favorable in any material respect to the Lenders than those set forth therein) (the “Second A&R Intercreditor Agreement”).

## **SECTION III. CONDITIONS TO EFFECTIVENESS**

This Amendment shall become effective as of the date hereof only upon the satisfaction of all of the following conditions precedent (the date of satisfaction of such conditions being referred to herein as the “**First Amendment Effective Date**”):

**A. Execution.** Administrative Agent shall have received a counterpart signature page of this Amendment duly executed by each of the Credit Parties and Required Lenders.

**B. Intercreditor Agreement.** Administrative Agent shall have received a fully-executed copy of the Second A&R Intercreditor Agreement.

**C. Senior Secured Notes and Senior Secured Notes Indenture.** The Borrower shall have received the proceeds of the Senior Secured Notes issued pursuant to the Senior Secured Notes Indenture, such Senior Secured Notes have a final maturity date no earlier than the date that is 90 days following the Revolving Credit Maturity Date and the Administrative Agent shall have received a fully-executed copy of the Senior Secured Notes Indenture (including all schedules and exhibits thereto, including without limitation the collateral trust agreement).

**D. Fees.** The Administrative Agent shall have received, for the account of each Lender delivering an executed counterpart of this Amendment to the Administrative Agent, an amendment fee in an amount equal to 0.20% of such Lender’s Commitment.

**E. Expenses.** The Administrative Agent shall have received payment of all costs, expenses and other amounts required to be reimbursed or paid by the Borrower pursuant to Section 14.5 of the Credit Agreement.

**F. Absence of Default.** No event has occurred and is continuing or will result from the consummation of the transactions contemplated by this Amendment that would constitute an Event of Default or a Default.

**G. Opinion of Counsel.** The Administrative Agent shall have received the executed legal opinions of (a) Simpson Thacher & Bartlett LLP, special New York counsel to the Credit Parties, and (b) West Virginia counsel to the Credit Parties, in each case in form and substance satisfactory to the Administrative Agent.

#### SECTION IV. REPRESENTATIONS AND WARRANTIES

In order to induce Lenders to enter into this Amendment and to amend the Credit Agreement in the manner provided herein, each Credit Party which is a party hereto represents and warrants to each Lender that the following statements are true and correct in all material respects:

**A. Corporate Power and Authority; Authorization.** Each Credit Party has the corporate or other organizational power and authority to execute and deliver this Amendment and to carry out the terms and provisions of the Credit Agreement as amended by this Amendment (the “**Amended Agreement**”) and the other Credit Documents to which it is a party and has taken all necessary corporate or other organizational action to authorize the execution and delivery of the Amendment and performance of the Amended Agreement and the other Credit Documents to which it is a party.

**B. No Violation.** Neither the execution, delivery or performance by any Credit Party of this Amendment, the Amended Agreement and the other Credit Documents to which it is a party nor compliance with the terms and provisions thereof nor the consummation of the issuance of the Senior Secured Notes pursuant to the Senior Secured Notes Indenture on the First Amendment Effective Date and the other transactions contemplated hereby or thereby will (a) contravene any applicable provision of any material law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality, (b) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Credit Party or any of the Restricted Subsidiaries (other than Liens created under the Credit Documents) pursuant to, the terms of any material indenture, loan agreement, lease agreement, mortgage, deed of trust, agreement or other material instrument to which such Credit Party or any of the Restricted Subsidiaries is a party or by which it or any of its property or assets is bound or (c) violate any provision of the certificate of incorporation, bylaws or other constitutional documents of such Credit Party or any of the Restricted Subsidiaries.

**C. Governmental Approvals.** The execution and delivery of this Amendment and the performance of the Amended Agreement and the other Credit Documents does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except for (i) such as have been obtained or made and are in full force and effect, (ii) filings and recordings in respect of the Liens created pursuant to the Security Documents and (iii) such licenses, approvals, authorizations or consents the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect.

**D. Binding Obligation.** This Amendment and the Amended Agreement have been duly executed and delivered by each of the Credit Parties party thereto and each constitutes a legal, valid and binding obligation of such Credit Party to the extent a party thereto, enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting creditors’ rights generally and subject to the general principles of equity.

**E. Incorporation of Representations and Warranties from Credit Agreement .** The representations and warranties contained in Section 8 of the Amended Agreement are and will be true and correct in all material respects on and as of the First Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

#### **SECTION V. ACKNOWLEDGMENT AND CONSENT**

Each Domestic Subsidiary listed on the signature pages hereto is referred to herein as a **“Credit Support Party”** and collectively as the **“Credit Support Parties”**, and the Credit Documents to which they are a party are collectively referred to herein as the **“Credit Support Documents”**.

Each Credit Support Party hereby acknowledges that it has reviewed the terms and provisions of the Credit Agreement and this Amendment and consents to the amendment of the Credit Agreement effected pursuant to this Amendment. Each Credit Support Party hereby confirms that each Credit Support Document to which it is a party or otherwise bound and all Collateral encumbered thereby will continue to guarantee or secure, as the case may be, to the fullest extent possible in accordance with the Credit Support Documents the payment and performance of all “Obligations” under each of the Credit Support Documents to which it is a party (in each case as such terms are defined in the applicable Credit Support Document).

Each Credit Support Party acknowledges and agrees that any of the Credit Support Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment. Each Credit Support Party represents and warrants that all representations and warranties contained in the Amended Agreement and the Credit Support Documents to which it is a party or otherwise bound are true and correct in all material respects on and as of the First Amendment Effective Date to the same extent as though made on and as of that date, except to the extent such representations and warranties specifically relate to an earlier date, in which case they were true and correct in all material respects on and as of such earlier date.

Each Credit Support Party acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Credit Support Party is not required by the terms of the Credit Agreement or any other Credit Support Document to consent to the amendments to the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Credit Support Document shall be deemed to require the consent of such Credit Support Party to any future amendments to the Credit Agreement.

## SECTION VI. MISCELLANEOUS

### **A. Reference to and Effect on the Credit Agreement and the Other Credit Documents.**

(i) On and after the First Amendment Effective Date, each reference in the Credit Agreement to “this Amendment”, “hereunder”, “hereof”, “herein” or words of like import referring to the Credit Agreement, and each reference in the other Credit Documents to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(ii) Except as specifically amended by this Amendment, the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed.

(iii) The execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any Agent or Lender under, the Credit Agreement or any of the other Credit Documents.

**B. Agent’s Direction.** The Administrative Agent and Required Lenders hereby approve the Senior Secured Notes Collateral Documents (as defined in the Second A&R Intercreditor Agreement) in substantially the form attached to this Amendment as Exhibit B (or such other terms as are not less favorable in any material respect to the Lenders than those set forth therein) (the “Notes Collateral Documents”) and hereby irrevocably authorize and direct the Collateral Agent, in such capacity, to consent to the execution of the Notes Collateral Documents. The Administrative Agent and Required Lenders hereby further irrevocably authorize and direct the Collateral Agent, in such capacity, to enter into the Second A&R Intercreditor Agreement.

**C. Headings.** Section and Subsection headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose or be given any substantive effect.

**D. Applicable Law.** THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

**E. Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

*[Remainder of this page intentionally left blank. ]*



**IN WITNESS WHEREOF**, the parties hereto have caused this Amendment to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**BORROWER:**

MCJUNKIN RED MAN CORPORATION (f/k/a  
McJunkin Corporation)

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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**CREDIT SUPPORT PARTIES:**

MCJUNKIN RED MAN DEVELOPMENT  
CORPORATION (f/k/a McJunkin Development  
Corporation)

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MCJUNKIN NIGERIA LIMITED

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MCJUNKIN-PUERTO RICO CORPORATION

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MILTON OIL & GAS COMPANY

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

GREENBRIER PETROLEUM CORPORATION

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

RUFFNER REALTY COMPANY

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MCJUNKIN-WEST AFRICA CORPORATION

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MRC MANAGEMENT COMPANY (f/k/a MRM West  
Virginia Management Company)

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MRM OKLAHOMA MANAGEMENT LLC

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

MIDWAY-TRISTATE CORPORATION

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

LBPS HOLDING COMPANY

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

LABARGE PIPE & STEEL COMPANY

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Vice President and Chief Financial Officer

BANK OF AMERICA, N.A.,  
as Co-Collateral Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

BANK OF AMERICA, N.A.,  
as Syndication Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

BANK OF AMERICA, N.A.,  
as a Lender

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

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THE CIT GROUP/BUSINESS CREDIT, INC.,  
as Administrative Agent and a Lender

By: /s/ Dan Bueno

Name: Dan Bueno

Title: Vice President

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JPMORGAN CHASE BANK, N.A.,  
as Co-Documentation Agent and a Lender

By: /s/ Kim Nguyen

Name: Kim Nguyen

Title: Vice President

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Wachovia Bank NA,  
as a Lender

By: /s/ Katherine Houser  
Name: Katherine Houser  
Title: Director

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Raymond James Bank, FSB,  
as a Lender

By: /s/ James M. Armstrong

Name: James M. Armstrong

Title: Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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Sun Trust Bank,  
as a Lender

By: /s/ Hector Molina

Name: Hector Molina

Title: Associate

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**Fifth Third Bank,**  
as a Lender

By: /s/ Paul R. Schubert  
Name: Paul R. Schubert  
Title: Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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Mizuho Corporate Bank, Ltd.,  
as a Lender

By: /s/ James R. Fayen

Name: James R. Fayen

Title: Deputy General Manager

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PNC BANK, N.A.,  
as a Lender

By: /s/ John D. Trott

Name: John D. Trott

Title: Vice President

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TD BANK, N.A.,  
as a Lender

By: /s/ Deborah Gravinese

Name: Deborah Gravinese

Title: Senior Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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BURDALE FINANCIAL LIMITED,  
as a Lender

By: /s/ Phillip R. Webb  
Name: Phillip R. Webb  
Title: Duly Authorized Signatory

By: /s/ Antimo Barbieri  
Name: Antimo Barbieri  
Title: Duly Authorized Signatory

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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The Huntington National Bank, as a Lender

By: /s/ Joshua Elsea  
Name: Joshua Elsea  
Title: Officer

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ALLIED IRISH BANKS., PLC.,  
as a Lender

By: /s/ Brent Phillips

Name: Brent Phillips

Title: Vice President

By: /s/ Martin Chin

Name: Martin Chin

Title: Senior Vice President

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City National Bank of West Virginia,  
as a Lender

By: /s/ Jack Cavender

Name: Jack Cavender

Title: Executive Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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United Bank, Inc.,  
as a Lender

By: /s/ James A. Ward

Name: James A. Ward

Title: Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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Capital One Leverage Finance Corp.,  
as a Lender

By: /s/ Nick Malatestinic

Name: Nick Malatestinic

Title: Senior Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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CITIZENS BANK,  
as a Lender

By: /s/ THOMAS COUTURE

Name: THOMAS COUTURE

Title: FIRST VICE PRESIDENT

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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BANK OF OKLAHOMA, N.A.,  
as a Lender

By: /s/ Michael L. Elder  
Name: Michael L. Elder  
Title: Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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**Branch Banking & Trust Company,**  
as a Lender

By: /s/ Preston W. Bergen

Name: Preston W. Bergen

Title: Senior Vice President

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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**GENERAL ELECTRIC CAPITAL CORPORATION,**  
as a Lender

By: /s/ Rebecca L. Milligan

Name: Rebecca L. Milligan

Title: Duly Authorized Signatory

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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UPS Capital Corporation,  
as a Lender

By: /s/ John P. Holloway  
Name: John P. Holloway  
Title: Director of Portfolio Management

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

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BARCLAYS BANK PLC,  
as a Lender

By: /s/ Kevin Cullen

Name: Kevin Cullen

Title: Director

[Signature Page to First Amendment to Revolving Loan Credit Agreement]

**SUPPLEMENT NO. 1 TO REVOLVING LOAN SECURITY AGREEMENT**

SUPPLEMENT NO. 1 dated as of December 31, 2007 (this "Supplement") to the SECURITY AGREEMENT dated as of October 31, 2007 among each of the Grantors listed on the signature pages thereto (each such subsidiary individually, a "Grantor" and, collectively, the "Grantors"), and The CIT Group/Business Credit, Inc. ("CIT") and Bank of America, N.A. ("Bank of America"), collectively, as Collateral Agent for the lenders (the "Lenders") and letter of credit issuers ("Letter of Credit Issuers") from time to time parties to the Credit Agreement referred to below.

A. Reference is made to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among McJunkin Corporation, a West Virginia corporation (the "Borrower"), the Lenders, CIT, as Administrative Agent, and CIT and Bank of America, collectively, as Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement.

C. Section 8.13 of the Security Agreement provides that each Subsidiary of the Borrower that is required to become a party to the Security Agreement pursuant to Section 9.11 of the Credit Agreement shall become a Grantor, with the same force and effect as if originally named as a Grantor therein, for all purposes of the Security Agreement upon execution and delivery by such Subsidiary of an instrument in the form of this Supplement. Each undersigned Subsidiary (each, a "New Grantor") is executing this Supplement in accordance with the requirements of the Security Agreement to become a Subsidiary Grantor under the Security Agreement as consideration for the Obligations.

Accordingly, the Collateral Agent and the New Grantors agree as follows:

SECTION 1. In accordance with Section 8.13 of the Security Agreement, each New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and each New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, each New Grantor, as security for the payment and performance in full of the Obligations, does hereby bargain, sell, convey, assign, set over, mortgage, pledge, hypothecate and transfer to the Collateral Agent, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in all of the Collateral of such New Grantor, in each case whether now or hereafter existing or in which now has or hereafter acquires an interest. Each reference to a "Grantor" in the Security Agreement shall be deemed to include each New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and

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delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, subject to the effects of bankruptcy, insolvency or similar laws affecting creditors' rights generally and general equitable principles.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Collateral Agent and the Borrower. This Supplement shall become effective as to each New Grantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Grantor and the Collateral Agent.

SECTION 4. Such New Grantor hereby represents and warrants that set forth on Schedule A hereto is (a) the legal name of such New Grantor, (b) the jurisdiction of incorporation or organization of such New Grantor, (c) the identity or type of organization or corporate structure of such New Grantor and (d) the Federal Taxpayer Identification Number and organizational number of such New Grantor).

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

**SECTION 6. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 7. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Security Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All notices, requests and demands pursuant hereto shall be made in accordance with Section 8.2 of the Security Agreement. All communications and notices hereunder to each New Grantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 14.2 of the Credit Agreement.

SECTION 9. Each New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

[Signature Pages Follow]

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IN WITNESS WHEREOF, each New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

MRM West Virginia Management Company,  
as New Grantor

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: V.P. and Chief Financial Officer

MRM Oklahoma Management LLC, as  
New Grantor

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Treasurer

**[Signature Page to Supplement No. 1 to Revolving Loan Security Agreement]**

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The CIT Group/Business Credit, Inc.,  
as Co-Collateral Agent

By: /s/ Howard Trebach  
Name: Howard Trebach  
Title: Vice President

Bank of America, N.A.,  
as Co-Collateral Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

**[Signature Page to Supplement No. 1 to Revolving Loan Security Agreement]**

**SUPPLEMENT NO. 2 TO REVOLVING LOAN SECURITY AGREEMENT**

SUPPLEMENT NO. 2 dated as of October 16, 2008 (this “Supplement”) to the SECURITY AGREEMENT dated as of October 31, 2007 among each of the Grantors listed on the signature pages thereto (each such subsidiary individually, a “Grantor” and, collectively, the “Grantors”), and The CIT Group/Business Credit, Inc. (“CIT”) and Bank of America, N.A. (“Bank of America”), collectively, as Collateral Agent for the lenders (the “Lenders”) and letter of credit issuers (“Letter of Credit Issuers”) from time to time parties to the Credit Agreement referred to below.

A. Reference is made to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the “Credit Agreement”), among McJunkin Corporation, a West Virginia corporation (the “Borrower”), the Lenders, CIT, as Administrative Agent, and CIT and Bank of America, collectively, as Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement.

C. Section 8.13 of the Security Agreement provides that each Subsidiary of the Borrower that is required to become a party to the Security Agreement pursuant to Section 9.11 of the Credit Agreement shall become a Grantor, with the same force and effect as if originally named as a Grantor therein, for all purposes of the Security Agreement upon execution and delivery by such Subsidiary of an instrument in the form of this Supplement. Each undersigned Subsidiary (each, a “New Grantor”) is executing this Supplement in accordance with the requirements of the Security Agreement to become a Subsidiary Grantor under the Security Agreement as consideration for the Obligations.

Accordingly, the Collateral Agent and the New Grantors agree as follows:

SECTION 1. In accordance with Section 8.13 of the Security Agreement, each New Grantor by its signature below becomes a Grantor under the Security Agreement with the same force and effect as if originally named therein as a Grantor and each New Grantor hereby (a) agrees to all the terms and provisions of the Security Agreement applicable to it as a Grantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Grantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, each New Grantor, as security for the payment and performance in full of the Obligations, does hereby bargain, sell, convey, assign, set over, mortgage, pledge, hypothecate and transfer to the Collateral Agent, for the benefit of the Secured Parties, and hereby grants to the Collateral Agent, for the benefit of the Secured Parties, a security interest in all of the Collateral of such New Grantor, in each case whether now or hereafter existing or in which now has or hereafter acquires an interest. Each reference to a “Grantor” in the Security Agreement shall be deemed to include each New Grantor. The Security Agreement is hereby incorporated herein by reference.

SECTION 2. Each New Grantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in

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accordance with its terms, subject to the effects of bankruptcy, insolvency or similar laws affecting creditors' rights generally and general equitable principles.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Collateral Agent and the Borrower. This Supplement shall become effective as to each New Grantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Grantor and the Collateral Agent.

SECTION 4. Such New Grantor hereby represents and warrants that set forth on Schedule A hereto is (a) the legal name of such New Grantor, (b) the jurisdiction of incorporation or organization of such New Grantor, (c) the identity or type of organization or corporate structure of such New Grantor and (d) the Federal Taxpayer Identification Number and organizational number of such New Grantor).

SECTION 5. Except as expressly supplemented hereby, the Security Agreement shall remain in full force and effect.

**SECTION 6. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 7. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Security Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 8. All notices, requests and demands pursuant hereto shall be made in accordance with Section 8.2 of the Security Agreement. All communications and notices hereunder to each New Grantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 14.2 of the Credit Agreement.

SECTION 9. Each New Grantor agrees to reimburse the Collateral Agent for its reasonable out-of-pocket expenses in connection with this Supplement, including the reasonable fees, other charges and disbursements of counsel for the Collateral Agent.

[Signature Pages Follow]

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IN WITNESS WHEREOF, each New Grantor and the Collateral Agent have duly executed this Supplement to the Security Agreement as of the day and year first above written.

LBPS Holding Company, as New Grantor

By: /s/ James F. Underhill

Name: James F. Underhill

Title: E.V.P. and C.F.O.

LaBarge Pipe & Steel Company, as  
New Grantor

By: /s/ James F. Underhill

Name: James F. Underhill

Title: E.V.P. and C.F.O.

[Supplement No. 2 to Revolving Loan Security Agreement]

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The CIT Group/Business Credit, Inc.,  
as Co-Collateral Agent

By: /s/ Howard Trebach  
Name: Howard Trebach  
Title: Vice President

Bank of America, N.A.,  
as Co-Collateral Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

[Supplement No. 2 to Revolving Loan Security Agreement]

## REVOLVING LOAN GUARANTEE

REVOLVING LOAN GUARANTEE dated as of October 31, 2007 (this "Guarantee"), by each of the signatories listed on the signature pages hereto and each of the other entities that becomes a party hereto pursuant to Section 19 (the "Guarantors") and individually, a "Guarantor, in favor of the Collateral Agent (as defined below) for the benefit of the Secured Parties (as defined below).

## W I T N E S S E T H:

WHEREAS, McJunkin Corporation, a West Virginia corporation, (the "Borrower") is party to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement") among the Borrower, the lending institutions from time to time party thereto (the "Lenders"), the letter of credit issuers from time to time named therein (the "Letter of Credit Issuers"), The CIT Group/Business Credit, Inc. ("CIT"), as Administrative Agent, CIT and Bank of America, N.A., as Co-Collateral Agents (collectively, the "Collateral Agent"), and the other Persons from time to time party thereto, pursuant to which the Lenders have severally agreed to make Loans to the Borrower, and the Letter of Credit Issuers have agreed to issue Letters of Credit for the account of the Borrower, upon the terms and subject to the conditions set forth therein, (collectively, the "Extensions of Credit");

WHEREAS, each Guarantor is a direct or indirect wholly-owned Subsidiary or an Affiliate, as the case may be, of the Borrower;

WHEREAS, the proceeds of the Extensions of Credit will be used in part to enable the Borrower to make valuable transfers to the Guarantors in connection with the operation of their respective businesses;

WHEREAS, each Guarantor acknowledges that it will derive substantial direct and indirect benefit from the making of the Extensions of Credit; and

WHEREAS, it is a condition precedent to the obligation of the Lenders and the Letter of Credit Issuers to make their respective Extensions of Credit to the Borrower under the Credit Agreement that the Guarantors shall have executed and delivered this Guarantee to the Collateral Agent for the ratable benefit of the Secured Parties;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, the Collateral Agent, the Syndication Agent, the Lenders and Letter of Credit Issuers to enter into the Credit Agreement and to induce the Lenders and the Letter of Credit Issuers to make their respective Extensions of Credit to the Borrower thereunder, the Guarantors hereby agree with the Collateral Agent, for the ratable benefit of the Secured Parties, as follows:

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SECTION 1. Defined Terms.

(a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) In this Guarantee, the following terms shall have the following meanings:

“Administrative Agent” shall have the meaning assigned to such term in the recitals hereto.

“Borrower” shall have the meaning assigned to such term in the recitals hereto.

“Collateral Agent” shall have the meaning assigned to such term in the recitals hereto.

“Credit Agreement” shall have the meaning assigned to such term in the recitals hereto.

“Extensions of Credit” shall have the meaning assigned to such term in the recitals hereto.

“Guarantee” shall have the meaning assigned to such term in the preamble hereto.

“Guarantor” or “Guarantors” shall have the meaning assigned to each such term in the preamble hereto.

“Lenders” shall have the meaning assigned to such term in the recitals hereto.

“Letter of Credit Issuers” shall have the meaning assigned to such term in the recitals hereto.

“Obligations” shall mean the collective reference to (i) the due and punctual payment of (x) the principal of and premium, if any, and interest at the applicable rate provided in the Credit Agreement (including interest at the contract rate applicable upon default accrued or accruing after the commencement of any proceeding, under the Bankruptcy Code or any applicable provision of comparable state or foreign law, whether or not such interest is an allowed claim in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (y) each payment required to be made by the Borrower under the Credit Agreement or any other Credit Documents in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest thereon and obligations to provide cash collateral, and (z) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any proceeding under the Bankruptcy Code or any applicable provision of comparable state or foreign law, whether or not such interest is an allowed claim in such proceeding), of the Borrower or any other Credit Party to any of the Secured Parties under the Credit Agreement and any other Credit Documents, (ii) the due and punctual performance of

all covenants, agreements, obligations and liabilities of the Borrower under or pursuant to the Credit Agreement and the other Credit Documents, and (iii) the due and punctual payment and performance of all the covenants, agreements, obligations and liabilities of each other Credit Party under or pursuant to this Guarantee or the other Credit Documents.

“Secured Parties” shall mean, collectively, (i) the Lenders, (ii) the Administrative Agent, (iii) the Collateral Agent, (iv) the Letter of Credit Issuers, (v) the Swingline Lender, (vi) the Syndication Agent, (vii) the beneficiaries of each indemnification obligation undertaken by any Credit Party under the Credit Documents and (viii) any successors, indorsees, transferees and assigns of each of the foregoing.

(c) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Guarantee shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and Section references are to Sections of this Guarantee unless otherwise specified. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

## SECTION 2. Guarantee.

(a) Subject to the provisions of Section 2(b), each of the Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees, as primary obligor and not merely as surety, to the Collateral Agent, for the ratable benefit of the Secured Parties, the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations. This is a Guarantee of payment and not collection.

(b) Anything herein or in any other Credit Document to the contrary notwithstanding, if and to the extent required in order for the Obligations of any Guarantor to be enforceable under applicable federal, state and other laws relating to the insolvency of debtors, the maximum liability of such Guarantor hereunder and under the other Credit Documents shall in no event exceed the greatest amount that can be guaranteed by such Guarantor under such laws, after giving effect to any rights of contribution arising under Section 3. Each Guarantor acknowledges and agrees that, to the extent not prohibited by applicable law, (i) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right under such laws to reduce, or request any judicial relief that has the effect of reducing, the amount of its liability under this Guarantee, (ii) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right to enforce the limitation set forth in this Section 2(b) or to reduce, or request judicial relief reducing, the amount of its liability under this Guarantee, and (iii) the limitation set forth in this Section 2(b) may be enforced only to the extent required under such laws in order for the obligations of such Guarantor under this Guarantee to be enforceable under such laws and only by or for the benefit of a creditor, representative of creditors or bankruptcy trustee of such Guarantor or other Person entitled, under such laws, to enforce the provisions thereof.

(c) Each Guarantor agrees to pay or reimburse any and all expenses (including all reasonable fees and disbursements of counsel) that may be paid or incurred by the Collateral Agent or any other Secured Party in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, such Guarantor under this Guarantee.

(d) Each Guarantor agrees that the Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this Guarantee or affecting the rights and remedies of the Administrative Agent or the Collateral Agent or any other Secured Party hereunder.

(e) No payment or payments made the Borrower, any of the Guarantors, any other guarantor or any other Person or received or collected by the Collateral Agent or any other Secured Party from the Borrower, any of the Guarantors, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, which shall, notwithstanding any such payment or payments (other than payments made by such Guarantor in respect of the Obligations or payments received or collected from such Guarantor in respect of the Obligations), remain liable for the Obligations up to the maximum liability of such Guarantor hereunder until the Obligations under the Credit Documents are paid in full, and the Commitments are terminated.

(f) Each Guarantor agrees that whenever, at any time, or from time to time, it shall make any payment to the Collateral Agent or any other Secured Party on account of its liability hereunder, it will notify the Collateral Agent in writing that such payment is made under this Guarantee for such purpose.

**SECTION 3. Right of Contribution.** Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder (including by way of set-off rights being exercised against it), such Guarantor shall be entitled, subject to and upon payment in full of the Obligations under the Credit Documents, to seek and receive contribution from and against any other Guarantor hereunder who has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 5 hereof. The provisions of this Section 3 shall in no respect limit the obligations and liabilities of any Guarantor to the Collateral Agent and the other Secured Parties, and each Guarantor shall remain liable to the Collateral Agent and the other Secured Parties for the full amount guaranteed by such Guarantor hereunder.

The obligations of the Guarantors under the Credit Documents, including their liability for the Obligations and the enforceability of the security interests granted thereby, are not contingent upon the validity, legality, enforceability, collectibility or sufficiency of any right of reimbursement or contribution arising under this Section 3. The invalidity, insufficiency, unenforceability or uncollectibility of any such right shall not in any respect diminish, affect or impair any such obligation or any other claim, interest, right or remedy at any time held by any Secured Party against any Guarantor or its property. The Secured Parties make no representations or warranties in respect of any such right and shall have no duty to assure,

protect, enforce or ensure any such right or otherwise relating to any such right. Each Guarantor reserves any and all other rights of reimbursement or contribution at any time available to it as against any other Guarantor, but (i) the exercise and enforcement of any such rights shall be subject to the terms and conditions of Section 5 hereof, and (ii) neither the Collateral Agent nor any other Secured Party shall ever have any duty or liability whatsoever in respect of any such right.

SECTION 4. Right of Set-off. In addition to any rights and remedies of the Secured Parties provided by this Guarantee or by law, each Guarantor hereby irrevocably authorizes each Secured Party at any time and from time to time following the occurrence and during the continuance of an Event of Default without notice to such Guarantor or any other Guarantor, any such notice being expressly waived by each Guarantor, to set-off and appropriate and apply against any amount due and payable by such Guarantor hereunder (whether at stated maturity, by acceleration or otherwise), any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Secured Party to or for the credit or the account of such Guarantor. Each Secured Party shall notify such Guarantor promptly of any such set-off and the appropriation and application made by such Secured Party, provided that the failure to give such notice shall not affect the validity of such set-off and application.

SECTION 5. No Subrogation. Notwithstanding any payment or payments made by any of the Guarantors hereunder or any set-off or appropriation and application of funds of any of the Guarantors by the Collateral Agent or any other Secured Party, no Guarantor shall be entitled to be subrogated to any of the rights (or if subrogated by operation of law, such Guarantor hereby waives such rights to the extent permitted by applicable law) of the Collateral Agent or any other Secured Party against the Borrower or any other Guarantor or any collateral security or guarantee or right of offset held by the Collateral Agent or any other Secured Party for the payment of the Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Collateral Agent and the other Secured Parties by the Credit Parties on account of the Obligations under the Credit Documents are paid in full, and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such reimbursement or contribution rights at any time when all the Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Collateral Agent and the other Secured Parties, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Collateral Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Collateral Agent, if required), to be applied against the Obligations, whether due or to become due, in such order as the Collateral Agent may determine.

SECTION 6. Amendments, etc. with Respect to the Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, (a) any demand for payment of any of the Obligations made by the Collateral Agent or any other Secured Party may be rescinded by such party and any of the Obligations continued, (b) the Obligations, or the liability of any other Person upon or for any part thereof, or any collateral

security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, increased, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Collateral Agent or any other Secured Party, (c) the Credit Agreement, the other Credit Documents, the Letters of Credit and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be), and (d) any collateral security, guarantee or right of offset at any time held by the Collateral Agent or any other Secured Party for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. Neither the Collateral Agent nor any other Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Guarantee or any property subject thereto.

**SECTION 7. Guarantee Absolute and Unconditional; Waiver of Rights.**

(a) Each Guarantor waives any and all notice of the creation, contraction, incurrence, renewal, extension, amendment, waiver or accrual of any of the Obligations, and notice of or proof of reliance by the Collateral Agent or any other Secured Party upon this Guarantee or acceptance of this Guarantee; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended, waived or accrued, in reliance upon this Guarantee; and all dealings between the Borrower and any of the Guarantors, on the one hand, and the Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. To the fullest extent permitted by applicable law, each Guarantor waives diligence, promptness, presentment, protest and notice of protest, demand for payment or performance, notice of default or nonpayment, notice of acceptance and any other notice to or upon the Borrower or any Guarantor in respect of the Obligations or any part of them, and any defense arising by reason of any disability or other defense of the Borrower or any of the Guarantors with respect to the Obligations. Each Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment and performance without regard to (a) the validity, regularity or enforceability of the Credit Agreement, any other Credit Document, any Letter of Credit, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to or be asserted by the Borrower or any other Person against any Secured Party or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) that constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of such Guarantor under this Guarantee, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Collateral Agent or any other Secured Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Borrower, any Guarantor or any other Person or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by the Collateral Agent or any other Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the Borrower, any Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower, any

Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Collateral Agent or any other Secured Party against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

(b) This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon each Guarantor and the successors and assigns thereof and shall inure to the benefit of the Collateral Agent and the other Secured Parties and their respective successors, indorsees, transferees and assigns until all Obligations under the Credit Documents (other than any contingent indemnity obligations not then due) shall have been satisfied by payment in full, and the Commitments thereunder shall be terminated and no Letters of Credit thereunder shall be outstanding, notwithstanding that from time to time during the term of the Credit Agreement the Credit Parties may be free from any Obligations.

(c) A Guarantor shall automatically be released from its obligations hereunder and the Guarantee of such Guarantor shall be automatically released upon the consummation of any transaction permitted by the Credit Agreement as a result of which such Guarantor ceases to be a Subsidiary Guarantor.

SECTION 8. Reinstatement. This Guarantee shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Collateral Agent or any other Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, the Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

SECTION 9. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Collateral Agent without set-off or counterclaim in Dollars in immediately available funds at the Collateral Agent's Office.

SECTION 10. Representations and Warranties; Covenants.

(a) Each Guarantor hereby represents and warrants that the representations and warranties set forth in Section 8 of the Credit Agreement as of the Closing Date as they relate to such Guarantor or in the other Credit Documents to which such Guarantor is a party, each of which is hereby incorporated herein by reference, are true and correct, and the Collateral Agent and each other Secured Party shall be entitled to rely on each of them as if they were fully set forth herein.

(b) Each Guarantor hereby covenants and agrees with the Collateral Agent and each other Secured Party that, from and after the date of this Guarantee until the Obligations under the Credit Documents are paid in full, and the Commitments are terminated, such Guarantor shall take, or shall refrain from taking, as the case may be, all actions that are necessary to be taken or not taken, as the case may be, so that no violation of any provision, covenant or agreement contained in Section 9 or Section 10 of the Credit Agreement and so that



no Default or Event of Default, is caused by any act or failure to act of such Guarantor or any of its Subsidiaries.

SECTION 11. Authority of the Collateral Agent.

(a) The Collateral Agent enters into this Guarantee in its capacity as agent for the Secured Parties from time to time. The rights and obligations of the Collateral Agent under this Guarantee at any time are the rights and obligations of the Secured Parties at that time. Each of the Secured Parties has (subject to the terms of the Credit Documents) a several entitlement to each such right, and a several liability in respect of each such obligation, in the proportions described in the Credit Documents. The rights, remedies and discretions of the Secured Parties, or any of them, under this Guarantee may be exercised by the Collateral Agent. As between the Collateral Agent and the Guarantors, the Collateral Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting. No party to this Guarantee is obliged to inquire whether an exercise by the Collateral Agent of any such right, remedy or discretion is within the Collateral Agent's authority as agent for the Secured Parties. All powers, authorizations and agencies contained in this Guarantee are coupled with an interest and are irrevocable until this Guarantee is terminated.

(b) Each party to this Guarantee acknowledges and agrees that any changes (in accordance with the provisions of the Credit Documents) in the identity of the persons from time to time comprising the Secured Parties gives rise to an equivalent change in the Secured Parties, without any further act. Upon such an occurrence, the persons then comprising the Secured Parties are vested with the rights, remedies and discretions and assume the obligations of a Secured Party under this Guarantee. Each party to this Guarantee irrevocably authorizes the Collateral Agent to give effect to the change in Secured Party contemplated in this Section 11 (b) by countersigning an Assignment and Acceptance.

SECTION 12. Notices. All notices, requests and demands pursuant hereto shall be made in accordance with Section 14.2 of the Credit Agreement. All communications and notices hereunder to any Guarantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 14.2 of the Credit Agreement.

SECTION 13. Counterparts. This Guarantee may be executed by one or more of the parties to this Guarantee on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Guarantee signed by all the parties shall be lodged with the Collateral Agent and the Borrower.

SECTION 14. Severability. Any provision of this Guarantee that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 15. Integration. This Guarantee, together with the other Credit Documents, represents the agreement of each Guarantor, the Collateral Agent and the other Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Collateral Agent or any other Secured Party relative to the subject matter hereof and thereof not expressly set forth or referred to herein or in the other Credit Documents.

SECTION 16. Amendments in Writing; No Waiver; Cumulative Remedies.

(a) None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except in accordance with Section 14.1 of the Credit Agreement.

(b) Neither the Collateral Agent nor any other Secured Party shall by any act (except by a written instrument pursuant to Section 16(a)), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any other Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any other Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that the Collateral Agent or any such Secured Party would otherwise have on any future occasion.

(c) The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

SECTION 17. Section Headings. The Section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

SECTION 18. Successors and Assigns. This Guarantee shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of the Collateral Agent and the other Secured Parties and their respective successors and assigns; provided, that no Guarantor may assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Collateral Agent.

SECTION 19. Additional Guarantors. Each Subsidiary of the Borrower that is required to become a party to this Guarantee pursuant to Section 9.11 of the Credit Agreement shall become a Guarantor, with the same force and effect as if originally named as a Guarantor herein, for all purposes of this Guarantee upon execution and delivery by such Subsidiary of a written supplement substantially in the form of Annex A hereto. The execution and delivery of any instrument adding an additional Guarantor as a party to this Guarantee shall not require the consent of any other Guarantor hereunder. The rights and obligations of each Guarantor

hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Guarantee.

SECTION 20. Acknowledgments. Each Guarantor hereby acknowledges that:

- (a) it has been advised by counsel in the negotiation, execution and delivery of this Guarantee and the other Credit Documents to which it is a party;
- (b) no Secured Party has any fiduciary relationship with or duty to any Guarantor arising out of or in connection with this Guarantee or any of the other Credit Documents, and the relationship between the Guarantors, on the one hand, and the Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and
- (c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Guarantors and the Secured Parties.

SECTION 21. **WAIVER OF JURY TRIAL**. EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS GUARANTEE, ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

SECTION 22. Submission to Jurisdiction; Waivers; Service of Process. Each Guarantor hereby irrevocably and unconditionally:

- (i) submits for itself and its property in any legal action or proceeding relating to this Guarantee and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof;
- (ii) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;
- (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Guarantor in care of the Borrower at the Borrower's address set forth in Section 14.2 of the Credit Agreement, and such Guarantor hereby irrevocably authorizes and directs the Borrower to accept such service on its behalf;
- (iv) agrees that nothing herein shall affect the right of the Collateral Agent or any other Secured Party to effect service of process in any other manner permitted

by law or shall limit the right of the Collateral Agent or any other Secured Party to sue in any other jurisdiction; and

(v) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 21 any special, exemplary, punitive or consequential damages.

**SECTION 23. GOVERNING LAW. THIS GUARANTEE AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

*[Signature pages follow]*

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee to be duly executed and delivered by its duly authorized officer as of the day and year first above written.

**RED MAN PIPE & SUPPLY CO.,**  
as a Guarantor

By: /s/ Dee Paige

Name: Dee Paige

Title: Chief Financial Officer

**[Signature Page to Guarantee]**

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**MIDWAY-TRISTATE CORPORATION,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**MCJUNKIN APPALACHIAN OILFIELD SUPPLY COMPANY,**  
as a Guarantor

By: /s/ David A. Fox, III  
Name: David A. Fox, III  
Title: Executive Vice President

**[Signature Page to Guarantee]**

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**MCJUNKIN NIGERIA LIMITED,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: Vice President

**[Signature Page to Guarantee]**

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**MCJUNKIN DEVELOPMENT CORPORATION,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: Vice President

**[Signature Page to Guarantee]**

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**MCJUNKIN-PUERTO RICO CORPORATION,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**MCJUNKIN-WEST AFRICA CORPORATION,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**MILTON OIL & GAS COMPANY,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**GREENBRIER PETROLEUM CORPORATION,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**RUFFNER REALTY COMPANY,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**WEST OKLAHOMA PVF COMPANY,**  
as a Guarantor

By: /s/ Henry B. Wehrle III

Name: Henry B. Wehrle III

Title: President

**[Signature Page to Guarantee]**

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**WESCO ACQUISITION PARTNERS, INC.,**  
as a Guarantor

By: /s/ Craig Ketchum

Name: Craig Ketchum

Title: Chairman of the Board

**[Signature Page to Guarantee]**

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The CIT Group/Business Credit, Inc.,  
as Co-Collateral Agent

By: /s/ Cyntra A. Trani  
Name: Cyntra A. Trani  
Title: Senior Vice President

Bank of America, N.A.,  
as Co-Collateral Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

**[Signature Page to Guarantee]**

**SUPPLEMENT NO. 1 TO REVOLVING LOAN GUARANTEE**

SUPPLEMENT NO. 1 dated as of December 31, 2007 (this "Supplement"), to the REVOLVING LOAN GUARANTEE dated as of October 31, 2007, among each of the Guarantors listed on the signature pages thereto (each such subsidiary individually, a "Guarantor" and, collectively, the "Guarantors"), and The CIT Group/Business Credit, Inc. ("CIT") and Bank of America, N.A. ("Bank of America"), as Co-Collateral Agents (collectively, the "Collateral Agent") for the lenders (the "Lenders"), the letter of credit issuers (the "Letter of Credit Issuers") from time to time parties to the Credit Agreement referred to below.

A. Reference is made to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among McJunkin Corporation, a West Virginia corporation (the "Borrower"), the Lenders, the Letter of Credit Issuers, and CIT, as Administrative Agent, and CIT and Bank of America, collectively, as Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee.

C. The Guarantors have entered into the Guarantee in order to induce the Administrative Agent, the Collateral Agent, the Syndication Agent, the Lenders, and the Letter of Credit Issuers to enter into the Credit Agreement and to induce the Lenders and the Letter of Credit Issuers to make their respective Extensions of Credit to the Borrower under the Credit Agreement. Section 9.11 of the Credit Agreement and Section 19 of the Guarantee provide that additional Subsidiaries of the Borrower may become Guarantors under the Guarantee by execution and delivery of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guarantee in order to induce the Lenders and the Letter of Credit Issuers to make additional Extensions of Credit and as consideration for Extensions of Credit previously made.

Accordingly, the Collateral Agent and each New Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Guarantee, each New Guarantor by executing and delivering this Supplement becomes a Guarantor under the Guarantee with the same force and effect as if originally named therein as a Guarantor, and, without limiting the generality of the foregoing, each New Guarantor hereby (a) agrees to all the terms and provisions of the Guarantee applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof (after giving effect to this Supplement). Each reference to a Guarantor in the Guarantee shall be deemed to include each New Guarantor. The Guarantee is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and

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delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Borrower and the Collateral Agent. This Supplement shall become effective as to each New Guarantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Guarantor and the Collateral Agent.

SECTION 4. Except as expressly supplemented hereby, the Guarantee shall remain in full force and effect.

**SECTION 5. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 6. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Guarantee, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All notices, requests and demands pursuant hereto shall be made in accordance with Section 14.2 of the Credit Agreement. All communications and notices hereunder to each New Guarantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 14.2 of the Credit Agreement.

SECTION 8. Each New Guarantor agrees to reimburse the Collateral Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Collateral Agent.

[Signature Pages Follow]

IN WITNESS WHEREOF, each New Guarantor and the Collateral Agent have duly executed this Supplement to the Guarantee as of the day and year first above written.

MRM West Virginia Management Company,  
as New Grantor

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: V.P. and Chief Financial Officer

MRM Oklahoma Management LLC,  
as New Grantor

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: Treasurer

**[Signature Page to Supplement No. 1 to Revolving Loan Guarantee]**

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The CIT Group/Business Credit, Inc.,  
as Co-Collateral Agent

By: /s/ Howard Trebach  
Name: Howard Trebach  
Title: Vice President

Bank of America, N.A.,  
as Co-Collateral Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

**[Signature Page to Supplement No. 1 to Revolving Loan Guarantee]**

**SUPPLEMENT NO. 2 TO REVOLVING LOAN GUARANTEE**

SUPPLEMENT NO. 2 dated as of October 16, 2008 (this "Supplement"), to the REVOLVING LOAN GUARANTEE dated as of October 31, 2007, among each of the Guarantors listed on the signature pages thereto (each such subsidiary individually, a "Guarantor" and, collectively, the "Guarantors"), and The CIT Group/Business Credit, Inc. ("CIT") and Bank of America, N.A. ("Bank of America"), as Co-Collateral Agents (collectively, the "Collateral Agent") for the lenders (the "Lenders"), the letter of credit issuers (the "Letter of Credit Issuers") from time to time parties to the Credit Agreement referred to below.

A. Reference is made to the Revolving Loan Credit Agreement, dated as of October 31, 2007 (as the same may be amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), among McJunkin Corporation, a West Virginia corporation (the "Borrower"), the Lenders, the Letter of Credit Issuers, and CIT, as Administrative Agent, and CIT and Bank of America, collectively, as Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Guarantee.

C. The Guarantors have entered into the Guarantee in order to induce the Administrative Agent, the Collateral Agent, the Syndication Agent, the Lenders, and the Letter of Credit Issuers to enter into the Credit Agreement and to induce the Lenders and the Letter of Credit Issuers to make their respective Extensions of Credit to the Borrower under the Credit Agreement. Section 9.11 of the Credit Agreement and Section 19 of the Guarantee provide that additional Subsidiaries of the Borrower may become Guarantors under the Guarantee by execution and delivery of an instrument in the form of this Supplement. Each undersigned Subsidiary (each a "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guarantee in order to induce the Lenders and the Letter of Credit Issuers to make additional Extensions of Credit and as consideration for Extensions of Credit previously made.

Accordingly, the Collateral Agent and each New Guarantor agree as follows:

SECTION 1. In accordance with Section 19 of the Guarantee, each New Guarantor by executing and delivering this Supplement becomes a Guarantor under the Guarantee with the same force and effect as if originally named therein as a Guarantor, and, without limiting the generality of the foregoing, each New Guarantor hereby (a) agrees to all the terms and provisions of the Guarantee applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof (after giving effect to this Supplement). Each reference to a Guarantor in the Guarantee shall be deemed to include each New Guarantor. The Guarantee is hereby incorporated herein by reference.

SECTION 2. Each New Guarantor represents and warrants to the Collateral Agent and the other Secured Parties that this Supplement has been duly authorized, executed and

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delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed by one or more of the parties to this Supplement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Supplement signed by all the parties shall be lodged with the Borrower and the Collateral Agent. This Supplement shall become effective as to each New Guarantor when the Collateral Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of such New Guarantor and the Collateral Agent.

SECTION 4. Except as expressly supplemented hereby, the Guarantee shall remain in full force and effect.

**SECTION 5. THIS SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 6. Any provision of this Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and in the Guarantee, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All notices, requests and demands pursuant hereto shall be made in accordance with Section 14.2 of the Credit Agreement. All communications and notices hereunder to each New Guarantor shall be given to it in care of the Borrower at the Borrower's address set forth in Section 14.2 of the Credit Agreement.

SECTION 8. Each New Guarantor agrees to reimburse the Collateral Agent for its out-of-pocket expenses in connection with this Supplement, including the fees, disbursements and other charges of counsel for the Collateral Agent.

[Signature Pages Follow]

IN WITNESS WHEREOF, each New Guarantor and the Collateral Agent have duly executed this Supplement to the Guarantee as of the day and year first above written.

LBPS Holding Company, as a New Guarantor

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: E.V.P. and C.F.O.

LaBarge Pipe & Steel Company, as New Grantor

By: /s/ James F. Underhill  
Name: James F. Underhill  
Title: E.V.P. and C.F.O.

[Supplement No. 2 to Revolving Loan Guarantee]

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The CIT Group/Business Credit, Inc.,  
as Co-Collateral Agent

By: /s/ Howard Trebach  
Name: Howard Trebach  
Title: Vice President

Bank of America, N.A.,  
as Co-Collateral Agent

By: /s/ Joy L. Bartholomew  
Name: Joy L. Bartholomew  
Title: Senior Vice President

[Supplement No. 2 to Revolving Loan Guarantee]

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**MIDFIELD SUPPLY ULC,**

as Borrower

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**AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

Dated as of November 18, 2009

CDN\$60,000,000

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**BANK OF AMERICA, N.A. (acting through its Canada branch),**

and

**CERTAIN FINANCIAL INSTITUTIONS FROM TIME TO  
TIME OR AT ANY TIME NAMED HEREIN AS LENDERS,**

as Lenders

**BANK OF AMERICA, N.A. (acting through its Canada branch),**

as Agent

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## AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

**THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** is dated as of November 18, 2009, among **MIDFIELD SUPPLY ULC**, an unlimited liability company incorporated under the laws of Alberta (the “Borrower”), Mega Production Testing Inc. and Hagan Oilfield Supply Ltd., as guarantors, the financial institutions party to this Agreement from time to time as lenders (collectively, the “Lenders”) and **BANK OF AMERICA, N.A.** (acting through its Canada branch), as agent for the Lenders (the “Agent”).

### RECITALS:

**WHEREAS**, the Borrower, the Guarantors party thereto, the Lenders party thereto, and Bank of America, N.A. (acting through its Canada branch), as Agent for the Lenders, are party to that certain Loan and Security Agreement dated as of November 2, 2006 (in effect and as amended pursuant to a Consent and First Amendment to the Loan and Security Agreement dated as of April 26, 2007, a Second Amendment to the Loan and Security Agreement dated as of May 17, 2007, a Third Amendment, Consent and Waiver to the Loan and Security Agreement dated as of October 31, 2007, a Fourth Amendment dated April 28, 2008, a Consent and Fifth Amendment to the Loan and Security Agreement dated as of June 26, 2008 and a Consent and Sixth Amendment to the Loan and Security Agreement dated as of November 24, 2008, the “Existing Loan and Security Agreement”); and

**WHEREAS**, certain of the Lenders under the Existing Loan and Security Agreement have assigned their rights and obligations thereunder to Persons who are, or shall become, Lenders under this Agreement; and

**WHEREAS**, the Commitments of certain Persons who are Lenders under the Existing Loan and Security Agreement and are continuing as Lenders under this Agreement are being modified as provided herein; and

**WHEREAS**, the Borrower, the Guarantor, the Agent and the Lenders hereunder desire to amend and restate the Existing Loan and Security Agreement as provided herein.

**NOW, THEREFORE**, in consideration of the mutual conditions and agreements set forth in this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, the Lenders, the Agent, the Guarantors and the Borrower hereby agree that the Existing Loan and Security Agreement shall be amended and restated, without novation, in its entirety to read as follows:

### SECTION 1 DEFINITIONS; RULES OF CONSTRUCTION

#### 1.1 Definitions.

As used herein, the following terms have the meanings set forth below:

Account — means all of the Borrower’s now owned or hereafter acquired or arising accounts as defined in the PPSA, including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

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Account Debtor — a Person who is obligated under an Account, Chattel Paper or General Intangible.

Acquisition — any transaction, or any series of related transactions, consummated on or after the Closing Date, by which an Obligor directly or indirectly (a) acquires debt of another Person, (b) acquires any ongoing business or all or substantially all of the assets of any Person engaged in any ongoing business, whether through a purchase of assets, a merger/amalgamation or otherwise, (c) acquires control of Equity Interests of a Person engaged in an ongoing business representing more than 50% of the ordinary voting power for the election of directors or other governing position if the business affairs of such Person are managed by a board of directors or other governing body or (d) acquires control of more than 50% of the Equity Interests in any partnership, joint venture, limited liability company, unlimited liability company, business trust or other Person engaged in an ongoing business that is not managed by a board of directors or other governing body.

Adjusted EBITDA — for the period then calculated, means, EBITDA plus or minus the adjustments (including for the requisite periods of application) set forth on Schedule 1.2.

Affiliate — with respect to any Person, another Person (a) who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person; (b) who beneficially owns 10% or more of the voting securities or any class of Equity Interests of such first Person; (c) at least 10% of whose voting securities or any class of Equity Interests is beneficially owned, directly or indirectly, by such first Person; or (d) who is an officer, director, partner or managing member of such first Person. “Control” means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through ownership of Equity Interests, by contract or otherwise.

Agent — Agent in its capacity as agent for the Lenders and in its capacity as collateral agent for the Secured Parties under the Security Documents, together with any successor in that capacity appointed pursuant to Section 12.8.

Agent Indemnitees — Agent and its officers, directors, employees, Affiliates, agents, mandataries and attorneys.

Agent Professionals — attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Agent.

Agreement — this Loan and Security Agreement and all Exhibits and Schedules thereto.

Allocable Amount — as defined in Section 14.7.

Anti-Terrorism Laws — any laws relating to terrorism or money laundering, including, without limitation, the Patriot Act and the Proceeds of Crime Act.

Applicable Law — all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable



statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

**Applicable Margin** — with respect to any Type of Loan, (a) on any day on or before December 31, 2009, 2.00% for Prime Rate Loans and 3.50% for BA Equivalent Loans, and (b) on any day after December 31, 2009, as determined by the Average Daily Availability of the Borrower for the preceding Fiscal Quarter:

Level	Average Daily Availability for previous Fiscal Quarter	Prime Rate Loans	BA Equivalent Loans
I	<\$30,000,000	2.25%	3.75%
II	≥\$30,000,000 and <\$60,000,000	2.00%	3.50%
III	≥\$60,000,000	1.75%	3.25%

Subject to the terms of this Agreement, the Applicable Margin shall be subject to increase or decrease, effective as of the first day of the next succeeding Fiscal Quarter following a completed Fiscal Quarter as provided above.

**Asset Disposition** — a sale, lease, license, consignment, transfer, alienation or other disposition of Property of an Obligor, including a disposition of Property in connection with a sale-leaseback transaction or synthetic lease.

**Assignment and Acceptance** — an assignment agreement between a Lender and Eligible Assignee and accepted by Agent, in the form of Exhibit C.

**ATB Financial** — Alberta Treasury Branches.

**ATB Financial Debt** — a fixed asset revolving term loan facility made by ATB Financial in favour of the Borrower and its Subsidiaries, in the aggregate amount of \$15,000,000 (the “**ATB Principal**”) pursuant to the Letter Agreement dated as of May 17, 2007, as amended, modified, supplemented or restated to November 12, 2009, and secured by the Borrower’s Real Estate, Equipment and fixed assets only. At all times that the ATB Financial Debt is outstanding, and for so long as any Commitments or Obligations are outstanding, each Obligor shall not, and shall cause each Subsidiary not to, agree to the increase of the principal amount of the ATB Financial Debt in excess of the ATB Principal, nor agree to the increase of any interest rates or any fees, premiums, commissions or other payments except as provided for in the ATB Financial Debt existing on the Closing Date or make any covenants and terms more restrictive than those provided for in the ATB Financial Debt existing on the Closing Date, unless the Agent’s prior written consent, in its discretion, has been obtained in each such case.

**ATB Intercreditor Agreement** — the Intercreditor Agreement among the Agent, ATB Financial and the Borrower dated as of May 17, 2007 (as amended, as the same may be further

amended, restated, supplemented or replaced from time to time on terms satisfactory to the Agent).

ATB Principal — as defined in the definition of ATB Financial Debt.

Availability — determined as of any date, the amount that Borrower is entitled to borrow as Revolver Loans, being the Borrowing Base minus the principal balance of all Revolver Loans.

Availability Block — \$20,000,000 at all times.

Availability Reserve — the sum (without duplication) of (a) the Rent and Charges Reserve; (b) the LC Reserve; (c) the aggregate amount of liabilities secured by Liens upon Collateral that are senior to Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (d) the Priority Payable Reserve; (e) Availability Block; and (f) such additional reserves, in such amounts and with respect to such matters, as Agent in its discretion may elect to impose from time to time.

Average Daily Availability — the amount obtained by adding the difference between the Borrowing Base and the aggregate unpaid balance of the Revolver Loans and Swingline Loans owing by Borrower to Agent and Lenders at the end of each day during the period in question and by dividing such sum by the number of days in such period; provided, however, that for purposes of determining "Average Daily Availability" as such term is used in the definition of "Applicable Margin" of this Agreement, "Borrowing Base" shall be determined without regard to clause (a) of the definition of "Borrowing Base" and without regard to the Availability Block.

BA Equivalent Loan — each set of BA Equivalent Revolver Loans having a common length and commencement of Interest Period.

BA Equivalent Rate — for the Interest Period of each BA Equivalent Loan, the rate of interest per annum equal to the annual rates applicable to Canadian Dollar Bankers' Acceptances having an identical or comparable term as the proposed BA Equivalent Loan displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuter Monitor Money Rates Service as at approximately 10:00 A.M. Eastern time on such day (or, if such day is not a Business Day, as of 10:00 A.M. Eastern time on the immediately preceding Business Day), plus five (5) basis points, provided that if such rates do not appear on the CDOR Page at such time on such date, the rate for such date will be the annual discount rate (rounded upward to the nearest whole multiple of 1/100 of 1%) as of 10:00 A.M. Eastern time on such day at which a Canadian chartered bank listed on Schedule 1 of the *Bank Act* (Canada) as selected by Agent is then offering to purchase Canadian Dollar Bankers' Acceptances accepted by it having such specified term (or a term as closely as possible comparable to such specified term), plus five (5) basis points; provided, however, that in no event shall the BA Equivalent Rate be less than 2.00%.

BA Equivalent Revolver Loan — a Revolver Loan, in Canadian Dollars, that bears interest at a rate determined by reference to the BA Equivalent Rate.

Bank — Bank of America, N.A. (acting through its Canada branch) or any successor or assign thereof.

Bank of America Indemnitees — Bank and all of its present and future officers, directors, employees, Affiliates, agents, mandataries and attorneys.

Bank Product — any of the following products, services or facilities extended to Borrower or Canadian Subsidiary by Bank, any Lender or any of its Affiliates: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card and merchant card services; and (d) leases and other banking products or services as may be requested by Borrower or Canadian Subsidiary, other than Letters of Credit; provided, however, that for any of the foregoing to be included as an “Obligation” for purposes of a distribution under Section 5.5.1, the applicable Secured Party and Obligor must have previously provided written notice to Agent of (i) the existence of such Bank Product, (ii) the maximum dollar amount of obligations arising thereunder (“Bank Product Amount”), and (iii) the methodology to be used by such parties in determining the Bank Product Debt owing from time to time. The Bank Product Amount may be changed from time to time upon written notice to Agent by the Secured Party and Obligor. No Bank Product Amount may be established or increased at any time that a Default or Event of Default exists.

Bank Product Amount — as defined in the definition of Bank Product.

Bank Product Debt — Debt and other obligations of an Obligor relating to Bank Products.

Bankruptcy Code — Title 11 of the United States Code (or any successor statute), as amended from time to time, and includes all regulations thereunder.

BIA — *The Bankruptcy and Insolvency Act* (Canada) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Board of Governors — the Board of Governors of the Federal Reserve System.

Bonuses — bonuses payable by the Borrower to its employees in respect of the Borrower’s then most recently ended Fiscal Year.

Borrowed Money — with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the Ordinary Course of Business), or (iv) was issued or assumed as full or partial payment for Property; (b) Capital Leases; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrowing — a group of Loans of one Type that are made on the same day or are converted into Loans of one Type on the same day.

Borrowing Base — on any date of determination, an amount equal to the lesser of (a) the aggregate amount of Revolver Commitments, minus the LC Reserve; and (b) the sum of up to 85% of the Value of Eligible Accounts, plus the lesser of (A) the lesser of (i) the sum of up to 60% of the Value of Eligible Inventory, and (ii) the sum of up to 85% of the Net Orderly Liquidation Value of Eligible Inventory, and (B) the Inventory Sub-Limit minus the Availability Reserve.

Borrowing Base Certificate — a certificate, in the form of Exhibit E, in form and substance satisfactory to Agent, by which Borrower certifies calculation of the Borrowing Base.

Business Day — (a) any day excluding Saturday, Sunday and any other day on which banks are permitted to be closed under the laws of the Province of Ontario or the Province of Quebec.

Capital Adequacy Regulation — any law, rule, regulation, guideline, request or directive of any central bank or other Governmental Authority, whether or not having the force of law, regarding capital adequacy of a bank or any Person controlling a bank.

Capital Expenditures — all liabilities incurred, expenditures made or payments due (whether or not made) by Borrower or Subsidiary for (i) any Permitted Acquisition, and (ii) for the acquisition of any fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year, including the principal portion of Capital Leases.

Capital Lease — any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Cash Collateral — cash, and any interest or other income earned thereon, that is delivered to Agent to Cash Collateralize any Obligations.

Cash Collateral Account — a demand deposit, money market or other account established by Agent at such financial institution as Agent may select in its discretion, which account shall be subject to Agent's Liens for the benefit of Secured Parties.

Cash Collateralize — the delivery of cash to Agent, as security for the payment of Obligations, in an amount equal to (a) with respect to LC Obligations, 105% of the aggregate LC Obligations, and (b) with respect to any inchoate or contingent Obligations (including Obligations arising under Bank Products), Agent's good faith estimate of the amount due or to become due, including all fees and other amounts relating to such Obligations. " Cash Collateralization " has a correlative meaning.

Cash Equivalents — (a) marketable obligations issued or unconditionally guaranteed by, and backed by the full faith and credit of, the Canadian or United States government, maturing within 12 months of the date of acquisition; (b) certificates of deposit, guaranteed investment certificates, time deposits and bankers' acceptances maturing within 12 months of the date of acquisition, and overnight bank deposits, in each case which are issued by a commercial bank organized under the laws of Canada or the United States or any province, state or district thereof rated A-1 (or better) by S&P or P-1 (or better) by Moody's at the time of acquisition, and (unless issued by a Lender) not subject to offset rights; (c) repurchase obligations with a term of not more than 30 days for underlying investments of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b); (d) commercial paper rated A-1 (or better) by S&P or P-1 (or better) by Moody's, and maturing within nine months of the date of acquisition; and (e) shares of any money market fund that has substantially all of its assets invested continuously in the types of investments referred to above, has net assets of at least \$500,000,000 and has the highest rating obtainable from either Moody's or S&P.

Cash Management Services — any services provided from time to time by Bank or any of its Affiliates to Borrower or a Canadian Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursement, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services.

CCAA — *Companies' Creditors Arrangement Act* (Canada), (or any successor statute), as amended from time to time, and includes all regulations thereunder.

CERCLA — the *Comprehensive Environmental Response Compensation and Liability Act* (42 U.S.C. § 9601 et seq.), (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Change of Control — (a) McJunkin Red Man Holding Corporation ceases to own and control, beneficially and of record, directly or indirectly, 100% of the voting Equity Interests in Borrower; (b) McJunkin Red Man Holding Corporation ceases to own and control, beneficially and of record, directly or indirectly, 100% of the voting Equity Interests in McJunkin Canada; (c) a change in the majority of directors of Borrower, unless approved by the then majority of directors; or (d) all or substantially all of Borrower's assets are sold or transferred.

Chattel Paper — as defined in the PPSA.

Civil Code — the *Civil Code* (Quebec) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Claims — all liabilities, obligations, losses, damages, penalties, judgments, actions, suits, proceedings, awards, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees and Extraordinary Expenses) at any time (including after Full Payment of the Obligations, resignation or replacement of Agent, or replacement of any Lender) incurred by or asserted against any Indemnatee in any way relating to (a) any Loan Documents or transactions relating thereto, (b) any action taken or omitted to be taken by any Indemnatee in connection with any Loan Documents, (c) the existence, perfection, opposability or enforcement of any Liens on, or realization upon, any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnatee is a party thereto.

Class R Note — unsecured subordinated demand promissory note, classified as the Class R Note, dated as of June 15, 2005, issued to McJunkin Canada by the Borrower in the amount of \$37,232,833, bearing interest at the rate of 12% per annum.

Closing Date — as defined in Section 6.1.

Code — the *Internal Revenue Code* of 1986, as amended from time to time and includes all regulations thereunder.

Collateral — all Property described in Section 7.1, all Property described in any Security Documents as security for any Obligations, and all other Property that now or hereafter secures (or is intended to secure) any Obligations.

Commitment — for any Lender, the aggregate amount of such Lender's Revolver Commitment. "Commitments" means the aggregate amount of all Revolver Commitments.

Commitment Increase Amount — as defined in Section 2.1.7.

Commitment Increase Date — as defined in Section 2.1.7.

Commitment Increase Notice — as defined in Section 2.1.7.

Commitment Reduction Amount — as defined in Section 2.1.8.

Commitment Reduction Date — as defined in Section 2.1.8.

Commitment Reduction Notice — as defined in Section 2.1.8.

Commitment Termination Date — the earliest to occur of (a) the Revolver Termination Date; (b) the date on which Borrower terminates the Revolver Commitments pursuant to Section 2.1.4; or (c) the date on which the Revolver Commitments are terminated pursuant to Section 11.2.

Compliance Certificate — a certificate, in the form of Exhibit G, by which Borrower certifies compliance with Sections 10.2.3 and 10.3 and calculates the applicable Level for the Applicable Margin.

Confirmation Agreement — that certain Confirmation, Ratification and Amendment of Loan Documents and Security Documents dated as of the date hereof by and among the Obligors and the Agent.

Contaminant — any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos in any form or condition, polychlorinated biphenyls ("PCBs"), or any hazardous or toxic constituent of any such substance or waste.

Contingent Obligation — any obligation of a Person arising from a guarantee, surety, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation ("primary obligations") of another obligor ("primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guarantee, surety, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation

shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

Credit Judgment — Agent's reasonable credit judgment, based upon its consideration of any factor that it believes (a) will or could be expected to adversely affect the quantity, quality, mix or value of Collateral (including any Applicable Law that may inhibit collection of an Account), the enforceability or priority of Agent's Liens, or the amount that Agent and Lenders would likely receive in liquidation of any Collateral; (b) suggests that any collateral report or financial information delivered by any Obligor is incomplete, inaccurate or misleading in any material respect; (c) materially increases the likelihood of any Insolvency Proceeding involving an Obligor; or (d) creates or could result in a Default or Event of Default. In exercising such judgment, Agent may consider any factors that could increase the credit risk of lending to Borrower on the security of the Collateral.

CWA — the *Clean Water Act* (33 U.S.C. §§ 1251 et seq.) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Debt — with respect to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including, without limitation, Capital Leases, but excluding trade payables incurred and being paid in the Ordinary Course of Business; (b) all Contingent Obligations; (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of Borrower, the Obligations. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer.

Default — an event or condition that, with the lapse of time or giving of notice, would constitute an Event of Default.

Default Rate — for any Obligation (including, to the extent permitted by law, interest not paid when due), 2% plus the interest rate otherwise applicable thereto.

Defaulting Lender — means any Lender, as determined by the Agent, (i) that has failed or refused to abide by its obligations under this Agreement, including without limitation, its obligation to make available to Agent its Pro Rata share of any Loans, expenses or setoff or purchase its Pro Rata share of a participation interest in the Swingline Loans, Letters of Credit and LC Obligations, (ii) that has otherwise failed to pay over to the Agent any other amount required to be paid by it hereunder within two (2) days of receipt from the Agent of written notice thereof, (iii) that has notified any Borrower, the Agent, any Issuing Bank, the Swingline Lender or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, (iv) as to which the Agent, Swingline Lender or Issuing Bank has a good faith belief that such Lender has defaulted in fulfilling its obligations under one or more other syndicated credit facilities, or (v) which has (a) become or is insolvent or a Person that controls such Lender has become or is insolvent or (b) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, interim receiver, receiver and manager, administrator, liquidator, conservator, requestor trustee or custodian appointed for it, or has

taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or a Person that controls such Lender has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, interim receiver, receiver and manager, administrator, liquidator, conservator, requestor trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment.

Deposit Account — includes any bank account (with deposit functions) maintained or held with any financial institution.

Distributions — any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt to a holder of Equity Interests; or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

Dollars or Canadian Dollars or “\$” — the lawful currency of Canada.

Dominion Account — a special account established by each Obligor at Bank, over which Agent has exclusive access and control for withdrawal purposes.

EBITDA — determined on a consolidated basis for Borrower and Subsidiaries, net income, calculated before interest expense, provision for income taxes, depreciation and amortization expense, gains or losses arising from the sale of capital assets, gains arising from the write-up of tangible assets, gains or losses arising from the write up or write down of intangible assets, Bonuses, Shared Administration Costs, and any extraordinary gains and non-cash compensation expenses (in each case, to the extent included in determining net income).

Eligible Account — an Account owing to an Obligor that arises in the Ordinary Course of Business from the sale of goods, or rendition of services, is payable in Dollars or U.S. Dollars and is deemed by Agent, in its Credit Judgment, to be an Eligible Account. Without limiting the foregoing, no Account shall be an Eligible Account if:

(a) it is unpaid for more than 90 days after the original invoice date; provided, however, that in the case of Accounts owing by the Account Debtor known as Paramount Resources Ltd., it is unpaid for more than 120 days after the original invoice date;

(b) 30% or more of the Accounts owing by the Account Debtor are not Eligible Accounts under clause (a) of this definition or otherwise ineligible hereunder;

(c) when aggregated with other Accounts owing by the Account Debtor, it exceeds 20% of the aggregate Eligible Accounts (or such higher percentage as Agent may establish for the Account Debtor from time to time) but only to the extent of such excess;

(d) it does not conform with a covenant or representation herein in any material respect;

(e) it is owing by a creditor or supplier, or is otherwise subject to a potential offset, compensation, counterclaim, dispute, deduction, discount, recoupment, reserve, defense, chargeback, contra, credit or allowance (but ineligibility shall be limited to the amount thereof) unless (i) the Agent, in its Credit Judgment, has established an appropriate reserve and



determines to include such Account as an Eligible Account or (ii) such Account Debtor has entered into an agreement reasonably acceptable to the Agent to waive such rights;

(f) an Insolvency Proceeding has been commenced by or against the Account Debtor; or the Account Debtor has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs, or is not Solvent or, in the case of an individual, death or judicial declaration of incompetence;

(g) the Account Debtor is organized or has its principal chief executive or registered offices outside Canada, the continental United States or Hawaii except in the case where the sale giving rise to such Account is backed by an irrevocable letter of credit issued or confirmed by a bank (with a rating of "A" or higher by Standard & Poor's) reasonably acceptable to Agent and that is in form and substance reasonably acceptable to the Agent and payable in the full amount of the Account in freely convertible (i) U.S. Dollars at a place of payment within the United States, or (ii) Dollars at a place of payment within Canada, and, if requested by the Agent, such letter of credit, or amounts payable thereunder, is assigned to the Agent (with such assignment acknowledged by the issuing or confirming bank);

(h) it is owing by a Government Authority, unless (i) the Account Debtor is the United States or any department, agency or instrumentality thereof and the Account has been assigned to Agent in compliance with the Assignment of Claims Act, (ii) the Account Debtor is the government of Canada and the Account has been assigned to Agent in compliance with the *Financial Administration Act* (Canada) or (iii) such Account is backed by a letter of credit reasonable acceptable to the Agent and which is in the possession of the Agent;

(i) it is not subject to a duly perfected, opposable and first priority Lien in favour of Agent, or is subject to any other Lien other than a Permitted Lien which does not have priority over the Lien in favour of the Agent; provided that, with respect to any tax Lien having such priority, eligibility of Accounts shall, without duplication, be reduced by the amount of such tax Lien, or the Agent's right or ability to obtain direct payment to the Agent of the proceeds of such Account, is governed by any federal, state or provincial statutory requirements other than those of the UCC, the PPSA or the Civil Code;

(j) the goods giving rise to it have not been shipped (if shipped, must be FOB Obligor premises) to the Account Debtor, the services giving rise to it have not been performed by the Obligor, or it otherwise does not represent a final sale;

(k) it is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment;

(l) its payment has been extended, the Account Debtor has made a partial payment, or it arises from a sale on a cash-on-delivery basis;

(m) it arises from a sale to an Affiliate, or from a sale on a bill-and-hold, pre-bill, guaranteed sale, sale or return, sale on approval, consignment, conditional sale or other repurchase or return basis;

(n) it represents a progress billing or retainage;

(o) it represents an Account belonging to an Account Debtor where an Obligor has suspended any further sales to such Account Debtor;

(p) it includes a billing for interest, fees or late charges, but ineligibility shall be limited to the extent thereof;

(q) with respect to which the Account Debtor is located in any state of the United States or province of Canada which requires the filing of a Notice of Business Activities Report or registration or licencing to carry on business or similar report, registration or licencing in order to permit an Obligor to seek judicial enforcement in such state of the United States or province of Canada of payment of such Account, unless an Obligor has qualified to do business in such province or state or has filed a Notice of Business Activities Report or registration or licencing to carry on business or equivalent report, registration or licencing for the then current year except to the extent such Obligor may qualify subsequently as a foreign entity authorized to transact business in such state or jurisdiction and gain access to such courts, without incurring any cost or penalty reasonably viewed by the Agent to be material in amount, and such later qualification cures any access to such courts to enforce payment of such Account;

(r) it arises from a retail sale to a Person who is purchasing for personal, family or household purposes; or

(s) such Account is determined by the Agent in its Credit Judgment to be ineligible for any other reason.

In calculating delinquent portions of Accounts under clauses (a) and (b), credit balances more than 90 days old will be excluded (provided, however, that, in the case of Paramount Resources Ltd., credit balances more than 120 days old will be excluded). If any Account at any time ceases to be an Eligible Account, then such Account shall promptly be excluded from the calculation of Eligible Accounts.

Eligible Assignee — a Canadian based Affiliate of a Lender each of which is a Qualified Lender; (ii) any other financial institution approved by Agent and Borrower (which approval by Borrower shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two Business Days after notice of the proposed assignment), that is a Qualified Lender, has total assets in excess of \$5 billion, extends asset-based lending facilities in its ordinary course of business, whose becoming an assignee would not constitute a prohibited transaction under Applicable Law and who is a Qualified Lender; and (iii) during any Event of Default, any Person acceptable to Agent in its discretion.

Eligible Inventory — Inventory owned by an Obligor that Agent, in its Credit Judgment, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it:

(a) is finished goods, and not raw materials, work-in-process, packaging or shipping materials, labels, samples, display items, bags, replacement parts, spare parts or manufacturing supplies;

(b) is not held on consignment, nor subject to any deposit or downpayment;

- (c) is in new and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale;
- (d) is not slow-moving, obsolete or unmerchantable, and does not constitute returned or repossessed goods;
- (e) meets, in all material respects, all standards imposed by any Governmental Authority, and does not constitute hazardous materials under any Environmental Law;
- (f) conforms with the covenants and representations herein, in all material respects;
- (g) is owned by an Obligor and is maintained or stored at a location of an Obligor subject to paragraphs (i), (j) and (k) of this definition of Eligible Inventory;
- (h) is subject to Agent's duly perfected, opposable and first priority Lien, and no other Lien other than a Permitted Lien which does not have priority over the Lien in favour of the Agent (other than any bailee, warehouseman, landlord or similar non-consensual Liens having priority of operation of law to the extent paragraph (i), (j) or (k) is satisfied with respect to the relevant Inventory); provided that, with respect to any tax Lien having such priority, eligibility of Inventory shall, without duplication, be reduced by the amount of such tax Lien;
- (i) is not located on leased premises unless the lessor has delivered a Lien Waiver or an appropriate Rent and Charges Reserve at the Agent's Credit Judgment has been established;
- (j) is not in the possession of a warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person, unless such Person has delivered a Lien Waiver;
- (k) is not consigned to any Person, provided, however, that Inventory in Canada or the continental United States, on consignment by an Obligor to a Person, shall be considered Eligible Inventory if (i) Obligor has filed a financing statement against such Person in respect of such Inventory (insuring a first ranking Lien against such Inventory), (ii) Obligor has assigned the foregoing financing statement to Agent, (iii) such Person has delivered a consignee's consent letter in form and substance reasonably satisfactory to the Agent, and (iv) the Inventory would otherwise constitute Eligible Inventory hereunder;
- (l) is within the continental United States or Canada and is not in transit except between locations of an Obligor;
- (l) is not subject to any warehouse receipt or negotiable Document;
- (m) is not subject to any License or other arrangement that restricts an Obligor's or Agent's right to dispose of such Inventory, unless Agent has received an appropriate Lien Waiver or consent to sub-license in form and substance satisfactory to Agent; and
- (n) such Inventory is not determined by the Agent in its Credit Judgment to be ineligible for any other reason.

If any Inventory at any time ceases to be Eligible Inventory, such Inventory shall promptly be excluded from the calculation of Eligible Inventory.

Enforcement Action — any action to enforce any Obligations or Loan Documents or to realize upon any Collateral (whether by judicial action, self-help, notification of Account Debtors, exercise of setoff, compensation or recoupment, or otherwise).

Environmental Laws — all Applicable Laws (including all programs, permits, authorizations, consents, registrations, approvals, ordinances, judgments, injunctions, notices and guidance promulgated by regulatory agencies or other Governmental Authorities), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA) or the protection or pollution of the environment, including the *Environmental Protection Act* (Canada), CERCLA and CWA.

Environmental Notice — a notice (whether written or oral) from any Governmental Authority or other Person of any possible noncompliance with, investigation of a possible violation of, litigation relating to, or potential fine or liability under any Environmental Law, or with respect to any Environmental Release, environmental pollution or hazardous materials, including any complaint, summons, citation, order, claim, demand or request for correction, remediation or otherwise.

Environmental Release — means a release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of a Contaminant into the indoor or outdoor environment or into or out of any Real Estate or other property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or Real Estate or other property or a release as defined in CERCLA or under any other Environmental Law.

Equipment — as defined in the PPSA, including all tools, machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible (corporeal) personal (movable) Property (other than Inventory), and all parts, accessories and special tools therefor, and accessions thereto.

Equity Interest — the interest of any (a) shareholder in a corporation or company, (b) partner in a partnership (whether general, limited, special, limited liability or joint venture), (c) member in a limited liability company or unlimited liability company, or (d) other Person having any other form of equity security or ownership interest.

Equivalent Amount — on any date, the amount of Dollars into which an amount of U.S. Dollars may be converted or the amount of U.S. Dollars into which an amount of Dollars may be converted, in either case, at the Bank's spot buying rate in Toronto, Canada as at approximately 12:00 p.m. (Eastern time) on such date.

ERISA — the Employee Retirement Income Security Act of 1974 (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Europump — Europump Systems Inc.

Europump Loan — an unsecured loan, in the aggregate principal amount of \$760,000, made in favour of Europump by, and currently owing to, the Borrower.

Event of Default — as defined in Section 11.

Excluded Taxes — with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of an Obligor hereunder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office or domicile is located and (b) any branch profits taxes imposed by the United States, Canada or any similar tax imposed by any other jurisdiction in which an Obligor is located.

Existing Loan and Security Agreement — as defined in the Recitals to this Agreement.

Extraordinary Expenses — all costs, expenses or advances that Agent may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, opposability, priority or avoidability of Agent's Liens with respect to any Collateral), Loan Documents or Obligations, including any lender liability or other Claims; (c) the exercise, protection or enforcement of any rights or remedies of Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action; (f) negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations; or (g) Protective Advances. Such costs, expenses and advances include transfer fees, taxes, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses.

Fee Letter — the fee letter agreement between Agent, Bank and Borrower dated November 1, 2006, as the same may be amended from time to time.

Fiscal Quarter — each period of three months, commencing on the first day of a Fiscal Year.

Fiscal Year — the fiscal year of Borrower and Subsidiaries for accounting and tax purposes, ending on December 31<sup>st</sup> of each year..

Fixed Charge Coverage Ratio — as of any date of determination, the ratio, determined and calculated on a consolidated basis for Borrower and Subsidiaries and on a rolling historical twelve month basis, of (a) Adjusted EBITDA, to (b) Fixed Charges.

Fixed Charges — the sum, when actually paid in the period, of interest expense, principal payments on Borrowed Money (other than Revolving Loans), income taxes, Capital Expenditures (except those financed with Borrowed Money other than Revolver Loans), Bonuses, Shared Administration Costs and Distributions.

Foreign Lender — with respect to the Borrower, any Lender that is organized under the laws of a jurisdiction other than the laws of Canada.

Foreign Plan — any employee benefit plan, pension plan or arrangement maintained or contributed to by any Person that is not subject to the laws of Canada, or any employee benefit plan or arrangement mandated by a government other than Canada for employees of any Person.

FSCO — the Financial Services Commission of Ontario and any Person succeeding to the functions thereof and includes the Superintendent under such statute and any other Governmental Authority empowered or created by the PBA.

Full Payment — with respect to any Obligations, (a) the full and indefeasible cash payment thereof, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); (b) if such Obligations are LC Obligations or inchoate or contingent in nature, Cash Collateralization thereof (or delivery of a standby letter of credit acceptable to Agent in its discretion, in the amount of required Cash Collateral); and (c) a release of any Claims of Obligors against Agent, Lenders and Issuing Bank arising on or before the payment date. No Loans shall be deemed to have been paid in full until all Commitments related to such Loans have expired or been terminated.

GAAP — generally accepted accounting principles and practices in effect at such time in Canada as recognized by the Canadian Institute of Chartered Accountants which are applicable to the circumstances.

General Intangibles — including “Intangibles” as defined in the PPSA and including choses in action, causes of action, company or other business records, inventions, blueprints, designs, patents, patent applications, trademarks, trademark applications, trade names, trade secrets, service marks, goodwill, brand names, copyrights, registrations, licenses, franchises, customer lists, permits, tax refund claims, computer programs, operational manuals, internet addresses and domain names, insurance refunds and premium rebates, all rights to indemnification, and all other intangible and incorporeal Property of any kind.

General Security Agreements — the general security agreements executed by each Obligor in favour of the Agent dated the date hereof in form and substance satisfactory to the Agent.

Goods — as defined in the PPSA.

Governmental Approvals — all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority — any federal, provincial, territorial, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, and any corporation, Crown corporation or other entity owned or controlled, through stock or capital in each case whether associated with Canada, the United States, a province, state, district or territory thereof, or a foreign entity or government.

Guarantee — (i) the guarantee, as set out in Section 14 hereof, and (ii) each guarantee or surety agreement executed by a Guarantor in favour of Agent.

Guaranteed Obligations — as defined in Section 14.

Guarantors — Mega Production Testing Inc., Hagan Oilfield Supply Ltd. and each other Person who guarantees payment or performance of any Obligations.

Hedging Agreement — an agreement relating to any swap, cap, floor, collar, option, forward, cross right or obligation, or combination thereof or similar transaction, with respect to interest rate, foreign exchange, currency, commodity, credit or equity risk.

Indemnified Taxes — all Taxes (including Other Taxes) other than Excluded Taxes.

Indemnitees — Agent Indemnitees, Lender Indemnitees, Issuing Bank Indemnitees and Bank Indemnitees.

Insolvency Proceeding — (i) The filing by or against an Obligor of a request, proposal, notice of intent to file a proposal, proceeding, action or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as a bankrupt, winding-up, or other relief under the bankruptcy, insolvency, restructuring, liquidation, winding up, corporate or similar laws of Canada, the United States, any province, state or territory thereof, or any foreign jurisdiction, now or hereafter in effect; (ii) the making of any general assignment by an Obligor for the benefit of creditors; (iii) the appointment of a receiver, trustee, monitor, custodian, liquidator, administrator, interim receiver, monitor or trustee or other official for an Obligor or for any of the assets of an Obligor, including, without limitation, the appointment of or taking possession by a “trustee under” the BIA or “custodian,” as defined in the Bankruptcy Code; (iv) the institution by or against an Obligor of any other type of insolvency, liquidation, bankruptcy, winding up or reorganization proceeding (under the laws of Canada, including applicable corporate statutes, the BIA and the CCAA) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of affairs of, an Obligor; (v) the sale, assignment, or transfer of all or any material part of the assets of an Obligor; (vi) the nonpayment generally by an Obligor of its debts as they become due; or (vii) the cessation of the business of an Obligor as a going concern;

Instrument — as defined in the PPSA.

Intellectual Property — all intellectual and similar Property of a Person, including inventions, designs, patents, patent applications, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, registrations and franchises; all books and records describing or used in connection with the foregoing; and all licenses or other rights to use any of the foregoing.

Intellectual Property Claim — any claim or assertion (whether in writing, by suit or otherwise) that Borrower’s or Subsidiary’s ownership, use, marketing, sale or distribution of any Inventory, Equipment, intellectual Property or other Property violates another Person’s Intellectual Property.

Interest Period — as defined in Section 3.1.3.

Inventory — as defined in the PPSA, including all goods and other corporeal movable Property intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, transformation, printing, packing, shipping, advertising, sale, lease or furnishing of such goods or Property, or otherwise used or consumed in an Obligor's business or enterprise, in providing a service or otherwise (but excluding Equipment).

Inventory Sub-Limit — \$40,000,000, as such amount may be increased or reduced proportionately following a Commitment Increase Amount or a Commitment Reduction Amount, as the case may be, in accordance with Section 2.1.7 or 2.1.8, as applicable.

Investment — any acquisition of all or substantially all assets of a Person; any acquisition of record or beneficial ownership of any Equity Interests of a Person; or any advance or capital contribution to or other investment in a Person.

Investment Property — all of an Obligor's right, title and interest in and to any and all: (a) securities whether certificated or uncertificated; (b) securities entitlements; (c) securities accounts; (d) commodity contracts; and (e) commodity accounts.

Issuing Bank — Bank or an Affiliate of Bank.

Issuing Bank Indemnities — Issuing Bank and its officers, directors, employees, Affiliates, agents, mandataries and attorneys.

ITA — the *Income Tax Act* (Canada) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

LC Application — an application by Borrower to Issuing Bank for issuance of a Letter of Credit, in form and substance satisfactory to Issuing Bank.

LC Conditions — the following conditions necessary for issuance of a Letter of Credit: (a) each of the conditions set forth in Section 6; (b) after giving effect to such issuance, total LC Obligations do not exceed the Letter of Credit Subline, no Overadvance exists and, if no Revolver Loans are outstanding, the LC Obligations do not exceed the Borrowing Base (without giving effect to the LC Reserve for purposes of this calculation); (c) the expiration date of such Letter of Credit is (i) no more than 365 days from issuance, in the case of standby Letters of Credit, (ii) no more than 120 days from issuance, in the case of documentary Letters of Credit, and (iii) at least 20 Business Days prior to the Revolver Termination Date; (d) the Letter of Credit and payments thereunder are denominated in Dollars or U.S. Dollars; and (e) the form of the proposed Letter of Credit is satisfactory to Agent and Issuing Bank in their discretion.

LC Documents — all documents, instruments and agreements (including LC Requests and LC Applications) delivered by Borrower or any other Person to Issuing Bank or Agent in connection with issuance, amendment or renewal of, or payment under, any Letter of Credit.

LC Obligations — the sum (without duplication) of (a) all amounts owing by Borrowers for any drawings under Letters of Credit; (b) the aggregate undrawn amount of all outstanding Letters of Credit (which amount shall include, for Letters of Credit denominated in U.S. Dollars,



the Equivalent Amount thereof in Dollars); and (c) all fees and other amounts owing with respect to Letters of Credit.

LC Request — a request for issuance of a Letter of Credit, to be provided by Borrower to Issuing Bank, in form satisfactory to Agent and Issuing Bank.

LC Reserve — the aggregate of all LC Obligations.

Lender Indemnities — Lenders and their officers, directors, employees, Affiliates, agents, mandataries attorneys.

Lenders — as defined in the preamble to this Agreement, including Agent in its capacity as a provider of Swingline Loans and any other Person who hereafter becomes a “Lender” pursuant to an Assignment and Acceptance, and their respective successors, and any one of them a “Lender”.

Letter of Credit — any standby or documentary letter of credit issued by Issuing Bank in Dollars or U.S. Dollars for the account of Borrower, or any indemnity, guarantee, exposure transmittal memorandum or similar form of credit support issued by Agent or Issuing Bank for the benefit of an Obligor (for the account of the Borrower).

Letter of Credit Subline — \$10,000,000, or the Equivalent Amount thereof in U.S. Dollars.

Leverage Ratio — as of any date of determination, the ratio of (a) Borrowed Money (other than Contingent Obligations of the Obligors) less the Shareholders’ Notes, the Class R Note and any other Debt permitted under Section 10.2.1(c), in each case that is outstanding, to (b) Adjusted EBITDA for the rolling historical twelve month period then ending.

License — any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution, transformation or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor — any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien — any Person’s interest (choate or inchoate) in Property securing an obligation owed to, or a claim by, such Person, whether such interest is based on common law, statute or contract, including liens, assignments, assignments by way of security, security interests, pledges, hypothecations, statutory trusts, reservations, rights of retention, privileges, garnishment rights, deemed trusts, exceptions, encroachments, easements, rights-of-way, servitudes, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Property.

Lien Waiver — an agreement, in form and substance satisfactory to Agent, by which (a) for any material Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent to enter upon the premises and remove the Collateral or to use the premises to store or dispose of the Collateral; (b) for any Collateral held by a warehouseman, processor, shipper or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any Documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to

Agent upon request; (c) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral subject to a Licensor's Intellectual Property rights, the Licensor grants to Agent the right, vis-à-vis such Licensor, to enforce Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable License.

Loan - a Revolver Loan.

Loan Account - the loan account established by each Lender on its books pursuant to Section 5.7.

Loan Documents - this Agreement, Other Agreements and Security Documents.

Loan Year - each year of 365 or 366 days, as applicable, commencing on the Closing Date and on each anniversary of the Closing Date.

Margin Stock - as defined in Regulation U of the Board of Governors.

Material Adverse Effect - the effect of any event or circumstance that, taken alone or in conjunction with other events or circumstances, (a) has or could be reasonably expected to have a material adverse effect on the business, operations, Properties, prospects or condition (financial or otherwise) of any Obligor, on the value of any material Collateral, on the enforceability of any Loan Documents, or on the validity or priority or opposability of Agent's Liens on any Collateral; (b) impairs the ability of any Obligor to perform any obligations under the Loan Documents, including repayment of any Obligations; or (c) otherwise impairs the ability of Agent or any Lender to enforce or collect any Obligations or to realize upon any Collateral.

Material Contract - any agreement or arrangement to which Borrower or a Subsidiary is party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Obligor, including the Securities Act of 1933, (b) for which breach, termination, rescission, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect, or (c) that relates to Subordinated Debt, or Debt in an aggregate amount of \$250,000 or more.

McJunkin Canada - McJunkin Red Man Canada Ltd., formerly known as Red Man Pipe & Supply Canada Ltd., and its permitted successors and assigns.

Midfield Holdings - Midfield Holdings (Alberta) Ltd., a Person holding Equity Interests in the Borrower.

Moody's - Moody's Investors Service, Inc., and its successors.

Multiemployer Plan - any employee benefit plan or arrangement described in Section 4001(a)(3) of the ERISA that is maintained or contributed to by any Obligor or Subsidiary.

Net Orderly Liquidation Percentage - with respect to Inventory of an Obligor at any time, the ratio (expressed as a percentage) computed by dividing (i) the net recovery Value of the

Inventory of such Obligor (which in any event shall give effect to all costs and expenses of liquidation), as set forth in the appraisal of such Loan Obligor's Inventory most recently delivered to the Agent pursuant to Section 10.1.1 by (ii) the value of the Inventory of such Obligor, valued at cost, as set forth in the corresponding appraisal.

Net Orderly Liquidation Value - with respect to the Inventory of an Obligor at any time, an amount equal to the product of (i) the Value of the Inventory of such Obligor at such time, multiplied by (ii) the Net Orderly Liquidation Percentage for such Obligor in effect at such time.

Net Proceeds - with respect to an Asset Disposition, proceeds (including, when received, any deferred or escrowed payments) received by Borrower or Subsidiary in cash from such disposition, net of (a) reasonable and customary costs and expenses actually incurred in connection therewith, including legal fees and sales commissions; (b) amounts applied to repayment of Debt secured by a Permitted Lien senior to Agent's Liens on Collateral sold; (c) transfer or similar taxes; and (d) reserves for indemnities, until such reserves are no longer needed.

New Revolver Commitments - as defined in Section 2.1.7.

New Revolver Lender - as defined in Section 2.1.7.

Notes - each Revolver Note or other promissory note, as required by any Lender, executed by Borrower to evidence any Obligations.

Notice of Borrowing - a Notice of Borrowing to be provided by a Senior Officer of Borrower to request the funding of Borrowing of Revolver Loans, in each case in the form of Exhibit H.

Notice of Conversion/Continuation - a Notice of Conversion/Continuation to be provided by a Senior Officer of Borrower to request a conversion or continuation of any Prime Rate Loans as BA Equivalent Loans, in the form of Exhibit F.

Obligations - all (a) principal of and premium, if any, on the Loans, (b) the LC Obligations and other liabilities and obligations of Obligors with respect to Letters of Credit, (c) interest, expenses, fees and other sums payable by Obligors under Loan Documents, (d) liabilities and obligations of Obligors under any indemnity for Claims, (e) Extraordinary Expenses, (f) Bank Product Debt, (g) the Guaranteed Obligations, and (h) other Debts, obligations, covenants, duties and liabilities of any kind owing by Obligors pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether or not allowed in any Insolvency Proceeding (including any interest that accrues after the commencement of any case or proceedings by or against the Borrower under any debtor relief law (including the BIA and the CCAA)), whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guarantee, covenant, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

Obligor - Borrower, Guarantor, or other Person that is liable for payment of any Obligations or that has granted a Lien in favour of Agent on its assets to secure any Obligations.

Ordinary Course of Business - the ordinary course of business of Borrower or Subsidiary, consistent with past practices and undertaken in good faith.

Organic Documents - with respect to any Person, its charter, certificate or articles of incorporation, articles of amalgamation, articles of amendment, certificates or articles of constitution, letters patent, certificates and articles of continuation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, limited partnership agreement, certificate of partnership, memoranda of association, certificate of formation, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

OSHA - the Occupational Safety and Hazard Act of 1970 (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Other Agreements - each Note; LC Document; Fee Letter; Lien Waiver; the Confirmation Agreement; ATB Intercreditor Agreement, Shareholder Subordination Agreements, Borrowing Base Certificate, Compliance Certificate, financial statement or report delivered hereunder; or other document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor or other Person to Agent or a Lender in connection with any transactions relating hereto or any other Loan Document.

Other Taxes - all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Loan and Security Agreement or any other Loan Document.

Overadvance - as defined in Section 2.1.5.

Overadvance Loan - a Prime Rate Revolver Loan made when an Overadvance exists or is caused by the funding thereof.

Overdraft Loan - as defined in Section 3.4.

Participant - as defined in Section 13.2.

Patriot Act - the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Payment Item - each check, draft or other item of payment payable to Borrower, including those constituting proceeds of any Collateral.

PBA - *Pensions Benefit Act* (Ontario) or similar legislation of any other federal or provincial jurisdiction (or any successor statute), as amended from time to time, and includes all regulations thereunder.

PBGF - the Pension Benefit Guarantee Fund of Ontario or any Governmental Authority of any other jurisdiction exercising similar functions in respect of any Plan or Foreign Plan of an Obligor and any Governmental Authority succeeding to the functions thereof.

Pension Event - (a) the whole or partial withdrawal of an Obligor or any of its Subsidiaries from a Plan or Foreign Plan during a plan year; or (b) the filing of a notice of interest to terminate in whole or in part a Plan or Foreign Plan or the treatment of a Plan or Foreign Plan amendment as a termination of partial termination; or (c) the institution of proceedings by any Governmental Authority to terminate in whole or in part or have a trustee appointed to administer a Plan or Foreign Plan; or (d) any other event or condition which might constitute grounds for the termination of, winding up or partial termination of winding up or the appointment of trustee to administer, any Plan or Foreign Plan.

Permitted Acquisition - any transaction, or any series of related transactions, consummated on or after the Closing Date, by which an Obligor directly or indirectly acquires through a purchase of assets any ongoing business or all or substantially all of the assets of any Person engaged in any ongoing business, provided, however, that no Default or Event of Default exists or would result as a consequence of any such Acquisition, provided, further, that any such ongoing business so acquired is engaged in the same or a similar business of the applicable Obligor, as conducted by it on the Closing Date, and any activities incidental thereto, provided, further, that the aggregate consideration paid for any one such Acquisition does not exceed \$500,000, and provided, further, that the aggregate consideration paid for all such Acquisitions in any 12-month rolling period does not exceed \$1,000,000.

Permitted Asset Disposition - as long as no Default or Event of Default exists, or would result therefrom, and all Net Proceeds are remitted to Agent (other than Net Proceeds of Real Estate and Equipment pursuant to a permitted disposition hereunder), an Asset Disposition that is (a) a sale of Inventory in the Ordinary Course of Business; (b) a disposition of Equipment in the Ordinary Course of Business; (c) a disposition of Inventory that is obsolete, unmerchantable or otherwise unsalable in the Ordinary Course of Business; (d) a termination of a lease of a real (immovable) or personal (movable) Property that is not necessary for the Ordinary Course of Business, could not reasonably be expected to have a Material Adverse Effect and does not result from an Obligor's default; (e) other Asset Dispositions for Net Proceeds in the aggregate amount of \$5,000,000 per annum; or (f) approved in writing by Agent and Required Lenders.

Permitted Contingent Obligations - Contingent Obligations (a) arising from endorsements of Payment Items for collection or deposit in the Ordinary Course of Business; (b) arising from Hedging Agreements permitted hereunder; (c) existing on the Closing Date, and any extension or renewal thereof that does not increase the amount of such Contingent Obligation when extended or renewed; (d) incurred in the Ordinary Course of Business with respect to surety, appeal or performance bonds, or other similar obligations; (e) arising from customary indemnification obligations in favour of purchasers in connection with dispositions of Equipment permitted hereunder; (f) arising under the Loan Documents; or (g) in an aggregate amount of \$250,000 or less at any time.

Permitted Lien - as defined in Section 10.2.2.

Permitted Purchase Money Debt - Purchase Money Debt of Borrower and Subsidiaries that is unsecured or secured only by a Purchase Money Lien, as long as the aggregate amount does not exceed \$500,000 at any time and its incurrence does not violate Section 10.2.3.

Person - any individual, corporation, limited liability company, unlimited liability company, partnership, limited liability partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

Plan - an employee pension benefit plan or pension plan that is covered by the Applicable Laws of any jurisdiction in Canada including the PBA and the ITA or subject to minimum funding standards and that is either (a) maintained or sponsored by Borrower or Subsidiary for employees or (b) maintained pursuant to a collective bargaining agreement, or other arrangement under which more than one employer makes contributions and to which Borrower or Subsidiary is making or accruing an obligation to make contributions or has within the preceding five years made or accrued such contributions.

PPSA - the *Personal Property Security Act* (Ontario) (or any successor statute) or similar legislation (including, without limitation, the Civil Code) of any other jurisdiction, the laws of which are required by such legislation to be applied in connection with the issue, perfection, effect of perfection, enforcement, enforceability, opposability, validity or effect of security interests or other applicable Lien.

Prime Rate - shall mean, for any day, the greater of (A) a fluctuating rate of interest per annum equal to the rate of interest in effect for such day as publicly announced from time to time by Bank as its "Prime Rate", (B) the sum of 0.50% plus the Bank of Canada overnight rate, which is the rate of interest charged by the Bank of Canada on one-day loans to financial institutions, for such day, and (C) the sum of 1.00% plus the BA Equivalent Rate for a 30 day Interest Period as determined on such day. The Prime Rate is a rate set by Bank based upon various factors, including Bank's costs and desired return, general economic conditions and other factors and is used as a reference point for pricing some loans. Any change in the prime rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change. Each interest rate based on the Prime Rate hereunder, shall be adjusted simultaneously with any change in the Prime Rate. In the event that the Bank (including any successor or assignor) does not at any time publicly announce a prime rate, the "Prime Rate" shall mean the "prime rate" publicly announced by a Schedule 1 chartered bank in Canada selected by the Bank.

Prime Rate Loan - any Loan that bears interest based on the Prime Rate.

Prime Rate Revolver Loan - a Revolver Loan that bears interest based on the Prime Rate.

Priority Payable Reserve - reserves established in the Credit Judgment of the Agent for amounts secured by any Liens, choate or inchoate, which rank or are capable of ranking in priority to the Agent's and/or Lenders' Liens and/or for amounts which may represent costs relating to the enforcement of the Agent's Liens including, without limitation, in the Credit Judgment of the Agent, any such amounts due and not paid for wages or vacation pay (including amounts protected by the *Wage Earner Protection Program Act* (Ontario)), amounts due and not paid under any legislation relating to workers' compensation or to employment insurance, all amounts deducted or withheld and not paid and remitted when due under the ITA, amounts

currently or past due and not paid for realty, municipal or similar taxes (to the extent impacting personal or moveable property) and all amounts currently or past due and not contributed, remitted or paid to any Plan or under the Canada Pension Plan, the PBA or any similar legislation.

Pro Rata - with respect to any Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined (a) while Revolver Commitments are outstanding, by dividing the amount of such Lender's Revolver Commitment by the aggregate amount of all Revolver Commitments; and (b) at any other time, by dividing the amount of such Lender's Loans and LC Obligations by the aggregate amount of all outstanding Loans and LC Obligations.

Proceeds of Crime Act - *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Properly Contested - with respect to any obligation of an Obligor, (a) the obligation is subject to a bona fide dispute regarding amount or the Obligor's liability to pay; (b) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (c) appropriate reserves have been established in accordance with GAAP; (d) non-payment could not have a Material Adverse Effect, nor result in forfeiture or sale of any assets of the Obligor; (e) no Lien is imposed on assets of the Obligor, unless bonded and stayed to the satisfaction of Agent; and (f) if the obligation results from entry of a judgment or other order, such judgment or order is stayed pending appeal or other judicial review.

Property - any interest in any kind of property or asset, whether real (immovable), personal (movable) or mixed, or tangible (corporeal) or intangible (incorporeal).

Protective Advances - as defined in Section 2.1.6.

Purchase Money Debt - (a) Debt (other than the Obligations) for payment of any of the purchase price of fixed assets; (b) Debt (other than the Obligations) incurred within 10 days before or after acquisition of any fixed assets, for the purpose of financing any of the purchase price thereof; and (c) any renewals, extensions or refinancings (but not increases) thereof, or constitution of a vendor's hypothec under the Civil Code.

Purchase Money Lien - a Lien that secures Purchase Money Debt, encumbering only the fixed assets acquired with such Debt and constituting a Capital Lease or a purchase money security interest under the PPSA or the UCC, as applicable.

Qualified Lender - a financial institution that is listed on Schedule I, II, or III of the *Bank Act* (Canada) or is not a foreign bank for purposes of the *Bank Act* (Canada), and if such financial institution is not resident in Canada and is not deemed to be resident in Canada for purposes of the ITA, that financial institution deals at arm's length with each Canadian Obligor for purposes of the ITA.

RCRA - *the Resource Conservation and Recovery Act* (42 U.S.C. §§ 6991-6991 i) (or any successor statute), as amended from time to time, and includes all regulations thereunder.

Real Estate - (a) all lands, tenements, hereditaments, real (immovable) Property and any estate, right, title or interest therein, rights of way, easements, licenses, rights, options and privileges appurtenant or appertaining thereto, now owned or hereafter acquired, and all beneficial interest therein and thereto, together with all buildings, erections, structures, improvements, fixed plant, fixed machinery, fixed equipment and other fixtures now or hereafter constructed or placed thereon or used in connection therewith, and (b) all leasehold, sub- leasehold, license, concession, tenancy, occupancy or other such right, title and interest now or hereafter acquired, together with all buildings, improvements, erections, structures, fixed plant, fixed machinery, fixed equipment and other fixtures now or hereafter constructed or placed thereon and all its right, title and interest in and to the agreements relating thereto and all benefits, powers, covenants and advantages derived therefrom.

Reimbursement Date - as defined in Section 2.2.2.

Rent and Charges Reserve - the aggregate of (a) all past due rent and other amounts owing by an Obligor to any landlord, warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person who possesses any Collateral or could assert a Lien on any Collateral; and (b) a reserve at least equal to three months rent and other charges that could be payable to any such Person, unless it has executed a Lien Waiver.

Report - as defined in Section 12.2.3.

Reportable Event - any event set forth in Section 4043(b) of ERISA.

Required Lenders - Lenders (subject to Section 4.2) having Commitments in excess of 50% of the aggregate Commitments; provided, however, that Required Lenders shall at all times include at least two Lenders.

Reserve Percentage - the reserve percentage (expressed as a decimal, rounded upward to the nearest 1/8th of 1%) applicable to member banks under regulations issued from time to time by the Board of Governors for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities").

Restricted Investment - any Investment by Borrower or Subsidiary, other than (a) Investments in Subsidiaries to the extent existing on the Closing Date; (b) Cash Equivalents that are subject to Agent's Lien and control, pursuant to documentation in form and substance satisfactory to Agent; and (c) loans and advances permitted under Section 10.2.7.

Restrictive Agreement - an agreement (other than a Loan Document) that conditions or restricts the right of Borrower, Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any intercompany Debt.

Revolver Commitment - for any Lender, its obligation to make Revolver Loans and to participate in LC Obligations, up to the maximum principal amount shown on Schedule 1.1, or as specified hereafter in the most recent Assignment and Acceptance to which it is a party (which amount shall include any increases in the Revolver Commitment pursuant to Section 2.1.7). "Revolver Commitments" means the aggregate amount of such commitments of all Lenders.



Revolver Loan - a loan made pursuant to Section 2.1, and any Swingline Loan, Overadvance Loan or Protective Advance.

Revolver Note - a promissory note or an amended and restated promissory note to be executed by Borrower in favour of a Lender, if required by such Lender, in form and substance satisfactory to Agent, which shall be in the amount of such Lender's Revolver Commitment and shall evidence the Revolver Loans made by such Lender.

Revolver Termination Date - November 18, 2012.

Royalties - all royalties, fees, expense reimbursement and other amounts payable by an Obligor under a License.

S&P - Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Section 10.1.2 Financials - the financial statements delivered, or required to be delivered pursuant to Section 10.1.2(a) or (b) together with the Compliance Certificate delivered, or required to be delivered, pursuant to Section 10.1.2(c).

Section 427 Security - (a) Agreement as to Powers, (b) Application for Credit and Promise to Give Bills of Lading, Warehouse Receipts or Security, (c) Special Security in Respect of Specified Property and (d) Notice of Intention to Give Security, all as executed by the Borrower in favour of the Agent in form and substance satisfactory to the Agent.

Secured Parties - Agent, Issuing Bank, Lenders and providers of Bank Products, and any one of them a "Secured Party".

Security Documents - the Guarantees, Deposit Account Control Agreements, Section 427 Security, the General Security Agreements and all other documents, instruments and agreements now or hereafter securing (or given with the intent to secure) any Obligations.

Senior Officer - the chairman of the board, president, chief executive officer, treasurer or chief financial officer of Borrower or, if the context requires, an Obligor.

Settlement Report - a report delivered by Agent to Lenders summarizing the Revolver Loans and participations in LC Obligations outstanding as of a given settlement date, allocated to Lenders on a Pro Rata basis in accordance with their Revolver Commitments.

Shared Administration Costs - corporate costs and expenses allocated from Affiliates for shared services.

Shareholders Agreement - the amended and restated shareholders agreement among the Borrower, McJunkin Canada and Midfield Holdings dated as of October 21, 2008 to be effective July 31, 2008.

Shareholders' Notes - collectively, (a) each of the unsecured demand promissory notes dated (1) as of June 15, 2005, issued to McJunkin Canada by the Borrower in the amount of \$9,855,750, bearing interest at 8% per annum (which interest is payable annually in the month of

January), (2) as of November 2, 2006, issued to McJunkin Canada by the Borrower in the amount of \$4,818,915, bearing interest at 8% per annum (which interest is payable annually in the month of January), (3) as of March 31, 2007, issued to McJunkin Canada by the Borrower in the amount of \$15,000,000, bearing interest at 8% per annum (which interest is payable annually in the month of January), (4) as of April 27, 2007, issued to McJunkin Canada by the Borrower in the amount of \$17,986,440, bearing interest at 8% per annum (which interest is payable annually in the month of January), (5) as of July 7, 2007, issued to McJunkin Canada by the Borrower in the amount of \$347,905.18, bearing interest at 8% per annum (which interest is payable annually in the month of January), (6) as of November 1, 2007, issued to McJunkin Canada by the Borrower in the amount of \$727,361.80, bearing interest at 8% per annum (which interest is payable annually in the month of January), (7) as of April 30, 2008, issued to McJunkin Canada by the Borrower in the amount of \$6,188,146, bearing interest at 8% per annum (which interest is payable annually in the month of January); (8) as of November 2, 2006, issued to Midfield Holdings (Alberta) Ltd. by the Borrower (as assigned to McJunkin Canada) in the original amount of \$16,389,500, bearing interest at 8% per annum (which interest is payable annually in the month of January), (9) as of April 27, 2007, issued to Midfield Holdings (Alberta) Ltd. by the Borrower (as assigned to McJunkin Canada) in the original amount of \$8,156,115, bearing interest at 8% per annum (which interest is payable annually in the month of January), (10) as of April 30, 2008, issued to Midfield Holdings (Alberta) Ltd. by the Borrower (as assigned to McJunkin Canada) in the original amount of \$3,918,718 bearing interest at 8% per annum (which interest is payable annually in the month of January), (11) as of April 30, 2008, issued to Midfield Holdings (Alberta) Ltd. by the Borrower (as assigned to McJunkin Canada) in the original amount of \$946,730 which is non-interest bearing provided the debt is paid prior to June 30<sup>th</sup>, 2008, and thereafter bearing interest at 8% per annum (which interest is payable annually in the month of January), (12) as of August 1, 2008, issued to McJunkin Canada by the Borrower in the original amount of \$2,887,479 bearing interest at 8% per annum beginning September 27, 2008, and (13) as of October 27, 2009, issued to McJunkin Canada by the Borrower in the original amount of \$2,197,116.29 bearing no interest; and (b) all promissory notes issued to any shareholder of, or Person holding an Equity Interest in, the Borrower during the term of this Agreement.

Shareholder Subordination Agreement - the Subordination Agreement dated as of November 2, 2006 between McJunkin Canada and Midfield Holdings, respectively, and Agent, the Amended and Restated Postponement and Subordination Agreement dated June 26, 2008, between McJunkin Canada and Midfield Holdings, respectively, and Agent, in each case relating, *inter alia*, to the Shareholders' Notes and the Class R Note, as such agreements may be amended, restated, supplemented or otherwise modified from time to time, together with any and all other Subordination Agreements made by any direct or indirect shareholder of an Obligor in favour of Agent from time to time.

Solvent - as to any Person, such Person (a) owns Property whose fair salable value is greater than the amount required to pay all of its debts (including contingent, subordinated, unmatured and unliquidated liabilities); (b) owns Property whose present fair salable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (c) is able to pay all of its debts as they mature; (d) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (e) is not "insolvent" within the meaning of Section

101(32) of the Bankruptcy Code and is not an 'insolvent person' within the meaning of such term in the BIA, as applicable; and (f) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates. "Fair salable value" means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase.

Statutory Reserves - the percentage (expressed as a decimal) established by the Board of Governors as the then stated maximum rate for all reserves (including those imposed by Regulation D of the Board of Governors, all basic, emergency, supplemental or other marginal reserve requirements, and any transitional adjustments or other scheduled changes in reserve requirements) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency Liabilities (or any successor category of liabilities under Regulation D).

Subordinated Debt - Debt incurred by an Obligor that is expressly subordinate and junior in right of payment to Full Payment of all Obligations, and is on terms (including maturity, interest, fees, repayment, covenants and subordination) satisfactory to Agent.

Subordination Agreement - a subordination agreement, in favour of the Agent and the Lenders, in form and substance satisfactory to Agent, whereby the holder of Subordinated Debt subordinates such Debt to the Obligations and disclaims any Liens on the Collateral.

Subsidiary - any Person at least 50% of whose voting securities or Equity Interests is owned or controlled by another Person (including indirect ownership or control by such Person, through other Persons, in which such Person directly or indirectly owns or controls 50% of the voting securities or Equity Interests). Unless the context otherwise clearly requires, references herein to a "subsidiary" refer to a Subsidiary of the Borrower.

Swingline Loan - any Borrowing of Loans funded with Agent's funds.

Taxes - any taxes, levies, imposts, duties, fees, assessments, deductions, withholdings or other charges of whatever nature, including income, receipts, excise, property, sales, use, transfer, license, payroll, withholding, social security, franchise, intangibles, stamp or recording taxes imposed by any Governmental Authority, and all interest, penalties and similar liabilities relating thereto.

Tax Distribution - Distributions the proceeds of which will be used by McJunkin Canada to pay its tax liability to each relevant jurisdiction, including taxes based on income, profits or capital.

Transferee - any actual or potential Eligible Assignee, Participant or other Person acquiring an interest in any Obligations.

Type - any type of a Loan (i.e. Prime Rate Loan or BA Equivalent Loan) that has the same interest option and, in the case of BA Equivalent Loans, the same Interest Period.

UCC — the Uniform Commercial Code as in effect in the State of Texas or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

Unfunded Pension Liability — at a point in time, the excess of a Plan's benefit liabilities, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Plan pursuant to applicable laws for the applicable plan year and includes any unfunded liability or solvency deficiency as determined for the purposes of the PBA.

U.S. Dollars or U.S.\$ or United States Dollars — the lawful currency of the United States of America.

Upstream Payment — Distributions by a Subsidiary of Borrower to Borrower.

Value — (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a first-in, first out basis or weighted average cost basis; and (b) for an Account, its face amount, net of any returns, rebates, discounts (calculated on the shortest terms), credits, allowances or Taxes (including sales, excise or other taxes) that have been or could be claimed by the Account Debtor or any other Person.

## **1.2 Accounting Terms.**

Under the Loan Documents (except as otherwise specified herein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Borrower delivered to Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP if Borrower's chartered accountants concur in such change, the change is disclosed to Agent, and Section 10.3 is amended in a manner satisfactory to Required Lenders to take into account the effects of the change.

## **1.3 Certain Matters of Construction.**

The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, "from" means "from and including," and "to" and "until" each mean "to but excluding." The terms "including" and "include" shall mean "including, without limitation" and, for purposes of each Loan Document, the parties agree that the rule of *ejusdem generis* shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws or statutes include all related rules, regulations, interpretations, amendments and successor provisions; (b) any document, instrument or agreement include any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section mean, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules mean, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person include successors and assigns; (f) time of day mean time of day at Agent's notice address under Section 15.3.1; or (g) discretion of Agent, Issuing Bank or any Lender mean the sole and

absolute discretion of such Person. All calculations of Value, fundings of Loans, issuances of Letters of Credit and payments of Obligations shall be in Dollars and, unless the context otherwise requires, all determinations (including calculations of Borrowing Base and financial covenants) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Borrowing Base calculations shall be consistent with historical methods of valuation and calculation, and otherwise satisfactory to Agent (and not necessarily calculated in accordance with GAAP). Borrower shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Agent, Issuing Bank or any Lender under any Loan Documents. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. Whenever the phrase “to the best of Borrower’s knowledge” or words of similar import are used in any Loan Documents, it means actual knowledge of a Senior Officer, or knowledge that a Senior Officer would have obtained if he or she had engaged in good faith and diligent performance of his or her duties, including reasonably specific inquiries of employees or agents and a good faith attempt to ascertain the matter to which such phrase relates. For purposes of any Collateral located in the Province of Quebec or charged by any deed of hypothec (or any other Loan Document) and for all other purposes pursuant to which the interpretation or construction of a Loan Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Québec, (q) “personal property” shall be deemed to include “movable property”, (r) “real property” shall be deemed to include “immovable property”, (s) “tangible property” shall be deemed to include “corporeal property”, (t) “intangible property” shall be deemed to include “incorporeal property”, (u) “security interest” and “mortgage” shall be deemed to include a “hypothec”, (v) all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the Civil Code of Québec, (w) all references to “perfection” of or “perfected” Liens shall be deemed to include a reference to the “opposability” of such Liens to third parties, (x) any “right of offset”, “right of setoff” or similar expression shall be deemed to include a “right of compensation”, (y) “goods” shall be deemed to include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, and (z) an “agent” shall be deemed to include a “mandatary”.

#### **1.4 Interest Calculations and Payments**

Unless otherwise stated (as with the case of the unused line fee and the LC facility fees, which shall be calculated at an interest per annum based on a year of three hundred and sixty (360) days), wherever in this Agreement reference is made to a rate of interest “per annum” or a similar expression is used, such interest will be calculated on the basis of a calendar year of three hundred and sixty-five (365) days or three hundred and sixty-six (366) days, as the case may be. Calculations of interest shall be made using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed reinvestment of interest. All payments of interest to be made hereunder will be paid both before and after maturity and before and after default and/or judgment, if any, until payment thereof, and interest will accrue on overdue interest, if any.

#### **1.5 Interest Act (Canada)**

For the purposes of this Agreement, whenever interest to be paid hereunder is to be calculated on the basis of a year of three hundred and sixty (360) days, as in the case of the

unused line fee and the LC facility fees, or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either three hundred and sixty (360) or such other period of time, as the case may be.

#### **1.6 Equivalent Amount**

For the purpose of determining compliance with covenant and default limitations set forth in the Agreements, amounts expressed in U.S. Dollars shall be measured by aggregating the Equivalent Amount of the applicable items denominated in U.S. Dollars with the items in Canadian Dollars.

### **SECTION 2 CREDIT FACILITIES**

#### **2.1 Revolver Commitment.**

##### **2.1.1 Revolver Loans.**

Each Lender agrees, severally on a Pro Rata basis up to its Revolver Commitment, on the terms set forth herein, to make Revolver Loans to Borrower from time to time through the Commitment Termination Date. The Revolver Loans may be repaid and reborrowed as provided herein. In no event shall Lenders have any obligation to honour a request for a Revolver Loan in excess of Availability.

##### **2.1.2 Revolver Notes.**

The Revolver Loans made by each Lender and interest accruing thereon shall be evidenced by the records of Agent and such Lender. At the request of any Lender, Borrower shall deliver a Revolver Note to such Lender.

##### **2.1.3 Use of Proceeds.**

The proceeds of Revolver Loans shall be used by Borrower solely (a) to satisfy existing Debt; (b) to pay fees and transaction expenses associated with the closing of this credit facility; (c) to pay Obligations in accordance with this Agreement; and (d) for working capital and other lawful general corporate purposes of Borrower, including those set out in the recitals to this Agreement.

##### **2.1.4 Voluntary Termination of Revolver Commitments.**

The Revolver Commitments shall terminate on the Revolver Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least 30 days prior written notice to Agent, Borrower may, at its option, terminate, without premium or penalty, the Revolver Commitments and this credit facility. Any notice of termination given by Borrower shall be irrevocable. On the termination date, Borrower shall make Full Payment of all Obligations.

#### 2.1.5 Overadvances.

If the aggregate Revolver Loans exceed the Borrowing Base ("Overadvance") or the aggregate Revolver Commitments at any time, the excess amount shall be payable by Borrower on demand by Agent, but all such Revolver Loans shall nevertheless constitute Obligations secured by the Collateral and entitled to all benefits of the Loan Documents. Unless its authority has been revoked in writing by Required Lenders, Agent may require Lenders to honour requests for Overadvance Loans and to forbear from requiring Borrower to cure an Overadvance, (a) when no other Event of Default is known to Agent, as long as (i) the Overadvance does not continue for more than 30 consecutive days (and no Overadvance may exist for at least five consecutive days thereafter before further Overadvance Loans are required), and (ii) the Overadvance is not known by Agent to exceed \$10,000,000; and (b) regardless of whether an Event of Default exists, if Agent discovers an Overadvance not previously known by it to exist, as long as from the date of such discovery the Overadvance does not continue for more than 30 consecutive days. In no event shall Overadvance Loans be required that would cause the outstanding Revolver Loans and LC Obligations to exceed the aggregate Revolver Commitments. Any funding of an Overadvance Loan or sufferance of an Overadvance shall not constitute a waiver by Agent or Lenders of the Event of Default caused thereby. In no event shall Borrower or other Obligor be deemed a beneficiary of this Section nor authorized to enforce any of its terms.

#### 2.1.6 Protective Advances.

Agent shall be authorized, in its discretion, at any time that a Default or Event of Default exists or any conditions in Section 6 are not satisfied, and without regard to the aggregate Commitments, to make Prime Rate Revolver Loans ("Protective Advances") (a) if Agent deems such Loans necessary or desirable to preserve or protect any Collateral, or to enhance the collectibility or repayment of Obligations; or (b) to pay any other amounts chargeable to Obligors under any Loan Documents, including costs, fees and expenses. All Protective Advances shall be Obligations, secured by the Collateral, and shall be treated for all purposes as Extraordinary Expenses. Each Lender shall participate in each Protective Advance on a Pro Rata basis. Required Lenders may at any time revoke Agent's authorization to make further Protective Advances by written notice to Agent. Absent such revocation, Agent's determination that funding of a Protective Advance is appropriate shall be conclusive.

#### 2.1.7 Request for Increase of Revolver Commitments

- (a) Request for Increase. Provided that there exists no Default or Event of Default, the Borrower may, at any time after delivery of the Section 10.1.2 Financials for the Fiscal Quarter ending September 30, 2010 evidencing compliance with the covenants under Section 10.3, and from time to time thereafter, request an increase in the Revolver Commitments ("New Revolver Commitments") by an amount (for all such requests) not exceeding \$140,000,000 in the aggregate by issuing a notice to that effect to the Agent and the Lenders (a "Commitment Increase Notice"); provided that (A) any such request for an increase shall be in a minimum amount of \$10,000,000, and (B) the Borrower may make a maximum of four such requests. At the time of sending a Commitment Increase Notice, the

Borrower (in consultation with the Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lenders).

- (b) Lender Elections to Increase. Each Lender shall notify the Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Pro Rata share of such requested increase (each such requested increase a "Commitment Increase Amount"). Any Lender not responding within such time period shall be deemed to have declined to increase its Commitment.
- (c) Notification by Agent; Additional Lenders. The Agent shall notify the Borrower and each Lender of the Lenders' responses to each Commitment Increase Notice. To achieve the full amount of a Commitment Increase Amount and subject to the approval of the Agent (which approval shall not be unreasonably withheld), the Borrower may also invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance reasonably satisfactory to the Agent and its counsel.
- (d) Effective Date and Allocations. If the Revolver Commitments are increased in accordance with this Section 2.1.7, the Agent and the Borrower shall determine the effective date (the "Commitment Increase Date") and the final allocation of such increase. The Agent shall promptly notify the Borrower and the Lenders of the final allocation of such increase and the Commitment Increase Date. For the avoidance of doubt, any Loans made and Letters of Credit issued following the Commitment Increase Date and utilizing any increase in the Revolver Commitments shall constitute Obligations for all purposes of the Loan Documents.
- (e) Conditions to Effectiveness of Increase. As a condition precedent to any such increase, the Borrower shall deliver to the Agent a certificate of each Obligor dated as of the Commitment Increase Date signed by a Senior Officer of such Obligor (i) certifying and attaching the resolutions adopted by such Obligor approving or consenting to such increase, and (ii) in the case of the Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in Section 9 and the other Loan Documents are true and correct on and as of the Commitment Increase Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.1.7, the representations and warranties contained in subsection 9.1.8 shall be deemed to refer to the most recent financial statements furnished pursuant to subsection 10.1.2, (B) no Default or Event of Default exists, and (C) the increase will not result in any obligation to grant any Liens in favour of any other Person (other than any Liens in favour of Agent, as agent for New Revolving Lenders).



- (f) On any Commitment Increase Date on which New Revolver Commitments are effected, subject to the satisfaction of the foregoing terms and conditions, (i) each of the Lenders with Revolver Commitments shall assign to each Lender with a New Revolver Commitment (each, a “New Revolver Lender”) and each of the New Revolver Lenders shall purchase from each of the Lenders with Revolver Commitments, at the principal amount thereof (together with accrued interest), such interests in the Revolver Loans outstanding on such Commitment Increase Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Revolver Loans will be held by existing Lenders with Revolver Loans and New Revolver Lenders ratably in accordance with their Revolver Commitments after giving effect to the addition of such New Revolver Commitments to the Revolver Commitments, (ii) each New Revolver Commitment shall be deemed for all purposes a Revolver Commitment and each Loan made thereunder shall be deemed, for all purposes, a Revolver Loan and (iii) each New Revolver Lender shall become a Lender with respect to the New Revolver Commitment and all matters relating thereto.

#### 2.1.8 Decrease in Revolver Commitments.

Provided that there exists no Default or Event of Default, the Borrower may, at any time after the Closing Date and before the end of the Commitment Termination Date, upon not less than thirty (30) days prior written notice to Agent (such written notice being herein referred to as a “Commitment Reduction Notice”), reduce, without premium or penalty, on the date specified in the Commitment Reduction Notice (the “Commitment Reduction Date”) the amount of the Commitments by an aggregate amount (of all such requests) of up to, and not exceeding, \$100,000,000 (the “Commitment Reduction Amount”); provided, however, that in no event shall the amount of the Commitments be reduced to an amount less than \$60,000,000; provided, further, that if the Revolver Commitments are increased in excess of \$100,000,000 pursuant to Section 2.1.7 hereof, in no event shall the amount of the Commitments be reduced to an amount less than \$100,000,000. Subject to the preceding sentence, on the Commitment Reduction Date, (i) the Commitments shall be reduced by the Commitment Reduction Amount and each Lender’s Commitment shall be reduced by such Lender’s Pro Rata share of the Commitments, (ii) the Inventory Sub-Limit shall be reduced proportionately, and (iii) Borrower shall pay to Agent, in immediately available funds, for application to the Loans owed to relevant Lenders, the dollar amount necessary so that after giving effect to Commitment Reduction Amount the outstanding Loans and Letters of Credit do not exceed the Commitments; provided, however, any such reduction is subject to the following additional conditions being satisfied in form and substance satisfactory to Agent and its counsel: (a) Borrower shall have delivered to Agent an Amended and Restated Revolver Note, payable to the order of the relevant Lender, reflecting the reduced Commitment of such Lender, duly executed by Borrower; and (b) Borrower shall have delivered to Agent an amendment to this Agreement evidencing this Commitment Reduction Amount, duly executed by Borrower, with Agent being hereby authorized by each Lender to execute such an amendment on behalf of such Lender. A Commitment Reduction Notice may be given only if the Commitment Reduction Amount is at least \$25,000,000 and no more than two Commitment Reduction Notices may be delivered by Borrower pursuant to this Section 2.1.8.

## **2.2 Letter of Credit Facility.**

### **2.2.1 Issuance of Letters of Credit.**

Issuing Bank agrees to issue Letters of Credit from time to time until 30 days prior to the Revolver Termination Date (or until the Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

- (a) Borrower acknowledges that Issuing Bank's willingness to issue any Letter of Credit is conditioned upon Issuing Bank's receipt of a LC Application with respect to the requested Letter of Credit, as well as such other instruments and agreements as Issuing Bank may customarily require for issuance of a letter of credit of similar type and amount. Issuing Bank shall have no obligation to issue any Letter of Credit unless (i) Issuing Bank receives a LC Request and LC Application at least three Business Days prior to the requested date of issuance; and (ii) each LC Condition is satisfied. If Issuing Bank receives written notice from a Lender at least one Business Day before issuance of a Letter of Credit that any LC Condition has not been satisfied, Issuing Bank shall have no obligation to issue the requested Letter of Credit (or any other) until such notice is withdrawn in writing by that Lender or until Required Lenders have waived such condition in accordance with this Agreement. Prior to receipt of any such notice, Issuing Bank shall not be deemed to have knowledge of any failure of LC Conditions.
- (b) Letters of Credit may be requested by Borrower only (i) to support obligations of Borrower incurred in the Ordinary Course of Business; or (ii) for other purposes as Agent and Lenders may approve from time to time in writing. The renewal or extension of any Letter of Credit shall be treated as the issuance of a new Letter of Credit, except that delivery of a new LC Application shall be required at the discretion of Issuing Bank.
- (c) Borrower assumes all risks of the acts, omissions or misuses of any Letter of Credit by the beneficiary. In connection with issuance of any Letter of Credit, none of Agent, Issuing Bank or any Lender shall be responsible for the existence, character, quality, quantity, condition, packing, value or delivery of any goods purported to be represented by any Documents; any differences or variation in the character, quality, quantity, condition, packing, value or delivery of any goods from that expressed in any Documents; the form, validity, sufficiency, accuracy, genuineness or legal effect of any Documents or of any endorsements thereon; the time, place, manner or order in which shipment of goods is made; partial or incomplete shipment of, or failure to ship, any goods referred to in a Letter of Credit or Documents; any deviation from instructions, delay, default or fraud by any shipper or other Person in connection with any goods, shipment or delivery; any breach of contract between a shipper or vendor and Borrower; errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopy, e-mail, telephone or

otherwise; errors in interpretation of technical terms; the misapplication by a beneficiary of any Letter of Credit or the proceeds thereof; or any consequences arising from causes beyond the control of Issuing Bank, Agent or any Lender, including any act or omission of a Governmental Authority. The rights and remedies of Issuing Bank under the Loan Documents shall be cumulative. Issuing Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrower are discharged with proceeds of any Letter of Credit.

- (d) In connection with its administration of and enforcement of rights or remedies under any Letters of Credit or LC Documents, Issuing Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, notice or other communication in whatever form believed by Issuing Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person, Issuing Bank may consult with and employ legal counsel, accountants and other experts to advise it concerning its obligations, rights and remedies, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by such experts. Issuing Bank may employ agents and attorneys in connection with any matter relating to Letters of Credit or LC Documents, and shall not be liable for the negligence or misconduct of any such agents or attorneys selected with reasonable care.

#### 2.2.2 Reimbursement; Participations.

- (a) If Issuing Bank honours any request for payment under a Letter of Credit, Borrower shall pay to Issuing Bank, on the same day ("Reimbursement Date"), the amount paid by Issuing Bank under such Letter of Credit, together with interest at the interest rate for Prime Rate Revolver Loans from the Reimbursement Date until payment by Borrower. The obligation of Borrower to reimburse Issuing Bank for any payment made under a Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid without regard to any lack of validity or enforceability of any Letter of Credit or the existence of any claim, setoff, defense or other right that Borrower may have at any time against the beneficiary. Whether or not Borrower submits a Notice of Borrowing, Borrower shall be deemed to have requested a Borrowing of Prime Rate Revolver Loans, in an amount necessary to pay all amounts due Issuing Bank on any Reimbursement Date and each Lender agrees to fund its Pro Rata share of such Borrowing whether or not the Commitments have terminated, an Overadvance exists or is created thereby, or the conditions in Section 6 are satisfied. The amount of any request for payment under a Letter of Credit denominated in a currency other than Dollars shall be converted into Dollars at the Agent's spot buying rate in Toronto at approximately 12:00 p.m. (Eastern time) on the date of such drawing/request for payment.
- (b) Upon issuance of a Letter of Credit, each Lender shall be deemed to have irrevocably and unconditionally purchased from Issuing Bank, without

recourse or warranty, an undivided Pro Rata interest and participation in all LC Obligations relating to the Letter of Credit. If Issuing Bank makes any payment under a Letter of Credit and Borrower does not reimburse such payment on the Reimbursement Date, Agent shall promptly notify Lenders and each Lender shall promptly (within one Business Day) and unconditionally pay to Agent, for the benefit of Issuing Bank, the Lender's Pro Rata share of such payment. Upon request by a Lender, Issuing Bank shall furnish copies of any Letters of Credit and LC Documents in its possession at such time.

- (c) The obligation of each Lender to make payments to Agent for the account of Issuing Bank in connection with Issuing Bank's payment under a Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, compensation, qualification or exception whatsoever, and shall be made in accordance with this Agreement under all circumstances, irrespective of any lack of validity or unenforceability of any Loan Documents; any draft, certificate or other document presented under a Letter of Credit having been determined to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or the existence of any setoff compensation or defense that any Obligor may have with respect to any Obligations. Issuing Bank does not assume any responsibility for any failure or delay in performance or any breach by Borrower or other Person of any obligations under any LC Documents. Issuing Bank does not make to Lenders any express or implied warranty, representation or guarantee with respect to the Collateral, LC Documents or any Obligor. Issuing Bank shall not be responsible to any Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any LC Documents; the validity, genuineness, enforceability, collectibility, value or sufficiency of any Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor.
- (d) No Issuing Bank Indemnitee shall be liable to any Lender or other Person for any action taken or omitted to be taken in connection with any LC Documents except as a result of its actual gross negligence or wilful misconduct. Issuing Bank shall not have any liability to any Lender if Issuing Bank refrains from any action under any Letter of Credit or LC Documents until it receives written instructions from Required Lenders.

#### 2.2.3 Cash Collateral.

If any LC Obligations, whether or not then due or payable, shall for any reason be outstanding at any time (a) that an Event of Default exists, (b) that Availability is less than zero, (c) after the Commitment Termination Date, or (d) within 20 Business Days prior to the Revolver Termination Date, then Borrower shall, at Issuing Bank's or Agent's request, Cash Collateralize all outstanding LC Obligations. If Borrower fails to Cash Collateralize the

outstanding LC Obligations as required herein, Lenders may (and shall upon direction of Agent) advance, as Revolver Loans, the amount of the Cash Collateral required (whether or not the Commitments have terminated, an Overadvance exists, or the conditions in Section 6 are satisfied).

### **SECTION 3 INTEREST, FEES AND CHARGES**

#### **3.1 Interest.**

##### **3.1.1 Rates and Payment of Interest.**

- (a) The Obligations shall bear interest (i) if a Prime Rate Loan, at the Prime Rate in effect from time to time, plus the Applicable Margin for Prime Rate Revolver Loans; (ii) if a BA Equivalent Loan, at the BA Equivalent Rate for the applicable Interest Period, plus the Applicable Margin for BA Equivalent Revolver Loans; and (iii) if any other Obligation (including, to the extent permitted by law, interest not paid when due), at the Prime Rate in effect from time to time, plus the Applicable Margin for Prime Rate Revolver Loans. Interest shall accrue from the date the Loan is advanced or the Obligation is incurred or payable, until paid by Borrower. If a Loan is repaid on the same day made, one day's interest shall accrue.
- (b) During any Default or Event of Default, if Agent or Required Lenders in their discretion so elect, Obligations shall bear interest at the Default Rate. Borrower acknowledges that the cost and expense to Agent and each Lender due to a Default or an Event of Default are difficult to ascertain and that the Default Rate is a fair and reasonable estimate to compensate Agent and Lenders for such added cost and expense.
- (c) Interest accrued on the Loans shall be due and payable in arrears, (i) on the first day of each month and, for any BA Equivalent Loan, the last day of its Interest Period; and (ii) on the Commitment Termination Date. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable on demand. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable on demand.

##### **3.1.2 Application of BA Equivalent Rate to Outstanding Loans.**

- (a) Borrower may on any Business Day, subject to delivery of a Notice of Conversion/Continuation, elect to convert any portion of the Prime Rate Loans to, or to continue any BA Equivalent Loan at the end of its Interest Period as, a BA Equivalent Loan. During any Default or Event of Default, Agent may (and shall at the direction of Required Lenders) declare that no Loan may be made, converted or continued as a BA Equivalent Loan.
- (b) Whenever Borrower desires to convert or continue Loans as BA Equivalent Loans, Borrower shall give Agent a Notice of Conversion/Continuation, no later than 12:00 p.m. (Eastern time) at least three Business Days before the

requested conversion or continuation date. Promptly after receiving any such notice, Agent shall notify each Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the aggregate principal amount of Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be one month if not specified). If, upon the expiration of any Interest Period in respect of any BA Equivalent Loans, Borrower shall have failed to deliver a Notice of Conversion/Continuation, it shall be deemed to have elected to convert such Loans into Prime Rate Loans.

### **3.1.3 Interest Periods.**

In connection with the making, conversion or continuation of any BA Equivalent Loans, Borrower shall select an interest period ("Interest Period") to apply, which interest period shall be one, two, three or six months; provided, however, that:

- (a) the Interest Period shall commence on the date the Loan is made or continued as, or converted into, a BA Equivalent Loan, and shall expire on the numerically corresponding day in the calendar month at its end;
- (b) if any Interest Period commences on a day for which there is no corresponding day in the calendar month at its end or if such corresponding day falls after the last Business Day of such month, then the Interest Period shall expire on the last Business Day of such month; and if any Interest Period would expire on a day that is not a Business Day, the period shall expire on the next Business Day; and
- (c) no Interest Period shall extend beyond the Revolver Termination Date.

### **3.1.4 Interest Rate Not Ascertainable.**

If Agent shall determine that on any date for determining BA Equivalent Rate, adequate and fair means do not exist for ascertaining such rates on the basis provided herein, then Agent shall immediately notify Borrower of such determination. Until Agent notifies Borrower that such circumstance no longer exists, the obligation of Lenders to make further BA Equivalent Loans shall be suspended, and no further Loans may be converted into or continued as BA Equivalent Loans, as applicable.

## **3.2 Fees.**

### **3.2.1 Unused Line Fee.**

Borrower shall pay to Agent, for the Pro Rata benefit of Lenders, a fee equal to the (a) (i) 1.00% (if the outstanding amount of all Borrowings under this Agreement, for the immediately preceding Fiscal Quarter, are greater than 50% of the Revolver Commitments), or (ii) 1.25% (if the outstanding amount of all Borrowings under this Agreement, for the immediately preceding Fiscal Quarter, are equal to or less than 50% of the Revolver Commitments) times (b) the amount by which the Revolver Commitments exceed the average daily balance of Loans during

any month. Such fee shall be payable in arrears, on the first day of each month and on the Commitment Termination Date.

The Agent shall pay to each Lender, on or before the third Business Day of each month and on the Commitment Termination Date, the foregoing unused line fee based on each Lender's Revolver Commitment and each Lender's respective Pro Rata share of the Revolver Loans during the applicable month.

Notwithstanding the foregoing, the Borrower shall not be obligated to pay any amounts to any Defaulting Lender pursuant to this Section 3.2.

**3.2.2 LC Facility Fees.**

Borrower shall pay (a) to Agent, for the Pro Rata benefit of Lenders, a fee equal to the Applicable Margin in effect for BA Equivalent Revolver Loans times the average daily stated amount of Letters of Credit (which amount shall include, for Letters of Credit denominated in U.S. Dollars, the Equivalent Amount thereof in Dollars), which fee shall be payable monthly in arrears, on the first day of each month; (b) Borrower shall pay to Issuing Bank, for its own account, a fronting fee equal to 0.125% per annum of the stated amount of each Letter of Credit issued, which fee shall be payable monthly in arrears, on the first day of each month; and (c) Borrower shall pay to Issuing Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Letters of Credit, which charges shall be paid as and when incurred. During an Event of Default, the fee payable under clause (a) shall be increased by 2% per annum.

**3.2.3 Closing Fee.**

Borrower shall pay to Agent, for the Pro Rata benefit of the Lenders, a closing fee of \$450,000, which shall be paid on the Closing Date.

**3.2.4 Administrative Fees.**

In consideration of Agent's administration of the Loans hereunder, Borrower shall pay to Agent, for its own account, the fees described in the Fee Letter.

**3.3 Computation of Interest, Fees, Yield Protection.**

In addition to Section 1.4 hereof or as otherwise set forth herein, interest, as well as fees and other charges calculated on a per annum basis, shall be computed for the actual days elapsed, based on a year of 365 or 366 days, as the case may be.

Each determination by Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate or refund, nor subject to proration except as specifically provided herein. All fees payable under Section 3.2 and in the Fee Letter are compensation for services and are not, and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate, calculated in accordance with the terms of this Agreement, as to amounts payable by Borrower under Section 3.6, 3.7, 3.9 or 5.8,

submitted to Borrower by Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error.

### **3.4 Overdraft Loans.**

In respect of the accounts of an Obligor opened and maintained with the Bank, whenever a cheque or other item is presented for payment against such account in an amount greater than the then available balance in such account (an "Overdraft Loan"), such presentation shall be deemed to constitute a Notice of Borrowing for a Loan on the date of such notice in the amount of such Overdraft Loan (or the Equivalent Amount thereof), bearing interest by reference to the Prime Rate Revolver Loan. Until such Overdraft Loan shall in fact be repaid by a Prime Rate Revolver Loan, any such Overdraft Loan shall constitute Obligations secured by the Collateral and, upon the making of a Prime Rate Revolver Loan, each Lender shall be required to participate in each such Revolver Loan on a Pro Rata basis and shall settle with the Agent regardless of whether any conditions of Borrowing, under Section 6.2 or otherwise, have otherwise been met.

### **3.5 Illegality.**

Notwithstanding anything to the contrary herein, if (a) any change in any law or interpretation thereof by any Governmental Authority makes it unlawful for a Lender to make or maintain a BA Equivalent Loan or to maintain any Commitment with respect to BA Equivalent Loans or (b) a Lender determines that the making or continuance of a BA Equivalent Loan has become impracticable as a result of a circumstance that adversely affects the determination of the BA Equivalent Rate, then such Lender shall give notice thereof to Agent and Borrower and may (i) declare that BA Equivalent Loans, as applicable, will not thereafter be made by such Lender, whereupon any request for a BA Equivalent Loan, from such Lender shall be deemed to be a request for a Prime Rate Loan, as applicable, unless such Lender's declaration has been withdrawn (and it shall be withdrawn promptly upon cessation of the circumstances described in clause (a) or (b) above); and/or (ii) require that all outstanding BA Equivalent Loans, as applicable, made by such Lender be converted to Prime Rate Loan, as applicable, immediately, in which event all outstanding BA Equivalent Loans, as applicable, of such Lender shall be immediately converted to Prime Rate Loans.

### **3.6 Increased Costs.**

If, by reason of (a) the introduction of or any change (including any change by way of imposition or increase of Statutory Reserves or other reserve requirements) in any law or interpretation thereof, or (b) the compliance with any guideline or request from any Governmental Authority or other Person exercising control over banks or financial institutions generally (whether or not having the force of law):

- (i) a Lender shall be subject to any Tax with respect to any BA Equivalent Loan or Letter of Credit or its obligation to make BA Equivalent Loans, issue Letters of Credit or participate in LC Obligations, or a change shall result in the basis of taxation of any payment to a Lender with respect to its BA Equivalent Loans, or its obligation to make BA Equivalent Loans, issue Letters of Credit or participate in LC Obligations (except for Excluded Taxes); or



- (ii) any reserve (including any imposed by the Board of Governors or any other Governmental Authority), special deposits or similar requirement against assets of, deposits with or for the account of, or credit extended by, a Lender shall be imposed or deemed applicable, or any other condition affecting a Lender's BA Equivalent Loans or obligation to make BA Equivalent Loans, issue Letters of Credit or participate in LC Obligations shall be imposed on such Lender;

and as a result there shall be an increase in the cost to such Lender of agreeing to make or making, funding or maintaining, BA Equivalent Loans, Letters of Credit or participations in LC Obligations, or there shall be a reduction in the amount receivable by such Lender, then the Lender shall promptly notify Borrower and Agent of such event, and Borrower shall, within five days following demand therefor, pay such Lender the amount of such increased costs or reduced amounts.

If a Lender determines that, because of circumstances described above or any other circumstances arising hereafter affecting such Lender or the Lender's position in any market, BA Equivalent Rate or the Applicable Margin applicable thereto, as applicable, will not adequately and fairly reflect the cost to such Lender of funding BA Equivalent Loans, issuing Letters of Credit or participating in LC Obligations, then (A) the Lender shall promptly notify Borrower and Agent of such event; (B) such Lender's obligation to make BA Equivalent Loans, issue Letters of Credit or participate in LC Obligations shall be immediately suspended, until each condition giving rise to such suspension no longer exists; and (C) such Lender shall make a Prime Rate Loan as part of any requested Borrowing of BA Equivalent Loans, as applicable, which Prime Rate Loan shall, for all purposes, be considered part of such Borrowing.

### **3.7 Capital Adequacy.**

If a Lender determines that any introduction of or any change in a Capital Adequacy Regulation, any change in the interpretation or administration of a Capital Adequacy Regulation by a Governmental Authority charged with interpretation or administration thereof, or any compliance by such Lender or any Person controlling such Lender with a Capital Adequacy Regulation, increases the amount of capital required or expected to be maintained by such Lender or Person (taking into consideration its capital adequacy policies and desired return on capital) as a consequence of such Lender's Commitments, Loans, participations in LC Obligations or other obligations under the Loan Documents, then Borrower shall, within five days following demand therefor, pay such Lender an amount sufficient to compensate for such increase. A Lender's demand for payment shall set forth the nature of the occurrence giving rise to such compensation and a calculation of the amount to be paid. In determining such amount, the Lender may use any reasonable averaging and attribution method.

### **3.8 Mitigation.**

Each Lender agrees that, upon becoming aware that it is subject to Section 3.5, 3.6, 3.7 or 5.8, it will take reasonable measures to reduce Borrower's obligations under such Sections, including funding or maintaining its Commitments or Loans through another office, as long as use of such measures would not adversely affect the Lender's Commitments, Loans, business or interests, and would not be inconsistent with any internal policy or applicable legal or regulatory restriction.

### **3.9 Funding Losses.**

If for any reason (other than default by a Lender) (a) any Borrowing of, or conversion to or continuation of, a BA Equivalent Loan does not occur on the date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn), (b) any repayment or conversion of a BA Equivalent Loan occurs on a day other than the end of its Interest Period, or (c) Borrower fails to repay a BA Equivalent Loan when required hereunder, then Borrower shall pay to Agent its customary administrative charge and to each Lender all losses and expenses that it sustains as a consequence thereof, including any loss or expense arising from liquidation or redeployment of funds or from fees payable to terminate deposits of matching funds. Lenders shall not be required to purchase Dollar deposits in any Dollar market (offshore or otherwise) to fund any BA Equivalent Loan, but the provisions hereof shall be deemed to apply as if each Lender had purchased such deposits to fund its BA Equivalent Loans.

### **3.10 Maximum Interest.**

In no event shall interest, charges or other amounts that are contracted for, charged or received by Agent and Lenders pursuant to any Loan Documents and that are deemed interest under Applicable Law ("interest") exceed the highest rate permissible under Applicable Law ("maximum rate"). If, in any month, any interest rate, absent the foregoing limitation, would have exceeded the maximum rate, then the interest rate for that month shall be the maximum rate and, if in a future month, that interest rate would otherwise be less than the maximum rate, then the rate shall remain at the maximum rate until the amount of interest actually paid equals the amount of interest which would have accrued if it had not been limited by the maximum rate. If, upon Full Payment of the Obligations, the total amount of interest actually paid under the Loan Documents is less than the total amount of interest that would, but for this Section, have accrued under the Loan Documents, then Borrower shall, to the extent permitted by Applicable Law, pay to Agent, for the account of Lenders, (a) the lesser of (i) the amount of interest that would have been charged if the maximum rate had been in effect at all times, or (ii) the amount of interest that would have accrued had the interest rate otherwise set forth in the Loan Documents been in effect, minus (b) the amount of interest actually paid under the Loan Documents. If a court of competent jurisdiction determines that Agent or any Lender has received interest in excess of the maximum amount allowed under Applicable Law, such excess shall be deemed received on account of, and shall automatically be applied to reduce, Obligations other than interest (regardless of any erroneous application thereof by Agent or any Lender), and upon Full Payment of the Obligations, any balance shall be refunded to Borrower. In determining whether any excess interest has been charged or received by Agent or any Lender, all interest at any time charged or received from Borrower in connection with the Loan Documents shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated and spread in equal parts throughout the full term of the Obligations.

## **SECTION 4 LOAN ADMINISTRATION**

### **4.1 Manner of Borrowing and Funding Revolver Loans.**

#### **4.1.1 Notice of Borrowing.**

- (a) Whenever Borrower desires funding of a Borrowing of Revolver Loans, Borrower shall give Agent a Notice of Borrowing. Such notice must be

received by Agent no later than 12:00 p.m. (Eastern time) (i) on the Business Day of the requested funding date, in the case of Prime Rate Loans, and (ii) at least three Business Days prior to the requested funding date, in the case of BA Equivalent Loans. Notices received after 12:00 p.m. (Eastern time) shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) the principal amount of the Borrowing, (B) the requested funding date (which must be a Business Day), (C) whether the Borrowing is to be made as Prime Rate Loans or BA Equivalent Loans, and (D) in the case of BA Equivalent Loans, the duration of the applicable Interest Period (which shall be deemed to be one month if not specified).

- (b) Unless payment is otherwise timely made by Borrower, the becoming due of any Obligations (whether principal, interest, fees or other charges, including Extraordinary Expenses, LC Obligations, Cash Collateral and Bank Product Debt) shall be deemed to be a request for Prime Rate Loans, on the due date, in the amount of such Obligations. The proceeds of such Loans shall be disbursed as direct payment of the relevant Obligation.
- (c) If Borrower establishes a controlled disbursement account with Agent or any Affiliate of Agent, then the presentation for payment of any cheque or other item of payment drawn on such account at a time when there are insufficient funds to cover it shall be deemed to be a request for Prime Rate Loans, on the date of such presentation, in the amount of the cheque and items presented for payment. The proceeds of such Revolver Loans may be disbursed directly to the controlled disbursement account or other appropriate account.

#### 4.1.2 Fundings by Lenders.

Each Lender shall timely honour its Revolver Commitment by funding its Pro Rata share of each Borrowing of Revolver Loans that is properly requested hereunder. Except for Borrowings to be made as Swingline Loans, Agent shall endeavour to notify Lenders of each Notice of Borrowing (or deemed request for a Borrowing) by 12:00 p.m. (Eastern time) on the proposed funding date for Prime Rate Loans or by 3:00 p.m. (Eastern time) at least three Business Days before any proposed funding of BA Equivalent Loans. Each Lender shall fund to Agent such Lender's Pro Rata share of the Borrowing to the account specified by Agent in immediately available funds not later than 2:00 p.m. (Eastern time) on the requested funding date, unless Agent's notice is received after the times provided above, in which event each Lender shall fund its Pro Rata share by 12:00 p.m. (Eastern time) on the next Business Day. Subject to its receipt of such amounts from Lenders, Agent shall disburse the proceeds of the Revolver Loans as directed by Borrower. Unless Agent shall have received (in sufficient time to act) written notice from a Lender that it does not intend to fund its Pro Rata share of a Borrowing, Agent may assume that such Lender has deposited or promptly will deposit its share with Agent, and Agent may disburse a corresponding amount to Borrower. If a Lender's share of any Borrowing is not in fact received by Agent, then Borrower agrees to repay to Agent on demand the amount of such share, together with interest thereon from the date disbursed until repaid, at the rate applicable to such Borrowing.

#### 4.1.3 Swingline Loans; Settlement.

- (a) Agent may, but shall not be obligated to, advance Swingline Loans to Borrower out of Agent's own funds, up to an aggregate outstanding amount of \$15,000,000, unless the funding is specifically required to be made by all Lenders hereunder. Each Swingline Loan shall constitute a Revolver Loan for all purposes, except that payments thereon shall be made to Agent for its own account. The obligation of Borrower to repay Swingline Loans shall be evidenced by the records of Agent and need not be evidenced by any promissory note.
- (b) To facilitate administration of the Revolver Loans, Lenders and Agent agree (which agreement is solely among them, and not for the benefit of or enforceable by Borrower) that settlement among them with respect to Revolver Loans (other than Swingline Loans) may take place periodically on a date determined from time to time by Agent, which shall occur at least once every five Business Days. On each settlement date, settlement shall be made with each Lender in accordance with the Settlement Report delivered by Agent to Lenders. Between settlement dates, Agent may in its discretion apply payments on Revolver Loans to Swingline Loans, regardless of any designation by Borrower or any provision herein to the contrary. Each Lender's obligation to make settlements with Agent is absolute and unconditional, without offset, compensation, counterclaim or other defense, and whether or not the Commitments have terminated, an Overadvance exists, or the conditions in Section 6 are satisfied.

#### 4.1.4 Notices.

Borrower authorizes Agent and Lenders to extend, convert or continue Loans, effect selections of interest rates, and transfer funds to or on behalf of Borrower based on telephonic or e-mailed instructions. Borrower shall confirm each such request by prompt delivery to Agent of a Notice of Borrowing or Notice of Conversion/Continuation, if applicable, but if it differs in any material respect from the action taken by Agent or Lenders, the records of Agent and Lenders shall govern. Neither Agent nor any Lender shall have any liability for any loss suffered by Borrower as a result of Agent or any Lender acting upon its understanding of telephonic or e-mailed instructions from a person believed in good faith by Agent or any Lender to be a person authorized to give such instructions on Borrower's behalf.

#### **4.2 Defaulting Lender.**

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

- (a) Agent may, in its discretion, retain payments that would otherwise be made to such Defaulting Lender hereunder, apply the payments to such Lender's defaulted obligations or readvance the funds to Borrower in accordance with this Agreement and this Section 4.2. The failure of any Defaulting Lender to fund a Loan or to make a payment in respect of a LC Obligation

shall not relieve any other Lender of its obligations hereunder, and no Lender shall be responsible for default by another Lender provided, however, that neither the Agent nor any Lender shall be required to make any Loans, issue any Letters of Credit, make available any Bank Products or otherwise extend any form of credit to the Borrower ("Defaulting Lender Credit Extensions") which may require the Agent or any such Lender to obtain settlement with or payment or repayment or reimbursement from such Defaulting Lender, all of which Defaulting Lender Credit Extensions being in the sole discretion of the Agent and Lenders exercised in good faith;

- (b) The sum of such Defaulting Lender's outstanding Loans plus its risk participations in outstanding Swingline Loans, Bank Products (if any) and LC Obligations (collectively, its "Credit Exposure") and such Defaulting Lender's Commitment shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 15.1); provided that the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender (it being understood that any Commitments or Loans held or deemed held by the Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring the consent of the Lenders);
- (c) Subject to clause (d) below, a Defaulting Lender shall be deemed to have assigned any and all payments due to it from the Obligor, whether on account of outstanding Loans, interest, fees or otherwise, to the remaining non-defaulting Lenders for application to, and reduction of, their proportionate shares of all outstanding Obligations until, as a result of application of such assigned payments, the Lenders' respective Pro Rata share of all outstanding Obligations shall have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency;
- (d) Subject to Section 3.2, at the option of the Agent, any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to Section 4.2) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Agent, (i) first, to the payment of any amounts owing by such Defaulting Lender to any Agent hereunder, (ii) second, Pro Rata, to the payment of any amounts owing by such Defaulting Lender to any Issuing Bank or the Swingline Lender hereunder, (iii) third, if so determined by the Agent or requested by an Issuing Bank or the Swingline Lender, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any existing or future participating interest in any Swingline Loan or Letter of Credit, (iv) fourth, to the funding of any Loan in respect of which

such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent, (v) fifth, if so determined by the Agent, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loans under this Agreement, (vi) sixth, to the payment of any amounts owing to the Lenders or any Issuing Bank or the Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender or such Issuing Bank or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and (vii) seventh, to such Defaulting Lender; provided that if such payment is (x) a prepayment of the principal amount of any Loans or reimbursement obligations in respect of LC disbursements which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 6.2 are satisfied, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all non-Defaulting Lenders Pro Rata prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Lender.

- (e) The Defaulting Lender's decision-making and participation rights and rights to payments as set forth in clauses (a) through (d) hereinabove shall be restored only upon the payment by the Defaulting Lender of its Pro Rata share of any Obligations, any participation obligation, or expenses as to which it is delinquent, together with interest thereon at the Default Rate from the date when originally due until the date upon which any such amounts are actually paid and/or such Lender otherwise ceases to constitute a Defaulting Lender.
- (f) The non-defaulting Lenders shall also have the right, but not the obligation, in their respective, sole and absolute discretion, to acquire for no cash consideration, (Pro Rata, based on the respective Commitments of those Lenders electing to exercise such right) the Defaulting Lender's Commitment to fund future Loans (the "Defaulting Lender's Future Commitment"). Upon any such purchase of the Pro Rate Share of any Defaulting Lender's Future Commitment, the Defaulting Lender's share in future Loans and its rights under the Loan Documents with respect thereto shall terminate on the date of purchase, and the Defaulting Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest, including, if so requested, an Assignment and Acceptance. Each Defaulting Lender shall indemnify the Agent and each non-defaulting Lender from and against any and all loss, damage or expenses, including but not limited to reasonable attorneys' fees and funds advanced by any Agent or by any non-defaulting Lender, on account of a Defaulting Lender's failure to timely fund its Pro Rata share of a Loan or to otherwise perform its obligations under the Loan Documents. Nothing contained in this Section 4.2(f) shall be deemed to limit or modify the rights of the Borrower and Agent pursuant to Section 12.10 hereof.

#### **4.3 Number and Amount of BA Equivalent Loans; Determination of Rate.**

For ease of administration, all BA Equivalent Revolver Loans having the same length and beginning date of their Interest Periods shall be aggregated together, and such Loans shall be allocated among Lenders on a Pro Rata basis. No more than three (3) aggregated BA Equivalent Loans may be outstanding at any time, and each aggregate BA Equivalent Loan when made, continued or converted shall be in a minimum amount of \$1,000,000, or an increment of \$100,000, in excess thereof. Upon determining BA Equivalent Rate for any Interest Period requested by Borrower, Agent shall promptly notify Borrower thereof by telephone or electronically and, if requested by Borrower, shall confirm any telephonic notice in writing.

#### **4.4 Effect of Termination.**

On the effective date of any termination of the Commitments, all Obligations shall be immediately due and payable. All undertakings of the Obligors contained in the Loan Documents shall survive any termination, and Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents until Full Payment of the Obligations. Notwithstanding Full Payment of the Obligations, Agent shall not be required to terminate its Liens in any Collateral unless, with respect to any damages Agent may incur as a result of the dishonour or return of Payment Items applied to Obligations, Agent receives (a) a written agreement, executed by the Obligors and any Person whose advances are used in whole or in part to satisfy the Obligations, indemnifying Agent and Lenders from any such damages; or (b) such Cash Collateral as Agent, in its discretion, deems necessary to protect against any such damages. The provisions of Sections 2.2, 3.6, 3.7, 3.9, 5.4, 5.8, 12, 15.2 and this Section, and the obligation of each Obligor and Lender with respect to each indemnity given by it in any Loan Document, shall survive Full Payment of the Obligations and any release relating to this credit facility.

### **SECTION 5 PAYMENTS**

#### **5.1 General Payment Provisions.**

All payments of Obligations shall be made in Dollars, without offset, compensation, counterclaim or defense of any kind, free of (and without deduction for) any Taxes, and in immediately available funds, not later than 12:00 p.m. (Eastern time) on the due date. Any payment after such time shall be deemed made on the next Business Day. Obligors may, at the time of payment, specify to Agent the Obligations to which such payment is to be applied, but Agent shall in all events retain the right to apply such payment in such manner as Agent, subject to the provisions hereof, may determine to be appropriate. If any payment under the Loan Documents shall be stated to be due on a day other than a Business Day, the due date shall be extended to the next Business Day and such extension of time shall be included in any computation of interest and fees. Any payment of a BA Equivalent Loan prior to the end of its Interest Period shall be accompanied by all amounts due under Section 3.9. Any prepayment of Loans shall be applied first to Prime Rate Loans and then to BA Equivalent Loans.

#### **5.2 Repayment of Revolver Loans.**

Revolver Loans shall be due and payable in full on the Revolver Termination Date, unless payment is sooner required hereunder. Revolver Loans may be prepaid from time to time,

without penalty or premium. Notwithstanding anything herein to the contrary, if an Overadvance exists, Borrower shall, on the sooner of Agent's demand or the first Business Day after Borrower has knowledge thereof, repay the outstanding Revolver Loans in an amount sufficient to reduce the principal balance of Revolver Loans to the Borrowing Base.

### **5.3 Payment of Other Obligations.**

Obligations other than Loans, including LC Obligations and Extraordinary Expenses, shall be paid by Obligors as provided in the Loan Documents or, if no payment date is specified, on demand

### **5.4 Marshalling; Payments Set Aside.**

None of Agent or Lenders shall be under any obligation to marshal any assets in favour of any Obligor or against any Obligations. If any Obligor makes a payment to Agent or Lenders, or if Agent or any Lender receives payment from the proceeds of Collateral, exercise of setoff, compensation or otherwise, and such payment is subsequently invalidated or required to be repaid to a trustee, receiver or any other Person, then the Obligations originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been received and any enforcement, setoff or compensation had not occurred.

### **5.5 Post-Default Allocation of Payments.**

#### **5.5.1 Allocation.**

Notwithstanding anything herein to the contrary, during an Event of Default, monies to be applied to the Obligations, whether arising from payments by Obligors, realization on Collateral, setoff, compensation or otherwise, shall be allocated as follows:

- (a) first, to all costs and expenses, including Extraordinary Expenses, owing to Agent;
- (b) second, to all amounts owing to Agent on Swingline Loans or Protective Advances;
- (c) third, to all amounts owing to Issuing Bank on LC Obligations;
- (d) fourth, to all Obligations constituting fees owing to Agent and owing to Lenders (on a Pro Rata basis), (excluding amounts relating to Bank Products);
- (e) fifth, to all Obligations constituting interest owing to Agent and owing to the Lenders (on a Pro Rata basis), (excluding amounts relating to Bank Products);
- (f) sixth, to provide Cash Collateral for outstanding Letters of Credit;
- (g) seventh, to all other Obligations owing to Agent, and owing to the Lenders (on a Pro Rata basis), other than Bank Product Debt; and



(h) last, to Bank Product Debt in respect of Bank Products provided by Agent, any Lender or an Affiliate of any Lender.

Amounts shall be applied to each category of Obligations set forth above until Full Payment thereof and then to the next category. If amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in the category. Amounts distributed with respect to any Bank Product Debt shall be the lesser of the applicable Bank Product Amount last reported to Agent or the actual Bank Product Debt as calculated by the methodology reported to Agent for determining the amount due. Agent shall have no obligation to calculate the amount to be distributed with respect to any Bank Product Debt, but may rely upon written notice of the amount (setting forth a reasonably detailed calculation) from the Secured Party. In the absence of such notice, Agent may assume the amount to be distributed is the Bank Product Amount last reported to it. The allocations and applications of payments set forth in this Section are solely to determine the rights and priorities of Agent and Lenders as among themselves, and may be changed by agreement among them without the consent of any Obligor. This Section is not for the benefit of or enforceable by any Obligor.

#### **5.5.2 Erroneous Application.**

Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by any Lender, such Lender hereby agrees to return it).

#### **5.6 Application of Payments.**

Borrower and each applicable Obligor irrevocably waives the right to direct the application of any payments or Collateral proceeds, and agrees that Agent shall have the continuing, exclusive right to apply and reapply same against the Obligations, in such manner as Agent deems advisable, notwithstanding any entry by Agent in its records. If, as a result of Agent's receipt of Payment Items or proceeds of Collateral, a credit balance exists, the balance shall not accrue interest in favour of Borrower and shall be made available to Borrower as long as no Default or Event of Default exists.

#### **5.7 Loan Account; Account Stated.**

##### **5.7.1 Loan Account.**

Agent shall maintain in accordance with its usual and customary practices an account or accounts ("Loan Account") evidencing the Debt of Borrower resulting from each Loan or issuance of a Letter of Credit from time to time. Any failure of Agent to record anything in the Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of Borrower to pay any amount owing hereunder. Agent may maintain a single Loan Account in the name of Borrower.

##### **5.7.2 Entries Binding.**

Entries made in the Loan Account shall constitute presumptive evidence of the information contained therein. If any information contained in the Loan Account is provided to or inspected by any Person, then such information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies Agent in writing within 30 days after receipt or inspection that specific information is subject to dispute.

## **5.8 Taxes.**

### **5.8.1 Payments Free of Taxes.**

Any and all payments by or on account of any obligation of Obligors hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Indemnified Taxes, provided that if an Obligor shall be required by applicable law to deduct or withhold any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under this Section) the Agent or Lenders, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made; (ii) Obligors shall make such deductions or withholdings; and (iii) Obligors shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law.

### **5.8.2 Payment of Other Taxes by Obligors.**

Without limiting the provisions of Section 5.8.1, Obligors shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

### **5.8.3 Indemnification by Obligors.**

Obligors shall indemnify the Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent or Lender, as the case may be, and any penalties, interest, additions to tax and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to an Obligor by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

### **5.8.4 Evidence of Payments.**

As soon as practicable after any payment of Indemnified Taxes by an Obligor to a Governmental Authority, Obligors shall deliver to the Agent, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

## **SECTION 6 CONDITIONS PRECEDENT**

### **6.1 Conditions Precedent to Amendment and Restatement.**

The effectiveness of this Agreement and the obligations of the Secured Parties hereunder are subject to the following conditions precedent being satisfied:

- (a) Notes shall have been executed by Borrower and delivered to each Lender that requests issuance of a Note. Each other Loan Document not delivered under the Existing Loan and Security Agreement shall have been duly executed and delivered to Agent by each of the signatories thereto, and each Obligor shall be in compliance with all terms thereof.
- (b) Agent shall have received all PPSA and other Lien searches and other evidence satisfactory to Agent that such Liens are the only Liens upon the Collateral, except Permitted Liens.
- (c) The Agent shall have received:
  - (i) acknowledgment copies of proper financing or filing statements, publications or recordings, duly filed on or before the Closing Date under the PPSA of all jurisdictions that the Agent may deem necessary or desirable in order to perfect the Agent's Lien; and
  - (ii) duly executed "Termination Statements" and such other instruments, in form and substance satisfactory to the Agent, as shall be necessary to terminate and discharge and satisfy all Liens on the Property of the Obligors (except Permitted Liens).
- (d) Agent shall have received all subordination and postponement agreements required pursuant to the terms hereof, including, as necessary, any amendment or restatements of the:
  - (i) ATB Intercreditor Agreement; and
  - (ii) the Shareholder Subordination Agreement.
- (e) Agent shall have received duly executed agreements establishing each Dominion Account, in form and substance satisfactory to Agent, to the extent not delivered under the Existing Loan and Security Agreement.
- (f) Agent shall have received certificates, in form and substance satisfactory to it, from a knowledgeable Senior Officer of each Obligor certifying that, after giving effect to the Loans outstanding on the Closing Date and transactions hereunder, (i) such Obligor is Solvent; (ii) no Default or Event of Default exists; (iii) the representations and warranties set forth in Section 9 are true and correct; and (iv) such Obligor has complied with all agreements and conditions to be satisfied by it under the Loan Documents.
- (g) Agent shall have received a certificate of a duly authorized officer of each Obligor, certifying (i) that attached copies of such Obligor's Organic Documents are true and complete, and in full force and effect, without amendment except as shown, or there have been no amendments thereto

since November 2, 2006, (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility, and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents. Agent may conclusively rely on this certificate until it is otherwise notified by the applicable Obligor in writing.

- (h) Agent shall have received a written opinion of McCarthy Tetrault LLP as well as any local counsel to Obligors or Agent, in form and substance reasonably satisfactory to Agent.
- (i) Agent shall have received compliance certificates, certificates of status, certificates d'attestation and good standing certificates for each Obligor, issued by the appropriate official of such Obligor's jurisdiction of organization and each jurisdiction where such Obligor's conduct of business or ownership of Property necessitates qualification.
- (j) Agent shall have received copies of policies or certificates of insurance and binders of Insurance for the insurance policies carried by Obligors with requisite loss payable endorsements, all in compliance with the Loan Documents and in form and substance satisfactory to the Agent, to the extent not delivered under the Existing Loan and Security Agreement.
- (k) Agent shall have completed its legal due diligence of Obligors, with results satisfactory to Agent.
- (l) Agent shall have received a Borrowing Base Certificate prepared as of September 28, 2009.
- (m) The Borrower shall have paid all fees and expenses of the Agent and Lenders, including as provided in the Fee Letter and hereunder, and all attorney costs and audit costs incurred in connection with any of the Loan Documents and the transactions contemplated thereby to the extent invoiced.
- (n) The Agent shall have received an officer's certificate from the Borrower certifying, and/or received other evidence satisfactory to the Agent, that the terms of this Agreement and the other Loan Documents are not in violation of or contrary to the provisions of any other document to which Borrower or any Subsidiary is a party or by which they are bound.
- (o) There shall exist no action, suit, investigation, litigation, or proceeding pending or threatened in any court or before any arbitrator or governmental authority that in Lenders' good faith credit discretion (a) could reasonably be expected to have a Material Adverse Effect or impair Obligors' ability to perform their obligations under the Loan Agreement, or (b) could

reasonably be expected to materially and adversely affect the Obligations or the transactions contemplated thereby.

- (p) Agent shall have reviewed and confirmed its satisfaction with the instruments/debt documents evidencing the Debt of and any other creditors not being paid out and discharged on or prior to the Closing Date, including, without limitation, its satisfaction with the terms of the ATB Financial Debt (including any amendments or renewals thereto) as it exists on the Closing Date.
- (q) The Agent shall have received an officer's certificate from the Borrower certifying, and/or received other evidence satisfactory to it, that each Obligor shall have obtained all governmental and third party consents and approvals as Agent may consider necessary or appropriate in connection with this Agreement and the transactions contemplated thereby.
- (r) Assignment and Acceptance agreements amongst the Lenders party to the Existing Loan and Security Agreement and the Lenders party to this Agreement shall have been executed and delivered to the Agent to the extent deemed necessary by the Agent.
- (s) All proceedings taken in connection with the execution of this Agreement, all other Loan Documents and all documents and papers relating thereto shall be satisfactory in form, scope, and substance to the Agent and the Lenders.

The acceptance by the Borrower of any Loans existing or made or Letters of Credit issued on the Closing Date shall be deemed to be a representation and warranty made by the Borrower to the effect that all of the conditions precedent to the making of or existence such Loans or the issuance of such Letters of Credit have been satisfied, with the same effect as delivery to the Agent and the Lenders of a certificate signed by a Responsible Officer of the Borrower, dated the Closing Date, to such effect.

Execution and delivery to the Agent by a Lender of a counterpart of this Agreement or by an Assignment and Acceptance shall be deemed confirmation by such Lender that (i) all conditions precedent in this Section 6.1 have been fulfilled to the satisfaction of such Lender, (ii) the decision of such Lender to execute and deliver to the Agent an executed counterpart of this Agreement was made by such Lender independently and without reliance on the Agent or any other Lender as to the satisfaction of any condition precedent set forth in this Section 6.1, and (iii) all documents sent to such Lender for approval, consent, or satisfaction were acceptable to such Lender.

#### **6.2 Conditions Precedent to All Credit Extensions.**

Agent, Issuing Bank and Lenders shall not be required to fund any Loans, arrange for issuance of any Letters of Credit or grant any other accommodation to or for the benefit of Borrower, unless the following conditions are satisfied:

- (a) No Default or Event of Default shall exist at the time of, or result from, such funding, issuance or grant;
- (b) The representations and warranties of each Obligor in the Loan Documents shall be true and correct on the date of, and upon giving effect to, such funding, issuance or grant (except for representations and warranties that expressly relate to an earlier date);
- (c) All conditions precedent in any other Loan Document shall be satisfied;
- (d) No event shall have occurred or circumstance exist that has or could reasonably be expected to have a Material Adverse Effect; and
- (e) With respect to issuance of a Letter of Credit, the LC Conditions shall be satisfied.

Each request (or deemed request) by Borrower for funding of a Loan, issuance of a Letter of Credit or grant of an accommodation shall constitute a representation by Borrower that the foregoing conditions are satisfied on the date of such request and on the date of such funding, issuance or grant. As an additional condition to any funding, issuance or grant, Agent shall have received such other information, documents, instruments and agreements as it deems appropriate in connection therewith.

### **6.3 Limited Waiver of Conditions Precedent.**

If Agent, Issuing Bank or Lenders fund any Loans, arrange for issuance of any Letters of Credit or grant any other accommodation when any conditions precedent are not satisfied (regardless of whether the lack of satisfaction was known or unknown at the time), it shall not operate as a waiver of (a) the right of Agent, Issuing Bank and Lenders to insist upon satisfaction of all conditions precedent with respect to any subsequent funding, issuance or grant; nor (b) any Default or Event of Default due to such failure of conditions or otherwise.

## **SECTION 7 COLLATERAL**

### **7.1 Grant of Security Interest.**

To secure the prompt payment and performance of all Obligations, each Obligor hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all personal Property (save and exclusive solely of Equipment) of Obligors, including all of the following Property, whether now owned or hereafter acquired, and wherever located:

- (a) all Accounts;
- (b) all Chattel Paper, including electronic chattel paper;
- (c) all Deposit Accounts and Dominion Accounts;
- (d) all General Intangibles, including Intellectual Property;
- (e) all Goods, including Inventory but excluding Equipment;

- (f) all Instruments;
- (g) all Investment Property;
- (h) all monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a Lender, including any Cash Collateral;
- (i) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and
- (j) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

## **7.2 Lien on Deposit Accounts/Dominion Accounts; Cash Collateral.**

### **7.2.1 Deposit Accounts/Dominion Accounts.**

- (a) To further secure the prompt payment and performance of all Obligations, each Obligor hereby grants to Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all of Obligor's right, title and interest in and to each Deposit Account and Dominion Account of such Obligor and any deposits or other sums at any time credited to any such Deposit Account and Dominion Account, including any sums in any blocked or lockbox accounts or in any accounts into which such sums are swept. For greater certainty, Obligor hereby agree that, unless otherwise agreed to by Agent, they will not maintain any Deposit Accounts, other than Dominion Accounts with the Bank.
- (b) Each Obligor authorizes and directs Bank to deliver to Agent, on a daily basis, all balances in the Dominion Accounts maintained by such Obligor with such depository for application to the Obligations then outstanding. Each Obligor irrevocably appoints Agent as such Obligor's attorney to collect such balances to the extent any such delivery is not so made.

### **7.2.2 Cash Collateral.**

Any Cash Collateral may be invested, in Agent's discretion, in Cash Equivalents, but Agent shall have no duty to do so, regardless of any agreement, understanding or course of dealing with Borrower, and shall have no responsibility for any investment or loss. Borrower hereby grants to Agent, for the benefit of Secured Parties, a security interest in all Cash Collateral held from time to time and all proceeds thereof, as security for the Obligations, whether such Cash Collateral is held in the Cash Collateral Account or elsewhere. Agent may apply Cash Collateral to the payment of any Obligations, in such order as Agent may elect, as they become due and payable. The Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Agent. No Borrower or other Person claiming through or

on behalf of Borrower shall have any right to any Cash Collateral, until Full Payment of all Obligations.

### **7.3 Other Collateral.**

#### **7.3.1 Certain After-Acquired Collateral.**

Obligors shall promptly notify Agent in writing if, after the Closing Date, any Obligor obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, documents, Instruments, Intellectual Property or Investment Property and, upon Agent's request, shall promptly execute such documents and take such actions as Agent deems appropriate to effect Agent's duly perfected, opposable and first priority Lien upon such Collateral, subject to Permitted Liens, including obtaining any appropriate possession, control agreement or Lien Waiver. If any Collateral is in the possession of a third party, at Agent's request, Obligors shall obtain an acknowledgment that such third party holds the Collateral for the benefit of Agent.

### **7.4 No Assumption of Liability.**

The Lien on Collateral granted hereunder is given as security only and shall not subject Agent or any Lender to, or in any way modify, any obligation or liability of Obligors relating to any Collateral.

### **7.5 Further Assurances.**

Promptly upon request, Obligors shall deliver such instruments, assignments, title certificates, or other documents or agreements, and shall take such actions, as Agent deems appropriate under Applicable Law to evidence or perfect or render opposable its Lien on any Collateral, or otherwise to give effect to the intent of this Agreement. Each Obligor authorizes Agent to file any financing statements or other application of publication that indicates the Collateral as "all present and after acquired personal property" or "the universality of all present and future movable property" of such Obligor, or words to similar effect, and ratifies any action taken by Agent before the Closing Date to effect or perfect or render opposable its Lien on any Collateral.

## **SECTION 8 COLLATERAL ADMINISTRATION**

### **8.1 Borrowing Base Certificates.**

By the twenty-fifth (25th) day of each month (or with such other frequency as Agent may require, from time to time, acting in its sole discretion), Borrower shall deliver to Agent (and Agent shall promptly deliver same to Lenders) a Borrowing Base Certificate prepared as of the close of business of the previous month, and at such other times as Agent may request. All calculations of Availability in any Borrowing Base Certificate shall originally be made by Borrower and certified by a Senior Officer, provided that Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of declines in value of any Collateral, due to collections received in the Dominion Account or otherwise; and (b) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the Availability Reserve.



## **8.2 Administration of Accounts.**

### **8.2.1 Records and Schedules of Accounts.**

Each Obligor shall keep accurate and complete records of its Accounts, including all payments and collections thereon, and shall submit to Agent, on such periodic basis as Agent may request, a sales and collections report, in form satisfactory to Agent. Each Obligor shall also provide to Agent, on or before the twenty-fifth (25<sup>th</sup>) day of each month, a detailed aged trial balance of all Accounts as of the end of the preceding month, specifying each Account's Account Debtor name, amount, invoice date and due date, showing any discount, allowance, credit, authorized return or dispute, and including such proof of delivery, copies of invoices and invoice registers, copies of related documents, repayment histories, status reports and other information as Agent may request (including the addresses for each Account Debtor). If Accounts in an aggregate face amount of \$100,000 or more cease to be Eligible Accounts, Borrower or applicable Obligor shall notify Agent of such occurrence promptly (and in any event within one Business Day) after Borrower or applicable Obligor has knowledge thereof.

### **8.2.2 Taxes.**

If an Account of an Obligor includes a charge for any Taxes, Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of Borrower and to charge Borrower therefor; provided, however, that neither Agent nor Lenders shall be liable for any Taxes that may be due from Obligor or with respect to any Collateral.

### **8.2.3 Account Verification.**

Whether or not a Default or Event of Default exists, Agent shall have the right at any time, in the name of Agent, any designee of Agent or any Obligor to verify the validity, amount or any other matter relating to any Accounts of Obligors by mail, telephone or otherwise. Obligors shall cooperate fully with Agent in an effort to facilitate and promptly conclude any such verification process.

### **8.2.4 Maintenance of Dominion Account.**

Obligors shall maintain Dominion Accounts pursuant to lockbox or other arrangements acceptable to Agent with Bank. Obligors shall obtain an agreement (in form and substance satisfactory to Agent) from Bank, establishing Agent's control over and Lien in the Dominion Account, requiring immediate deposit of all remittances received in the Dominion Account, and waiving offset and compensation rights of such servicer against any funds in the Dominion Account, except offset or compensation rights for customary administrative charges. Neither Agent nor Lenders assume any responsibility to Obligors for any Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by servicer.

### **8.2.5 Proceeds of Collateral.**

Obligors shall request in writing and otherwise take all reasonable steps to ensure that all payments on Accounts or otherwise relating to Collateral are made directly to a Dominion Account. If any Obligor or Subsidiary receives cash or Payment Items with respect to any

Collateral, it shall hold same in trust for Agent and promptly (not later than the next Business Day) deposit same into a Dominion Account.

### **8.3 Administration of Inventory.**

#### **8.3.1 Records and Reports of Inventory.**

Each Obligor shall keep accurate and complete records of its Inventory and shall submit to Agent, on or before the twenty-fifth (25<sup>th</sup>) day of each month, or as frequent as the Agent may request, inventory reports in form satisfactory to Agent. Agent may participate in and observe each inventory count.

#### **8.3.2 Returns of Inventory.**

No Obligor shall return any Inventory to a supplier, vendor or other Person, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default, Event of Default or Overadvance exists or would result therefrom; (c) Agent is promptly notified if the aggregate Value of all Inventory returned in any month exceeds \$100,000; and (d) any payment received by an Obligor for a return is promptly remitted to Agent for application to the Obligations.

#### **8.3.3 Acquisition, Sale and Maintenance.**

No Obligor shall acquire or accept any Inventory on consignment or approval, and shall take all steps to assure that all Inventory is produced in accordance with Applicable Law. No Obligor shall sell any Inventory on consignment (unless the conditions in respect of such Inventory, set forth in paragraph (i) of the definition of Eligible Inventory, are met to the satisfaction of the Agent) or approval or any other basis under which the customer may return or require Obligors to repurchase such Inventory. Obligors shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

### **8.4 Administration of Equipment and Real Estate.**

#### **8.4.1 Records and Schedules of Equipment and Real Estate.**

Each Obligor shall keep accurate and complete records of its Equipment, including kind, quality, quantity, cost, acquisitions and dispositions thereof, and shall submit to Agent, on such periodic basis as Agent may request, a current schedule thereof, in form satisfactory to Agent. Promptly upon request, Obligors shall deliver to Agent evidence of their ownership or interests in any Real Estate and Equipment.

#### **8.4.2 Dispositions of Equipment.**

No Obligor shall sell, lease or otherwise dispose of or alienate any Equipment or Real Estate, without the prior written consent of Agent, other than (a) a Permitted Asset Disposition, and (b) Equipment or Real Estate pledged as security for the ATB Financial Debt (as long as the

Net Proceeds of such dispositions are used to acquire replacement Equipment or Real Estate or to pay or pre-pay amounts owing under the ATB Financial Debt or as otherwise permitted by the ATB Financial Debt documents).

#### **8.5 Administration of Deposit Accounts.**

Schedule 8.5 sets forth all Dominion Accounts maintained by Obligors. Each Obligor shall take all actions necessary to establish Agent's control of each such Dominion Account. Each Obligor shall be the sole account holder of each Dominion Account and shall not allow any other Person (other than Agent) to have control over a Dominion Account or any Property deposited therein. Each Obligor shall not open any Deposit Account or Dominion Account without the consent of Agent.

#### **8.6 General Provisions.**

##### **8.6.1 Location of Collateral.**

All tangible (corporeal) items of Collateral, other than Inventory in transit, shall at all times be kept by Obligors at the business locations set forth in Schedule 8.6.1, except that Obligors may (a) make sales or other dispositions of Collateral in accordance with Section 10.2.6; and (b) move Collateral to another location in Canada, as applicable, upon 30 Business Days prior written notice to Agent.

##### **8.6.2 Insurance of Collateral; Condemnation Proceeds.**

- (a) Each Obligor shall maintain insurance with respect to the Collateral, covering casualty, hazard, public liability, theft, malicious mischief, and such other risks, in such amounts, with such endorsements, and with such insurers (rated A+ or better by A.M. Best Rating Guide) as are satisfactory to Agent. All proceeds under each policy shall be payable to Agent. From time to time upon request, Obligors shall deliver to Agent the originals or certified copies of its insurance policies and updated flood plain searches. Unless Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Agent as sole loss payee, first mortgagee or additional insured, as appropriate; (ii) requiring 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever; and (iii) specifying that the interest of Agent shall not be impaired or invalidated by any act or neglect of any Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Obligor fails to provide and pay for such insurance, Agent may, at its option, but shall not be required to, procure the insurance and charge Obligors therefor. Each Obligor agrees to deliver to Agent, promptly as rendered, copies of all reports made to insurance companies. While no Event of Default exists, Obligors may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Agent. If an Event of Default exists, only Agent shall be authorized to settle, adjust and compromise such claims.

- (b) Any proceeds of insurance (other than proceeds from workers' compensation or D&O insurance) and any awards arising from condemnation of any Collateral shall be paid to Agent. Any such proceeds or awards that relate to Inventory shall be applied to payment of the Revolver Loans, and then to any other Obligations outstanding.

#### **8.6.3 Protection of Collateral.**

All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof), and all other payments required to be made by Agent to any Person to realize upon any Collateral, shall be borne and paid by Obligors. Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for reasonable care in its custody while Collateral is in Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Obligors' sole risk.

#### **8.6.4 Defense of Title to Collateral.**

Each Obligor shall at all times defend its title to Collateral and Agent's Liens therein against all Persons, claims and demands whatsoever, except Permitted Liens.

#### **8.7 Power of Attorney.**

Each Obligor hereby irrevocably constitutes and appoints Agent (and all Persons designated by Agent) as such Obligor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Agent, or Agent's designee, may, without notice and in either its or an Obligor's name, but at the cost and expense of Obligors:

- (a) Endorse an Obligor's name on any Payment Item or other proceeds of Collateral (including proceeds of insurance) that come into Agent's possession or control; and
- (b) During an Event of Default, (i) notify any Account Debtors of the assignment of their Accounts or to set-up or render opposable any Lien in respect thereof, demand and enforce payment of Accounts, by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii) settle, adjust, modify, compromise, discharge or release any Accounts or other Collateral, or any legal proceedings brought to collect Accounts or Collateral; (iii) sell or assign any Accounts and other Collateral upon such terms, for such amounts and at such times as Agent deems advisable; (iv) take control, in any manner, of any proceeds of Collateral; (v) prepare, file and sign in Obligor's name a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to an Obligor, and notify postal authorities to change the address for delivery thereof to such address as Agent may designate; (vii) endorse any Chattel Paper, Document, Instrument, invoice, freight bill, bill of lading, or similar document or agreement relating to any

Accounts, Inventory or other Collateral; (viii) use an Obligor's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix) use the information recorded on or contained in any data processing equipment and computer hardware and software relating to any Collateral; (x) make and adjust claims under policies of insurance; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit or banker's acceptance for which an Obligor is a beneficiary; and (xii) take all other actions as Agent deems appropriate to fulfill any Obligor's obligations under the Loan Documents.

## **SECTION 9 REPRESENTATIONS AND WARRANTIES**

### **9.1 General Representations and Warranties.**

To induce Agent and Lenders to enter into this Agreement and to make available the Commitments, Loans and Letters of Credit, each Obligor represents and warrants that:

#### **9.1.1 Organization and Qualification.**

Each Obligor and Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Obligor and Subsidiary is duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

#### **9.1.2 Power and Authority.**

Each Obligor is duly authorized to execute, deliver and perform its Loan Documents. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a) require any consent or approval of any holders of Equity Interests of any Obligor, other than those already obtained; (b) contravene the Organic Documents of any Obligor; (c) violate or cause a default under any Applicable Law or Material Contract; or (d) result in or require the imposition of any Lien (other than Permitted Liens) on any Property of any Obligor.

#### **9.1.3 Enforceability.**

Each Loan Document is a legal, valid and binding obligation of each Obligor party thereto, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

#### **9.1.4 Capital Structure.**

Schedule 9.1.4 shows, for each Obligor and Subsidiary, its name, its jurisdiction of organization, its authorized and issued Equity Interests, the holders of its Equity Interests and all direct or indirect holders of such holders, and all agreements binding on such holders with respect to their Equity Interests. Each Obligor has good title to its Equity Interests in its Subsidiaries, subject only to Agent's Lien, and all such Equity Interests are duly issued, fully paid and non-assessable. There are no outstanding options to purchase, warrants, subscription

rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to any Equity Interests of any Obligor or Subsidiary.

9.1.5 Corporate Names; Locations.

During the five years preceding the Closing Date, except as shown on Schedule 9.1.5, no Obligor or Subsidiary has been known as or used any corporate, fictitious or trade names, has been the surviving corporation of a merger, amalgamation or combination, or has acquired any substantial part of the assets of any Person. The chief executive offices and other places of business of Obligors and Subsidiaries are shown on Schedule 8.6.1. During the five years preceding the Closing Date, no Obligor or Subsidiary has had any other office or place of business.

9.1.6 Title to Properties; Priority of Liens.

Each Obligor and Subsidiary has good and marketable title to (or valid leasehold interests in) all of its Real Estate, and good title to all of its personal (movable) Property, including all Property reflected in any financial statements delivered to Agent or Lenders, in each case free of Liens except Permitted Liens. Each Obligor and Subsidiary has paid and discharged all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. All Liens of Agent in the Collateral are duly perfected, opposable and first priority Liens, subject only to Permitted Liens that are expressly allowed to have priority over Agent's Liens.

9.1.7 Accounts.

Agent may rely, in determining which Accounts are Eligible Accounts, on all statements and representations made by Borrower with respect thereto. Borrower warrants, with respect to each Account at the time it is shown as an Eligible Account in a Borrowing Base Certificate, that:

- (a) it is genuine and in all respects what it purports to be, and is not evidenced by a judgment;
- (b) it arises out of a completed, bona fide sale and delivery of goods or rendition of services in the Ordinary Course of Business, and substantially in accordance with any purchase order, contract or other document relating thereto;
- (c) it is for a sum certain, maturing as stated in the invoice covering such sale or rendition of services, a copy of which has been furnished or is available to Agent on request;
- (d) it is not subject to any offset, compensation, Lien (other than Agents Lien), deduction, defense, dispute, counterclaim or other adverse condition except as arising in the Ordinary Course of Business and disclosed to Agent; and it is absolutely owing by the Account Debtor, without contingency in any respect;

- (e) no purchase order, agreement, document or Applicable Law restricts assignment of the Account to Agent (regardless of whether, under the UCC, the PPSA or the Civil Code, the restriction is ineffective);
- (f) no extension, compromise, settlement, modification, credit, deduction or return has been authorized with respect to the Account, except discounts or allowances granted in the Ordinary Course of Business for prompt payment that are reflected on the face of the invoice related thereto and in the reports submitted to Agent hereunder; and
- (g) to the best of Borrower's knowledge, (i) there are no facts or circumstances that are reasonably likely to impair the enforceability or collectibility of such Account; (ii) the Account Debtor had the capacity to contract when the Account arose, continues to meet the applicable Borrower's customary credit standards, is Solvent, is not contemplating or subject to an Insolvency Proceeding, and has not failed, or suspended or ceased doing business; and (iii) there are no proceedings or actions threatened or pending against any Account Debtor that could reasonably be expected to have a material adverse effect on the Account Debtor's financial condition.

#### 9.1.8 Financial Statements.

The consolidated and consolidating balance sheets, and related statements of income, cash flow and shareholder's equity, of Obligor and Subsidiaries that have been and are hereafter delivered to Agent and Lenders, are prepared in accordance with GAAP, and fairly present the financial positions and results of operations of Obligor and Subsidiaries at the dates and for the periods indicated. All projections delivered from time to time to Agent and Lenders have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time. Since August 27, 2009 there has been no change in the condition, financial or otherwise, of any Obligor or Subsidiary that could reasonably be expected to have a Material Adverse Effect. No financial statement delivered to Agent or Lenders at any time contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make such statement not materially misleading. Each Obligor and Subsidiary is Solvent.

#### 9.1.9 Surety Obligations.

No Obligor or Subsidiary is obligated as guarantor, surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder.

#### 9.1.10 Taxes.

Each Obligor and Subsidiary has filed all federal, provincial, territorial, state and local tax returns and other reports that it is required by law to file, and has paid, or made provision for the payment of, all Taxes upon it, its income and its Properties that are due and payable, except to the extent being Properly Contested. The provision for Taxes on the books of each Obligor and Subsidiary is adequate for all years not closed by applicable statutes, and for its current Fiscal Year.

#### 9.1.11 Brokers.

There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents.

#### 9.1.12 Intellectual Property.

Each Obligor and Subsidiary owns or has the lawful right to use all Intellectual Property necessary for the conduct of its business, without conflict with any rights of others. There is no pending or, any Obligor's knowledge, threatened Intellectual Property Claim with respect to any Obligor, any Subsidiary or any of their Property (including any Intellectual Property). Except as disclosed on Schedule 9.1.12, no Obligor or Subsidiary pays or owes any Royalty or other compensation to any Person with respect to any Intellectual Property. All Intellectual Property owned, used or licensed by, or otherwise subject to any interests of, any Obligor or Subsidiary is shown on Schedule 9.1.12.

#### 9.1.13 Governmental Approvals.

Each Obligor and Subsidiary has, is in compliance with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties. All necessary import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect, and Obligors and Subsidiaries have complied with all foreign and domestic laws with respect to the shipment and importation of any goods or Collateral, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

#### 9.1.14 Compliance with Laws.

Each Obligor and Subsidiary has duly complied, and its Properties and business operations are in compliance, in all material respects with all Applicable Law, except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to any Obligor or Subsidiary under any Applicable Law.

#### 9.1.15 Compliance with Environmental Laws.

Except as disclosed on Schedule 9.1.15, no Obligor's or Subsidiary's past or present operations, Real Estate or other Properties are subject to any federal, provincial, territorial, state or local investigation to determine whether any remedial action is needed to address any environmental pollution, hazardous material or environmental clean-up. No Obligor or Subsidiary has received any Environmental Notice. No Obligor or Subsidiary has any contingent liability with respect to any Environmental Release, environmental pollution or hazardous material on any Real Estate now or previously owned, leased or operated by it. The representations and warranties contained in the Environmental Agreement are true and correct on the Closing Date.

#### 9.1.16 Burdensome Contracts.



No Obligor or Subsidiary is a party or subject to any contract, agreement or charter restriction that could reasonably be expected to have a Material Adverse Effect. No Obligor or Subsidiary is party or subject to any Restrictive Agreement, except as shown on Schedule 9.1.16, none of which prohibit the execution or delivery of any Loan Documents by an Obligor nor the performance by an Obligor of any obligations thereunder.

**9.1.17 Litigation.**

Except as shown on Schedule 9.1.17, there are no actions, suits, proceedings or investigations pending or, to any Obligor's knowledge, threatened against any Obligor or Subsidiary, or any of their businesses, operations, Properties, prospects or conditions, that (a) relate to any Loan Documents or transactions contemplated thereby; or (b) could reasonably be expected to have a Material Adverse Effect if determined adversely to any Obligor or Subsidiary. No Obligor or Subsidiary is in default with respect to any order, injunction or judgment of any Governmental Authority.

**9.1.18 No Defaults.**

No event or circumstance has occurred or exists that constitutes a Default or Event of Default. No Obligor or Subsidiary is in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default, under any Material Contract or in the payment of any Borrowed Money. There is no basis upon which any party (other than Borrower or Subsidiary) could terminate a Material Contract prior to its scheduled termination date.

**9.1.19 Pension Compliance.**

Except as otherwise disclosed in Schedule 9.1.19:

- (a) Each Plan is in compliance in all material respects with all applicable laws and the terms of such Plans. Each of the Obligor's and each of its Subsidiaries' Plans are duly registered where required by, and are in compliance and good standing in all material respects under, all applicable laws, acts, statutes, regulations, orders, directives and agreements, including, without limitation, the ITA and the PBA, any successor legislation thereto, and other applicable laws of any jurisdiction. Each Obligor has made all required contributions to any Plan when due, and no application for or taking of a funding waiver or an extension of any amortization period has been made with respect to any Plan.
- (b) There are no pending or, to the best knowledge of Obligors, threatened claims, actions or lawsuits, or action by any Governmental Authority or any Plan administrator or trustee, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or breach of the fiduciary responsibility rules with respect to any Plan or any breach by the Borrower of any other laws, rules, regulations or terms of any Plans or any whole or partial termination or wind up of any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

- (c) (i) No Pension Event has occurred during the last 5 years, or is reasonably expected to occur; (ii) no Plan has any Unfunded Pension Liability; and (iii) No Obligor has incurred during the last 5 years, or reasonably expects to incur, any liability under applicable laws with respect to any Plan (other than premiums due and not delinquent).
- (d) No Lien on any property of an Obligor has arisen in respect of any Plan (except inchoate Liens for premiums and contributions not due and delinquent).
- (e) No Obligor or Subsidiary has any Multiemployer Plan or Foreign Plan. Each Obligor and Subsidiary is in full compliance with the requirements of all Applicable Laws, including ERISA, relating to each Multiemployer Plan and Foreign Plan. No fact or situation exists that could reasonably be expected to result in a Material Adverse Effect in connection with any Multiemployer Plan or Foreign Plan. No Obligor or Subsidiary has any withdrawal liability in connection with a Multiemployer Plan or Foreign Plan. All employer and employee contributions to Foreign Plans, to the extent required by law or the terms of such plans, have been made or accrued in accordance with normal accounting principles. The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance and/or the book reserve established for each Foreign Plan, together with any accrued contributions, are sufficient to provide the accrued benefit obligations of all participants in such plans according to the actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles. Each Foreign Plan required to be registered has been registered and is maintained in good standing with all applicable regulatory authorities.

#### 9.1.20 Workers' Compensation.

Each Obligor does not have any unpaid workers' compensation or like obligations except as are being incurred and paid on a current basis in the Ordinary Course of Business, and there are no proceedings, claims, actions, orders or investigations of any Governmental Authority relating to worker's compensation outstanding, pending or threatened relating to them or any of their employees or former employees which could reasonably be expected to give rise to a Material Adverse Effect.

#### 9.1.21 Trade Relations.

There exists no actual or threatened termination, rescission, limitation or modification of any business relationship between any Obligor or Subsidiary and any customer or supplier, or any group of customers or suppliers, who individually or in the aggregate are material to the business of any Obligor or Subsidiary. There exists no condition or circumstance that could reasonably be expected to impair the ability of any Obligor or Subsidiary to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date.

#### 9.1.22 Labour Relations.

Except as described on Schedule 9.1.21, no Obligor or Subsidiary is party to or bound by any collective bargaining agreement, management agreement or consulting agreement. There are no material grievances, disputes or controversies with any union or other organization of any Obligor's or Subsidiary's employees, or, to any Obligor's knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

9.1.23 Payable Practices.

No Obligor or Subsidiary has made any material change in its historical accounts payable practices from those in effect on the closing Date.

9.1.24 Not a Regulated Entity.

No Obligor is (a) an "investment company" or a "person directly or indirectly controlled by or acting on behalf of an investment company" within the meaning of the Investment Company Act of 1940 or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any public utilities code or any other Applicable Law regarding its authority to incur Debt.

9.1.25 Margin Stock.

No Obligor or Subsidiary is engaged, principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No Loan proceeds or Letters of Credit will be used by Obligors to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose governed by Regulations T, U or X of the Board of Governors.

9.1.26 Foreign Plan Assets.

No Obligor is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. §2510.3-101 of any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA or any "plan" (within the meaning of Section 4975 of the Code), and neither the execution of this Agreement nor the funding of any Loans gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code or under any other Applicable Laws in respect of Foreign Plans.

9.1.27 Solvency.

Each Obligor is Solvent prior to and after giving effect to the making of the Revolving Loans to be made on the Closing Date and the issuance of the Letters of Credit to be issued on the Closing Date and the execution and delivery of all Loan Documents, and shall remain Solvent during the term of this Agreement.

9.1.28 Inactive Subsidiaries

Worldwide Matrix Inc. (i) does not carry on any business whatsoever, (ii) does not own any Inventory, Accounts or any other personal or moveable property and assets, and (iii) has not granted a Lien to any Person and no Person otherwise has a Lien against it or its personal and moveable property and assets.

#### 9.1.29 Real Estate

- (a) (a) Except as advised in writing to the Agent, no investigation or proceeding of any Governmental Authority is pending against the Real Estate or against an Obligor in respect of the Real Estate. No part of the Real Estate has been condemned, taken or expropriated by any Governmental Authority, federal, state, provincial, municipal or any other competent authority;
- (b) Except as advised in writing to the Agent, all present uses in respect of the Real Estate may lawfully be continued and all permitted uses are satisfactory for the Obligors' current and intended purposes;
- (c) All Obligor owned Real Estate is set forth in Schedule 9.1.29; and
- (d) No Inventory is located at any leased Premises except as indicated in Schedule 8.6.1.

#### 9.1.30 Shared Administration Costs

The Shared Administration Costs are Affiliate transactions of the type permitted by Section 10.2.16(f) of this Agreement.

### **9.2 Complete Disclosure.**

No Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make the statements contained therein not materially misleading. There is no fact or circumstance that any Obligor has failed to disclose to Agent in writing that could reasonably be expected to have a Material Adverse Effect.

## **SECTION 10 COVENANTS AND CONTINUING AGREEMENTS**

### **10.1 Affirmative Covenants.**

For so long as any Commitments or Obligations are outstanding, each Obligor shall, and shall cause each Subsidiary to:

#### 10.1.1 Inspections; Appraisals.

- (a) Permit Agent from time to time, subject (except when a Default or Event of Default exists) to reasonable notice and normal business hours, to visit and inspect the Properties of any Obligor or Subsidiary, inspect, audit and make extracts from any Obligor's or Subsidiary's books and records, and discuss with its officers, employees, agents, mandataries, advisors and independent accountants such Obligor's or Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither Agent nor any Lender shall have any duty to any Obligor to make any inspection, nor to share any results of any inspection, appraisal or report with any Obligor. To

the extent any appraisal or other information is shared by Agent or a Lender with any Obligor, such Obligor acknowledges that it was prepared by Agent and Lenders for their purposes and Obligors shall not be entitled to rely upon it. Agent (or its representatives) shall conduct, every year during the term of this Agreement, at least one appraisal of Inventory and one examination.

- (b) Reimburse Agent for all charges, costs and expenses of Agent in connection with (i) examinations of any Obligor's books and records or any other financial or Collateral matters; and (ii) appraisals of Inventory. Subject to the foregoing, Obligors shall pay Agent's then standard charges, costs and expenses for each day that an employee of Agent or its Affiliates is engaged in any examination activities (the standard per diem, per individual, is US\$1,000 (excluding costs and expenses)). This Section 10.1.1 shall not be construed to limit Agent's or its representatives' right to conduct examinations or to obtain appraisals at any time in its discretion, nor to use third parties for such purposes.

#### 10.1.2 Financial and Other Information.

Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Agent and Lenders:

- (a) as soon as available, and in any event within 120 days after the close of each Fiscal Year, balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders equity for such Fiscal Year, on consolidated and consolidating bases for Obligors and Subsidiaries, which consolidated statements shall be audited and certified (without qualification as to scope, "going concern" or similar items) by a firm of independent chartered accountants of recognized standing selected by Borrower and acceptable to Agent, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information acceptable to Agent;
- (b) as soon as available, and in any event within 30 days after the end of each calendar month, (i) unaudited balance sheets as of the end of such month and the related statements of income and cash flow for such month and for the portion of the Fiscal Year then elapsed, on consolidated and consolidating bases for Obligors and Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by the chief financial officer of Borrower as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such month and period, subject to normal year end adjustments and the absence of footnotes, (ii) a reconciliation of the detailed accounts receivable aged trial balance most recently delivered to Agent pursuant to the requirements of Section 8.2.1 to the accounts receivable balance provided in the unaudited balance sheet delivered pursuant to clause

- (i) above, (iii) a reconciliation of the detailed trade payable listing most recently delivered to Agent pursuant to the requirements of Section 10.1.2(f) to the trade payable balance provided in the unaudited balance sheet delivered pursuant to clause (i) above, and (iv) a reconciliation of the detailed inventory reports most recently delivered to Agent pursuant to the requirements of Section 8.3.1 to the inventory balance provided in the unaudited balance sheet delivered pursuant to clause (i) above;
- (c) concurrently with delivery of financial statements under clauses (a) and (b) above, or more frequently if requested by Agent while a Default or Event of Default exists, a Compliance Certificate executed by the chief financial officer of Borrower;
  - (d) concurrently with delivery of financial statements under clause (a) above, copies of all management letters and other material reports submitted to Obligors by its accountant in connection with such financial statements;
  - (e) not later than ninety (90) days after the beginning of each Fiscal Year, projections of Obligors' consolidated balance sheets, results of operations, cash flow and Availability for the next Fiscal Year, month by month;
  - (f) on or before the 30<sup>th</sup> day of each month, or as frequent as the Agent may request, a listing of each Obligor's trade payables as of the end of the preceding month, specifying the trade creditor and balance due, all in form satisfactory to Agent;
  - (g) promptly after the sending or filing thereof, copies of any proxy statements, financial statements or reports that any Obligor has made generally available to its shareholders; copies of any regular, periodic and special reports or registration statements or prospectuses that any Obligor files with the Securities and Exchange Commission, any provincial securities commission (including the Ontario Securities Commission) or any other Governmental Authority, or any securities exchange; and copies of any press releases or other statements made available by an Obligor to the public concerning material changes to or developments in the business of such Obligor;
  - (h) promptly after the sending or filing thereof, copies of any annual report, valuation, notice on other filing to be filed in connection with each Plan or Foreign Plan, to the FSCO, the Canada Revenue Agency, or otherwise;
  - (i) upon request, or, in the event that such filing reflects a significant change with respect to the matters covered thereby, within five (5) Business Days after the filing thereof with the FSCO or any other Governmental Authority, as applicable, copies of the following: (i) each annual report filed with the FSCO or any other Governmental Authority with respect to each Plan and (ii) a copy of each other filing or notice filed with the FSCO or any other Governmental Authority with respect to each Plan by an Obligor;
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- (j) upon request, copies of each actuarial report for any Plan or Multi-Employer Plan and within five (5) Business Days after receipt thereof by an Obligor copies of any notices of the FSCO's or any other Governmental Authorities' intention to terminate a Plan or to have a third party appointed to administer such Plan or determination that a whole or partial termination has occurred in respect of any Plan or that any withdrawal liability exists in respect of any Plan; or (ii) any notice regarding the imposition of withdrawal liability;
- (k) within fifteen (15) Business Days after the occurrence thereof: (i) any changes in the benefits of any existing Plan which increase the Obligors' annual costs with respect thereto by an amount in excess of \$250,000, or the establishment of any new Plan or the commencement of contributions to any Plan to which the Obligors or any of their Subsidiaries was not previously contributing, in either case if the annual costs with respect thereto are in excess of \$250,000, and (ii) any failure by the Obligors or any of their Subsidiaries to make a required instalment or any other required payment in respect of a Pension Plan on or before the due date for such instalment or payment or any other material breach or material default by the Obligors or any of their Subsidiaries under or in respect of any Plan or (iii) the occurrence of any event or condition which might constitute grounds for termination, or winding up of a Plan or which might give rise to any Lien on any property of the Obligors or any of their Subsidiaries in respect of any Plan;
- (l) At Agent's request, a copy of any tax return filed by an Obligor; and
- (m) such other reports and information (financial or otherwise) as Agent may request from time to time in connection with any Collateral or any Obligor's, Subsidiary's or other Obligor's financial condition or business.

#### 10.1.3 Notices.

Notify Agent and Lenders in writing, promptly after an Obligor's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the threat or commencement of any action, suit, proceeding or investigation, whether or not covered by insurance, if an adverse determination could have a Material Adverse Effect; (b) any pending or threatened labour dispute, strike or walkout, or the expiration of any material labour contract; (c) any default under or termination or resiliation of a Material Contract; (d) the existence of any Default or Event of Default; (e) any judgment in an amount exceeding \$100,000; (f) the assertion of any Intellectual Property Claim, if an adverse resolution could have a Material Adverse Effect; (g) any violation or asserted violation of any Applicable Law (including ERISA, PBA, ITA, OSHA or any Environmental Laws), if an adverse resolution could have a Material Adverse Effect; (h) any Environmental Release by an Obligor or on any Property owned, leased or presently or previously occupied by an Obligor; or receipt of any Environmental Notice; (i) the discharge of or any withdrawal or resignation by Obligors' independent accountants; (j) any opening of a new office or place of business, at least 30 days prior to such opening; (k) any change in an Obligor's name, jurisdiction of organization, or form of organization, trade names under which an Obligor

will sell Inventory or create Accounts, or to which instruments in payment of Accounts may be made payable, in each case at least thirty (30) days prior thereto (or in the case of trade names other than legal corporate names, promptly after such change); (l) within ten (10) Business Days after an Obligor knows or has reason to know, that a Pension Event has occurred in respect of any Plan and, when known, any action taken or threatened by the PBGF with respect thereto; or (m) any other event or circumstance which would reasonably be expected to have a Material Adverse Effect.

#### 10.1.4 Landlord and Storage Agreements.

Upon request, provide Agent with copies of all existing agreements, and promptly after execution thereof provide Agent with copies of all future agreements, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

#### 10.1.5 Compliance with Laws.

Comply with all Applicable Laws, including PBA, ERISA, Environmental Laws, OSHA, Anti-Terrorism Laws, and laws regarding collection and payment of Taxes, and maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any Environmental Release occurs at or on any Properties of Borrower or Subsidiary, it shall act promptly and diligently to investigate and report to Agent and all appropriate Governmental Authorities the extent of, and to make appropriate remedial action to eliminate, such Environmental Release, whether or not directed to do so by any Governmental Authority.

#### 10.1.6 Taxes.

Pay and discharge all Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

#### 10.1.7 Insurance.

In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (rated A+ or better by Best Rating Guide) satisfactory to Agent, (a) with respect to the Properties and business of Obligors and Subsidiaries of such type (including product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation insurance), in such amounts, and with such coverages and deductibles as are customary for companies similarly situated, and (b) business interruption insurance in an amount consistent with customary practices in Obligors' industry, with deductibles satisfactory to Agent.

#### 10.1.8 Licenses.

Keep each License affecting any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material Property of Obligors and Subsidiaries in full force and effect; promptly notify Agent of any proposed modification to any such License, or entry into any new License, in each case at least 30 days prior to its effective date; pay all Royalties



when due; and notify Agent of any default or breach asserted by any Person to have occurred under any License.

#### 101.9 Future Subsidiaries.

Promptly notify Agent upon any Person becoming a Subsidiary and cause it to guarantee the Obligations in a manner satisfactory to Agent, and to execute and deliver such documents, instruments and agreements and to take such other actions as Agent shall require to evidence and perfect and render opposable a Lien in favour of Agent (for the benefit of Secured Parties) on all Property of such Person, including delivery of such legal opinions, in form and substance satisfactory to Agent, as it shall deem appropriate.

##### 10.1.10 Maintenance of Property.

- (a) Maintain all of its Property necessary and useful in its businesses in the ordinary course in good operating condition and repair, ordinary wear and tear excepted;
- (b) To perform or cause to be performed all of its covenants and obligations contained in all Leases and keep all such Leases in good standing (unless and until terminated in the ordinary course of business); and
- (c) Promptly notify the Agent of any fire or other casualty or any notice of expropriation, action or proceeding affecting the Real Estate or any part thereof immediately upon obtaining knowledge of the same.

##### 10.1.11 Plans.

Cause each of its and its Subsidiaries' Plans to be duly registered and administered in all respects in material compliance with, as applicable, the PBA, the ITA and all other applicable laws (including regulations, orders and directives), and the terms of the Plans and any agreements relating thereto. Each Obligor shall ensure that it and its Subsidiaries: (a) has no Unfunded Pension Liability in respect of any Plan, including any Plan to be established and administered by it or them; (b) pay all amounts required to be paid by it or them in respect of such Plan when due; (c) has no Lien on any of its or their property that arises or exists in respect of any Plan except as disclosed in Schedule 9.1.19; (d) do not engage in a prohibited transaction or breach any applicable laws with respect to any Plan that could reasonably be expected to result in a Material Adverse Effect in respect of such Plan; (e) do not permit to occur or continue any Pension Event (other than a partial plan termination or the amalgamation of the Plans described in Schedule 9.1.19, in either case, provided that all representations and warranties in this Agreement continue to be true and correct in all material respects and the Obligors are and continue to be in compliance with all covenants and agreements in this Agreement); and (f) do not enter into any defined benefit Plan during the term of this Agreement.

##### 10.1.12 Lien Waivers

Each Obligor shall use commercially reasonable best efforts to obtain Lien Waivers from (a) the lessors of premises to such Obligor where such Obligor's Inventory is located, and (b) such other Persons who are in the possession of such Obligor's Inventory as warehousemen,

within 90 days of the Closing Date, failing which Agent shall (i) establish Rent and Charges Reserves for each leased location of such Obligor, and (ii) disallow, as Eligible Inventory, any Inventory at a warehouse location. For greater certainty, the eligibility criterion in the definition of Eligible Inventory (other than as provided for in this Section) continue to apply in respect of all locations of Inventory.

## **10.2 Negative Covenants.**

For so long as any Commitments or Obligations are outstanding, each Obligor shall not, and shall cause each Subsidiary not to:

### **10.2.1 Permitted Debt.**

Create, incur, guarantee or suffer to exist any Debt, except:

- (a) the Obligations;
- (b) ATB Financial Debt, provided same is subject to the ATB Intercreditor Agreement;
- (c) The Shareholders' Notes, the Class R Note, other indebtedness to a shareholder or Affiliate of the Borrower, provided same are subject to the Shareholders Subordination Agreement;
- (d) Permitted Purchase Money Debt;
- (e) Borrowed Money (other than the Obligations, ATB Financial Debt, the Shareholders' Notes, the Class R Note, Permitted Purchase Money Debt and other permitted Debt under Section 10.2.1(c)), but only to the extent outstanding on the Closing Date and satisfactory to the Lenders, and not satisfied with proceeds of the initial Loans;
- (f) Permitted Contingent Obligations;
- (g) Debt that is not included in any of the preceding clauses of this Section, is not secured by a Lien and does not exceed \$250,000 in the aggregate at any time; and
- (h) Accounts payable and accrued liabilities arising in the Ordinary Course of Business.

### **10.2.2 Permitted Liens.**

Create or suffer to exist any Lien upon any of its Property, except the following (collectively, "Permitted Liens"):

- (a) Liens in favour of Agent;
- (b) Purchase Money Liens securing Permitted Purchase Money Debt;

- (c) Liens for Taxes not yet due or being Properly Contested;
- (d) statutory Liens (other than Liens for Taxes or imposed under ERISA) arising in the Ordinary Course of Business, but only if (i) payment of the obligations secured thereby is not yet due or is being Properly Contested, and (ii) such Liens do not materially impair the value or use of the Property or materially impair operation of the business of any Obligor or Subsidiary;
- (e) Liens incurred or deposits made in the Ordinary Course of Business to secure the performance of tenders, bids, leases, contracts (except those relating to Borrowed Money), statutory obligations and other similar obligations, or arising as a result of progress payments under government contracts, as long as such Liens are at all times junior to Agent's Liens;
- (f) Liens arising by virtue of a judgment or judicial order against any Obligor or Subsidiary, or any Property of an Obligor or Subsidiary, as long as such Liens are (i) in existence for less than twenty (20) consecutive days or being Properly Contested, and (ii) at all times junior to Agent's Liens;
- (g) Liens which constitute easements, servitudes, rights-of-way, restrictions, covenants or other agreements of record, and other similar charges or encumbrances on Real Estate, that do not secure any monetary obligation and do not interfere with the Ordinary Course of Business;
- (h) normal and customary rights of setoff or compensation upon deposits in favour of depository institutions, and Liens of a collecting bank on Payment Items in the course of collection;
- (i) Liens on Equipment and Real Estate in favour of ATB Financial securing the ATB Financial Debt and as permitted pursuant to the ATB Intercreditor Agreement; and
- (j) existing Liens shown on Schedule 10.2.2.

#### 10.2.3 Capital Expenditures.

Make Capital Expenditures in excess of \$10,000,000 in the aggregate by all Obligors during any Fiscal Year; provided, however, that if the amount of Capital Expenditures permitted to be made in any Fiscal Year exceeds the amount actually made, up to \$250,000 of such excess may be carried forward to the next Fiscal Year.

#### 10.2.4 Payments to Shareholders.

Make any Distributions or any payments to Persons having an Equity Interest in the Borrower without the prior written consent of the Required Lenders, except (a) Upstream Payments; (b) Tax Distributions; and (c) Distributions in an amount necessary to fund Shared Administration Costs if payable by the direct or indirect parent of the Borrower ("Administrative Distributions") provided, however, that (i) neither Tax Distributions nor Administrative Distributions may be made prior to the delivery of the Section 10.1.2 Financials for the Fiscal

Quarter ending September 30, 2010 evidencing compliance with the covenants set forth in Section 10.3 for such Fiscal Quarter, (ii) the Borrower shall have delivered a certificate executed by a Senior Officer of the Borrower at least ten (10) days prior to such Tax Distribution or Administrative Distribution, as the case may be, certifying the calculation of taxes owing by McJunkin Canada, or Shared Administration Costs owing by the direct or indirect parent of the Borrower, and (iii) the Borrower shall have delivered a Compliance Certificate executed by a Senior Officer of the Borrower at least ten (10) days prior to such Tax Distribution or Administrative Distribution, as the case may be, certifying that the proforma Fixed Charge Coverage Ratio calculation for the twelve months proceeding (i.e. subsequent to) such Tax Distribution or Administrative Distribution, as the case may be, will be at least 1.15 to 1.0 for each Fiscal Quarter during such future twelve month period (together with Borrower's calculations thereof).

10.2.5 Restricted Investments.

Make any Restricted Investment.

10.2.6 Disposition of Assets.

Make any Asset Disposition, except a Permitted Asset Disposition, a disposition of Equipment under Section 8.4.2, a transfer of Property by a Subsidiary or Obligor to Borrower, a transfer of Property between Obligors or, provided the terms of transfer and sale are in accordance with the requirements of Section 10.2.16(f), a transfer of Property to McJunkin Canada.

10.2.7 Advances.

Make any loans or other advances of money to any Person, except (a) to Europump under the Europump Loan existing as of the Closing Date, provided that the aggregate principal amount of such Europump Loan does not exceed \$5,500,000, provided further that, to the extent any payments are made and received by the Borrower or any Obligor under the Europump Loan, any such payments shall permanently reduce the outstanding aggregate principal amount owing under the Europump Loan, and provided further that Europump shall not be permitted to borrow from the Borrower or any other Obligor, and neither the Borrower nor any Obligor shall lend or advance to Europump, any further sums of money; (b) advances to an officer or employee for salary, travel expenses, commissions and similar items in the Ordinary Course of Business; (c) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (d) deposits with financial institutions permitted hereunder; (e) as long as no Default or Event of Default exists, intercompany loans by an Obligor to another Obligor; and (f) any loan or advance that is a Distribution permitted under Section 10.2.4.

10.2.8 Restrictions on Payment of Certain Debt.

Make any payments (whether voluntary or mandatory, or a prepayment, redemption, retirement, defeasance or acquisition) with respect to any (a) ATB Financial Debt except to the extent that no Default or Event of Default shall have occurred and be continuing or arise from any such payment; (b) Shareholders' Notes and the Class R Note; or (c) Borrowed Money (other than the Obligations) prior to its due date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Agent).

#### 10.2.9 Fundamental Changes.

Amalgamate, merge, combine or consolidate with any Person, or liquidate, wind up its affairs or dissolve itself, in each case whether in a single transaction or in a series of related transactions, except for amalgamations, mergers or consolidations of a wholly-owned Subsidiary with another wholly-owned Subsidiary or into Borrower (on terms acceptable to the Agent); change its name or conduct business under any fictitious name; change its tax, charter or other organizational identification number; or change its form or state of organization.

#### 10.2.10 Subsidiaries.

Form or acquire any Subsidiary after the Closing Date, except in accordance with Sections 10.1.9 and 10.2.5; or permit any existing Subsidiary to issue any additional Equity Interests.

#### 10.2.11 Organic Documents.

Subject to Section 10.2.9, without the consent of the Agent, amend, modify or otherwise change any of its Organic Documents as in effect on the Closing Date.

#### 10.2.12 Tax Consolidation.

File or consent to the filing of any consolidated income tax return with any Person other than Obligor and Subsidiaries.

#### 10.2.13 Accounting Changes.

Make any material change in accounting treatment or reporting practices, except as required by GAAP and in accordance with Section 1.2; or change its Fiscal Year.

#### 10.2.14 Restrictive Agreements.

Become a party to any Restrictive Agreement, except (a) a Restrictive Agreement as in effect on the Closing Date and shown on Schedule 9.1.16; (b) a Restrictive Agreement relating to secured Debt permitted hereunder, if such restrictions apply only to the collateral for such Debt; and (c) customary provisions in leases and other contracts restricting assignment thereof.

#### 10.2.15 Conduct of Business.

Engage in any business, other than its business as conducted on the Closing Date and any activities incidental thereto.

#### 10.2.16 Affiliate Transactions.

Enter into or be party to any transaction with an Affiliate, except (a) transactions contemplated by the Loan Documents; (b) payment of reasonable compensation to officers and employees for services actually rendered, and loans and advances permitted by Section 10.2.7; (c) payment of customary directors' fees and indemnities; (d) transactions solely among Obligor; (e) transactions with Affiliates that were consummated prior to the Closing Date, as shown on Schedule 10.2.16; and (f) transactions with Affiliates in the Ordinary Course of

Business, upon commercially fair and reasonable market terms fully disclosed to Agent and no less favourable than would be obtained in a comparable arm's-length transaction with a non-Affiliate (Borrower hereby covenanting that the Shared Administration Costs satisfy this clause (f)); provided, however, that Shared Administration costs may only be made prior to September 30, 2010 with the consent of the Required Lenders.

10.2.17 Plans.

Become party to any Multiemployer Plan, Foreign Plan or defined benefit Plan, other than any in existence on the Closing Date.

10.2.18 Amendments to Subordinated Debt.

Amend, supplement or otherwise modify any document, instrument or agreement relating to any Subordinated Debt, the Shareholders' Notes or the Class R Note, if such modification (a) increases the principal balance of such Debt (other than the issuance of new Shareholders' Notes or the incurrence of other indebtedness to a shareholder or other Affiliate of the Borrower that are subject to the terms of a Shareholder Subordination Agreement), or increases any required payment of principal or interest; (b) accelerates the date on which any instalment of principal or any interest is due, or adds any additional redemption, put or prepayment provisions; (c) shortens the final maturity date or otherwise accelerates amortization; (d) increases the interest rate; (e) increases or adds any fees or charges; (f) modifies any covenant in a manner or adds any representation, covenant or default that is more onerous or restrictive in any material respect for Borrower or Subsidiary, or that is otherwise materially adverse to Borrower, any Subsidiary or Lenders; or (g) results in the Obligations not being fully benefited by the subordination provisions thereof.

10.2.19 Acquisitions.

Unless otherwise provided for herein, and except for any Permitted Acquisition, consummate any Acquisitions without the prior written consent of the Required Lenders.

10.2.20 Transactions Affecting Collateral or Obligations.

Enter into any transaction, of whatever nature or kind, solely or in conjunction with other transactions, which would be reasonably expected to have a Material Adverse Effect or cause a Default or an Event of Default.

10.2.21 Sale and Leaseback Transactions

Directly or indirectly, enter into any arrangement with any Person providing for the Borrower or any Subsidiary to lease or rent personal property that the Borrower or such Subsidiary has sold or will sell or otherwise transfer to such Person if the effect of such transaction would result in the incurrence of Debt by Borrower or any Subsidiary that is not permitted pursuant to Section 10.2.1.

10.2.22 Inactive Subsidiaries

Unless otherwise agreed to by the Agent, Worldwide Matrix Inc. shall not (i) carry on any business whatsoever, and (ii) own any Inventory, Accounts or any other personal or moveable property and assets.

#### 10.2.23 Distributor Agreements

Not enter into a distributor agreement with Europump or with Tenaris Global Services (Canada), Inc., or with any other third party, except on terms and conditions satisfactory to the Agent, and upon execution and delivery to and in favour of the Agent of all such documents and instruments it may reasonably require in respect thereof. Upon the execution and delivery of any such distributor agreement, each Obligor shall not, and shall cause each Subsidiary not to, amend or terminate such distributor agreements, without the prior written consent of the Agent.

### 10.3 Financial Covenants.

For so long as any Commitments or Obligations are outstanding, Borrower shall:

#### 10.3.1

Maintain Adjusted EBITDA of:

- \$1,500,000 for the two Fiscal Quarters ending December 31, 2009;
- \$4,800,000 for the three Fiscal Quarters ending March 31, 2010; and
- \$3,700,000 for the four Fiscal Quarters ending June 30, 2010.

#### 10.3.2 Leverage Ratio.

Maintain a Leverage Ratio not greater than 3.50 to 1.00 at the end of each Fiscal Quarter commencing with the Fiscal Quarter ending September 30, 2010.

#### 10.3.3 Fixed Charge Coverage Ratio.

Maintain a Fixed Charge Coverage Ratio of at least 1.15 to 1.00 at the end of each Fiscal Quarter commencing with the Fiscal Quarter ending September 30, 2010.

## SECTION 11 EVENTS OF DEFAULT; REMEDIES ON DEFAULT

### 11.1 Events of Default.

Each of the following shall be an "Event of Default" hereunder, if the same shall occur for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

- (a) Any Obligor fails to pay any Obligations when due (whether at stated maturity, on demand, upon acceleration or otherwise);
- (b) Any representation, warranty or other written statement of any Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given;

- (c) Any Obligor breaches or fails to perform any covenant contained in Section 7.2, 7.3, 7.5, 8.1, 8.2.4, 8.2.5, 8.6.2, 10.1.1, 10.1.2, 10.1.3(d), 10.1.7 or 10.3;
- (d) Any Obligor breaches or fails to perform any other covenant contained in any Loan Documents, and such breach or failure is not cured within 15 days after a Senior Officer of such Obligor has knowledge thereof or receives notice thereof from Agent, whichever is sooner; provided, however, that such notice and opportunity to cure shall not apply if the breach or failure to perform is not capable of being cured within such period or is a wilful breach by an Obligor;
- (e) Any Guarantor repudiates, terminates, revokes or attempts to revoke its Guarantee; any Obligor denies or contests the validity or enforceability of any Loan Documents or Obligations, or the perfection, opposability or priority of any Lien granted to Agent; or any Loan Document ceases to be in full force or effect for any reason (other than a waiver or release by Agent and Lenders);
- (f) Any breach or default of an Obligor occurs under any document, instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Debt (other than the Obligations) in excess of \$250,000 if the maturity of or any payment with respect to such Debt may be accelerated or demanded due to such breach;
- (g) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, individually or cumulatively with all unsatisfied judgments or orders against all Obligors, \$250,000 (net of any insurance coverage therefor acknowledged in writing by the insurer), unless a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise;
- (h) Any loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds \$500,000 (excluding any related deductible under insurance policies);
- (i) Any Obligor is enjoined, restrained or in any way prevented by any Governmental Authority from conducting any material part of its business; any Obligor suffers the loss, revocation or termination of any material license, permit, lease or agreement necessary to its business; there is a cessation of any material part of an Obligor's business or enterprise for a material period of time; any material Collateral or Property of an Obligor is taken or impaired through condemnation; any Obligor agrees to or commences any liquidation, dissolution or winding up of its affairs; or any Obligor ceases to be Solvent;
- (j) Any Insolvency Proceeding is commenced by any Obligor; an Insolvency Proceeding is commenced against any Obligor and such Obligor consents to the institution of the proceeding against it; the petition commencing the proceeding is not timely controverted by such Obligor; such petition is not



dismissed within 30 days after its filing, or an order for relief is entered in the proceeding; a trustee, receiver, monitor or custodian (including an interim trustee or an interim receiver) is appointed to take possession of any substantial Property of or to operate any of the business of any Obligor; or any Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally;

- (k) A Reportable Event occurs that constitutes grounds for termination by the Pension Benefit Guaranty Corporation of any Multiemployer Plan or appointment of a trustee or receiver for any Multiemployer Plan; any Multiemployer Plan is terminated or any such trustee is requested or appointed; any Obligor is in “default” (as defined in Section 4219(c)(5) of ERISA) with respect to payments to a Multiemployer Plan resulting from any withdrawal therefrom; or any event similar to the foregoing occurs or exists with respect to a Foreign Plan;
- (l) A Pension Event shall occur which, in Agent’s determination, constitutes grounds for the termination under any applicable law, of any Plan or for the appointment by the appropriate Governmental Authority of a trustee for any Plan, or if any Plan shall be terminated or any such trustee shall be requested or appointed, or if an Obligor or any of its Subsidiaries is in default with respect to payments to a Multiemployer Plan or Plan resulting from their complete or partial withdrawal from such Plan and any such event may reasonably be expected to have a Material Adverse Effect or any Lien arises (save for contribution amounts not yet due) in connection with any Plan;
- (m) Any Obligor or any of its Senior Officers is criminally indicted or convicted for (i) a felony committed in the conduct of such Obligor’s business, or (ii) any provincial, state or federal law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) that could lead to forfeiture of any material Property or any Collateral;
- (n) Any amendment is made to the Shareholders Agreement without the prior written consent of the Agent;
- (o) A Change of Control occurs; or
- (p) Any event occurs or condition exists that has a Material Adverse Effect.

#### **11.2 Remedies upon Default.**

If an Event of Default described in Section 11.1(j) occurs with respect to any Obligor, then to the extent permitted by Applicable Law, all Obligations shall become automatically due and payable and all Commitments shall terminate, without any action by Agent or notice of any kind. In addition, or if any other Event of Default exists, Agent may in its discretion (and shall upon written direction of Required Lenders) do any one or more of the following from time to time:

- (a) declare any Obligations immediately due and payable, whereupon they shall be due and payable without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Obligors to the fullest extent permitted by law;
- (b) terminate, reduce or condition any Commitment, or make any adjustment to the Borrowing Base;
- (c) require Obligors to Cash Collateralize LC Obligations, Bank Product Debt and other Obligations that are contingent or not yet due and payable, and, if Obligors fail promptly to deposit such Cash Collateral, Agent may (and shall upon the direction of Required Lenders) advance the required Cash Collateral as Revolver Loans (whether or not an Overadvance exists or is created thereby, or the conditions in Section 6 are satisfied); and
- (d) exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC, PPSA, Civil Code, BIA or CCAA. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Obligors to assemble Collateral, at Obligors' expense, and make it available to Agent at a place designated by Agent; (iii) enter any premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by an Obligor, Obligors agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Agent, in its discretion, deems advisable. Each Obligor agrees that 10 days notice of any proposed sale or other disposition of Collateral by Agent shall be reasonable. Agent shall have the right to conduct such sales on any Obligor's premises, without charge, and such sales may be adjourned from time to time in accordance with Applicable Law. Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Agent may purchase any Collateral at public or, if permitted by law, private sale and, in lieu of actual payment of the purchase price, may set off or compensate the amount of such price against the Obligations. After an Event of Default which is continuing, the Agent is hereby granted a licence to use, without charge, the Obligors' labels, patents, copyrights, name, trade secrets, trade names, trademarks, and advertising matter, or any similar property, in completing production of, advertising or selling any Collateral, and the Obligors' rights under all licences and all franchise agreements shall inure to the Agent's benefit for such purpose. The proceeds of sale shall be applied first to all expenses of sale, including legal fees, and then to the Obligations. The Agent will return any excess to the Borrower and the Borrower shall remain liable for any deficiency.

### **11.3 License.**

At any time during an Event of Default, Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Person) any or all Intellectual Property of Obligors, computer hardware and software, trade secrets, brochures, customer lists, promotional and advertising materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. Each Obligor's rights and interests under Intellectual Property shall inure to Agent's benefit.

### **11.4 Setoff.**

Agent, Lenders and their Affiliates are each authorized by Obligor at any time during an Event of Default, without notice to Borrower or any other Person, to set off or compensate and to appropriate and apply any deposits (general or special), funds, claims, obligations, liabilities or other Debt at any time held or owing by Agent, any Lender or any such Affiliate to or for the account of any Obligor against any Obligations, whether or not demand for payment of such Obligation has been made, any Obligations have been declared due and payable, are then due, or are contingent or unmatured, or the Collateral or any guarantee or other security for the Obligations is adequate.

### **11.5 Remedies Cumulative; No Waiver.**

#### **11.5.1 Cumulative Rights.**

All covenants, conditions, provisions, warranties, guaranties, indemnities and other undertakings of Obligors contained in the Loan Documents are cumulative and not in derogation or substitution of each other. In particular, the rights and remedies of Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and shall not be exclusive of any other rights or remedies that Agent and Lenders may have, whether under any agreement, by law, at equity or otherwise.

#### 11.5.2 Waivers.

The failure or delay of Agent or any Lender to require strict performance by Obligor with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise, shall not operate as a waiver thereof nor as establishment of a course of dealing. All rights and remedies shall continue in full force and effect until Full Payment of all Obligations. No modification of any terms of any Loan Documents (including any waiver thereof) shall be effective, unless such modification is specifically provided in a writing directed to Obligor and executed by Agent or the requisite Lenders, and such modification shall be applicable only to the matter specified. No waiver of any Default or Event of Default shall constitute a waiver of any other Default or Event of Default that may exist at such time, unless expressly stated. If Agent or any Lender accepts performance by any Obligor under any Loan Documents in a manner other than that specified therein, or during any Default or Event of Default, or if Agent or any Lender shall delay or exercise any right or remedy under any Loan Documents, such acceptance, delay or exercise shall not operate to waive any Default or Event of Default nor to preclude exercise of any other right or remedy. It is expressly acknowledged by Borrower that any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

#### 11.6 Equity Cure

Notwithstanding anything to the contrary contained in Section 11.1(c), in the event that the Borrower fails to comply with the requirement of any covenant set forth in Section 10.3, McJunkin Canada and/or any other entity holding Equity Interests of Borrower shall have the right to make a direct or indirect equity investment in Borrower or any Subsidiary in cash (the “Cure Right”) prior to the delivery of the Section 10.1.2 Financials with respect to the relevant Fiscal Quarter in which such covenants set forth in Section 10.3 are being measured, and upon the receipt by such Person of net cash proceeds pursuant to the exercise of the Cure Right (including through the capital contribution of any such net cash proceeds to such person, the “Cure Amount”), such covenants set forth in Section 10.3 shall be recalculated, giving effect to a pro forma increase to Adjusted EBITDA for such Fiscal Quarter in an amount equal to such net cash proceeds (it being understood that Adjusted EBITDA shall be increased with respect to such applicable Fiscal Quarter and any four Fiscal Quarter period that contains such Fiscal Quarter by an amount equal to the Cure Amount).

If, after the exercise of the Cure Right and the recalculations pursuant to the preceding paragraph, Borrower shall then be in compliance with the requirements of such covenants set forth in Section 10.3 during such Fiscal Quarter (including for purposes of Section 6.2), Borrower shall be deemed to have satisfied the requirements of such covenants as of the relevant date of determination with the same effect as though there had been no failure to comply therewith at such date, and the applicable Default or Event of Default under Section 11.1(c) that had occurred shall be deemed cured; provided that (i) during the term of this Agreement, only two Cure Rights may be exercised, provided, further, that the exercise of such two Cure Rights may not take place in two consecutive Fiscal Quarters, and (ii) with respect to any exercise of such permitted Cure Rights, the Cure Amounts for all such Cure Rights may not exceed \$15,000,000 in the aggregate.

Cure Amounts shall be given effect on a dollar for dollar basis as an increase to Adjusted EBITDA effective as of the relevant test date, by an amount not to exceed the shortfall in Adjusted EBITDA giving rise to the potential Event of Default; provided that such increase to Adjusted EBITDA shall be used solely for the purpose of measuring compliance with such covenants in Section 10.3 and not for any other purpose under this Agreement.

## **SECTION 12 AGENT**

### **12.1 Appointment, Authority and Duties of Agent.**

#### **12.1.1 Appointment and Authority.**

Each Lender appoints and designates Bank as Agent hereunder. Agent may, and each Lender authorizes Agent to, enter into all Loan Documents to which Agent is intended to be a party and accept all Security Documents, for Agent's benefit and the Pro Rata benefit of Lenders. Each Lender agrees that any action taken by Agent or Required Lenders in accordance with the provisions of the Loan Documents, and the exercise by Agent or Required Lenders of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized and binding upon all Lenders. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Agent each Loan Document, including any intercreditor or subordination agreement, and accept delivery of each Loan Document from any Obligor or other Person; (c) act as collateral agent for Secured Parties for purposes of perfecting, rendering opposable, setting up and administering Liens under the Loan Documents, and for all other purposes stated therein; (d) manage, supervise or otherwise deal with Collateral; and (e) exercise all rights and remedies given to Agent with respect to any Collateral under the Loan Documents, Applicable Law or otherwise. The duties of Agent shall be ministerial and administrative in nature, and Agent shall not have a fiduciary relationship with any Lender, Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto. Agent alone shall be authorized to determine whether any Accounts or Inventory constitute Eligible Accounts or Eligible Inventory, or whether to impose or release any reserve, which determinations and judgments, if exercised in good faith, shall exonerate Agent from liability to any Lender or other Person for any error in judgment.

#### **12.1.2 Duties.**

Agent shall not have any duties except those expressly set forth in the Loan Documents, nor be required to initiate or conduct any Enforcement Action except to the extent directed to do so by Required Lenders while an Event of Default exists. The conferral upon Agent of any right shall not imply a duty on Agent's part to exercise such right, unless instructed to do so by Required Lenders in accordance with this Agreement.

#### **12.1.3 Agent Professionals.**

Agent may perform its duties through agents and employees. Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Agent

shall not be responsible for the negligence or misconduct of any agents, mandataries, employees or Agent Professionals selected by it with reasonable care.

#### **12.1.4 Instructions of Required Lenders.**

The rights and remedies conferred upon Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. Agent may request instructions from Required Lenders with respect to any act (including the failure to act) in connection with any Loan Documents, and may seek assurances to its satisfaction from Lenders of their indemnification obligations under Section 12.6 against all Claims that could be incurred by Agent in connection with any act. Agent shall be entitled to refrain from any act until it has received such instructions or assurances, and Agent shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders shall be binding upon all Lenders, and no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting in accordance with the instructions of Required Lenders. Notwithstanding the foregoing, instructions by and consent of all Lenders shall be required in the circumstances described in Section 15.1.1, and in no event shall Required Lenders, without the prior written consent of each Lender, direct Agent to accelerate and demand payment of Loans held by one Lender without accelerating and demanding payment of all other Loans, nor to terminate the Commitments of one Lender without terminating the Commitments of all Lenders. In no event shall Agent be required to take any action that, in its opinion, is contrary to Applicable Law or any Loan Documents or could subject any Agent Indemnitee to personal liability.

### **12.2 Agreements Regarding Collateral and Field Examination Reports.**

#### **12.2.1 Lien Releases; Care of Collateral.**

Lenders authorize Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations, (b) that is the subject of an Asset Disposition which Borrower certifies in writing to Agent is a Permitted Asset Disposition or a Lien which Borrower certifies is a Permitted Lien entitled to priority over Agent's Liens (and Agent may rely conclusively on any such certificate without further inquiry), (c) that does not constitute a material part of the Collateral, or (d) with the written consent of all Lenders. Agent shall have no obligation whatsoever to any Lenders to assure that any Collateral exists or is owned by an Obligor, or is cared for, protected, insured or encumbered, nor to assure that Agent's Liens have been properly created, perfected, rendered opposable or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

#### **12.2.2 Possession of Collateral.**

Agent and Lenders appoint each other Lender as agent for the purpose of perfecting and rendering opposable Liens (for the benefit of Secured Parties) in any Collateral that, under the PPSA or other Applicable Law, can be perfected or published by possession or delivery. If any Lender obtains possession of any such Collateral, it shall notify Agent thereof and, promptly upon Agent's request, deliver such Collateral to Agent or otherwise deal with such Collateral in accordance with Agent's instructions.

### **12.2.3 Reports.**

Agent shall promptly, upon receipt thereof, forward to each Lender copies of the results of any field audit or other examination or any appraisal prepared by or on behalf of Agent with respect to any Obligor or Collateral ("Report"). Each Lender agrees (a) that neither Bank nor Agent makes any representation or warranty as to the accuracy or completeness of any Report, and shall not be liable for any information contained in or omitted from any Report; (b) that the Reports are not intended to be comprehensive audits or examinations, and that Agent or any other Person performing any audit or examination will inspect only specific information regarding Obligations or the Collateral and will rely significantly upon Obligors' books and records as well as upon representations of Obligors' officers and employees; and (c) to keep all Reports confidential and strictly for such Lender's internal use, and not to distribute any Report (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants) or use any Report in any manner other than administration of the Loans and other Obligations. Each Lender agrees to indemnify and hold harmless Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Report, as well as any Claims arising in connection with any third parties that obtain all or any part of a Report through such Lender.

### **12.3 Reliance By Agent.**

Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and upon the advice and statements of Agent Professionals.

### **12.4 Action Upon Default.**

Agent shall not be deemed to have knowledge of any Default or Event of Default unless it has received written notice from a Lender or Borrower specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default or Event of Default, it shall promptly notify Agent and the other Lenders thereof in writing. Each Lender agrees that, except as otherwise provided in any Loan Documents or with the written consent of Agent and Required Lenders, it will not take any Enforcement Action, accelerate its Obligations, or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC, PPSA, Civil Code sales, sales by a creditor, judicial sales or other similar dispositions of Collateral. Notwithstanding the foregoing, however, a Lender may take action to preserve or enforce its rights against an Obligor where a deadline or limitation period is applicable that would, absent such action, bar enforcement of Obligations held by such Lender, including the filing of proofs of claim in an Insolvency Proceeding.

### **12.5 Ratable Sharing.**

If any Lender shall obtain any payment or reduction of any Obligation, whether through set-off, compensation or otherwise, in excess of its share of such Obligation, determined on a Pro Rata basis or in accordance with Section 5.5.1, as applicable, such Lender shall forthwith purchase from Agent, Issuing Bank and the other Lenders such participations in the affected Obligation as are necessary to cause the purchasing Lender to share the excess payment or reduction on a Pro Rata basis or in accordance with Section 5.5.1, as applicable. If any of such

payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

## **12.6 Indemnification of Agent Indemnitees.**

### **12.6.1 Indemnification.**

EACH LENDER SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY OBLIGORS (BUT WITHOUT LIMITING THE INDEMNIFICATION OBLIGATIONS OF OBLIGORS UNDER ANY LOAN DOCUMENTS), ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY AGENT INDEMNITEE, EXCEPT CLAIMS RESULTING FROM SUCH AGENT INDEMNITEE'S GROSS NEGLIGENCE OR WILFUL MISCONDUCT. If Agent is sued by any receiver, trustee in bankruptcy, debtor-in-possession or other Person for any alleged preference from an Obligor or fraudulent transfer, then any monies paid by Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Agent by Lenders to the extent of each Lender's Pro Rata share.

### **12.6.2 Proceedings.**

Without limiting the generality of the foregoing, if at any time (whether prior to or after the Commitment Termination Date) any action, suit, proceeding is brought against any Agent Indemnitees by an Obligor, or any Person claiming through an Obligor, to recover damages for any act taken or omitted by Agent in connection with any Obligations, Collateral, Loan Documents or matters relating thereto, or otherwise to obtain any other relief of any kind on account of any transaction relating to any Loan Documents, each Lender agrees to indemnify and hold harmless Agent Indemnitees with respect thereto and to pay to Agent Indemnitees such Lender's Pro Rata share of any amount that any Agent Indemnitee is required to pay under any judgment or other order entered in such proceeding or by reason of any settlement, including all interest, costs and expenses (including attorneys' fees) incurred in defending same. In Agent's discretion, Agent may reserve for any such proceeding, and may satisfy any judgment, order or settlement, from proceeds of Collateral prior to making any distributions of Collateral proceeds to Lenders.

## **12.7 Limitation on Responsibilities of Agent.**

Notwithstanding any terms herein to the contrary, Agent shall not be liable to Lenders for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Agent's gross negligence or wilful misconduct. Agent does not assume any responsibility for any failure or delay in performance or any breach by any Obligor or Lender of any obligations under the Loan Documents. Agent is not liable or responsible for any actions or inactions of a Defaulting Lender. Agent does not make to Lenders any express or implied warranty, representation or guarantee with respect to any Obligations, Collateral, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Lenders for any recitals, statements, information, representations or warranties contained in any Loan Documents; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectibility, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection, opposability or priority of any Lien therein; the



validity, enforceability or collectibility of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Account Debtor. No Agent Indemnitee shall have any obligation to any Lender to ascertain or inquire into the existence of any Default or Event of Default, the observance or performance by any Obligor of any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

## **12.8 Successor Agent and Co-Agents.**

### **12.8.1 Resignation: Successor Agent.**

Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by giving at least 30 days written notice thereof to Lenders and Borrower. Upon receipt of such notice, Required Lenders shall have the right to appoint a successor Agent which shall be (a) a Lender or an Affiliate of a Lender; or (b) a commercial bank that is organized under the laws of Canada or the United States or any state or district thereof (provided that such U.S. bank is an "authorized foreign bank" as defined in section 2 of the *Bank Act* (Canada), has a combined capital surplus of at least \$200,000,000 and (provided no Default or Event of Default exists) is reasonably acceptable to Borrower. If no successor agent is appointed prior to the effective date of the resignation of Agent, then Agent may appoint a successor agent from among Lenders. Upon acceptance by a successor Agent of an appointment to serve as Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Agent without further act, and the retiring Agent shall be discharged from its duties and obligations hereunder but shall continue to have the benefits of the indemnification set forth in Sections 12.6 and 15.2. Notwithstanding any Agent's resignation, the provisions of this Section 12 shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while Agent. Any successor by merger, amalgamation or acquisition of the stock or assets of Bank shall continue to be Agent hereunder without further act on the part of the parties hereto, unless such successor resigns as provided above.

### **12.8.2 Separate Collateral Agent.**

It is the intent of the parties that there shall be no violation of any Applicable Law denying or restricting the right of financial institutions to transact business in any jurisdiction. If Agent believes that it may be limited in the exercise of any rights or remedies under the Loan Documents due to any Applicable Law, Agent may appoint an additional Person who is not so limited, as a separate collateral agent or co-collateral agent. If Agent so appoints a collateral agent or co-collateral agent, each right and remedy intended to be available to Agent under the Loan Documents shall also be vested in such separate agent. Every covenant and obligation necessary to the exercise thereof by such agent or mandatary shall run to and be enforceable by it as well as Agent. Lenders shall execute and deliver such documents as Agent deems appropriate to vest any rights or remedies in such agent or mandatary. If any collateral agent or co-collateral agent shall die or dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of such agent or mandatary, to the extent permitted by Applicable Law, shall vest in and be exercised by Agent until appointment of a new agent or mandatary.

### **12.8.3 Withholding Tax.**

- (a) Subject to paragraph (b) of this Section, each Lender and the Bank represents and warrants to the Agent and the other Lenders and the Borrower that it is a Qualified Lender;
- (b) If the Canada Revenue Agency or any other Governmental Authority of Canada or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Lender such Lender shall indemnify the Agent and the Borrower fully for all amounts paid, directly or indirectly, by the Agent or the Borrower as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including costs of legal counsel);
- (c) Without prejudice to the survival of any other agreement contained herein, the representations and warranties contained in paragraph (a) of this Section and the agreements and obligations contained in paragraph (b) of this Section shall survive the payment in full of principal, interest, fees and any other amounts payable hereunder, the termination of this Agreement and any other Loan Document and the replacement of the Agent.

### **12.9 Due Diligence and Non-Reliance.**

Each Lender acknowledges and agrees that it has, independently and without reliance upon Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to fund Loans and participate in LC Obligations hereunder. Each Lender has made such inquiries concerning the Loan Documents, the Collateral and each Obligor as such Lender feels necessary. Each Lender further acknowledges and agrees that the other Lenders and Agent have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Lender will, independently and without reliance upon the other Lenders or Agent, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Loans and participating in LC Obligations, and in taking or refraining from taking any action under any Loan Documents. Except as expressly provided herein and except for notices, reports and other information expressly requested by a Lender, Agent shall have no duty or responsibility to provide any Lender with any notices, reports or certificates furnished to Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Agent or any of Agent's Affiliates.

### **12.10 Replacement of Certain Lenders.**

In the event that any Lender (a) becomes a Defaulting Lender, or (b) fails to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, then, in addition to any other rights and remedies that any Person may have, Agent may in its discretion, by notice to such Lender by the Agent within 120 days

after such event, require such Lender to assign all of its rights and obligations under the Loan Documents to Eligible Assignee(s) specified by Agent, pursuant to appropriate Assignment and Acceptance(s) and within 20 days after Agent's notice. Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute same. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents, including all principal, interest and fees through the date of assignment (but excluding any prepayment charge).

## **12.11 Remittance of Payments and Collections.**

### **12.11.1 Remittances Generally.**

All payments by any Lender to Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Agent and request for payment is made by Agent by 12:00 p.m. (Eastern time) on a Business Day, payment shall be made by Lender not later than 2:00 p.m. (Eastern time) on such day, and if request is made after 12:00 p.m. (Eastern time), then payment shall be made by 12:00 p.m. (Eastern time) on the next Business Day. Payment by Agent to any Lender shall be made by wire transfer, in the type of funds received by Agent. Any and all fees and interest paid by the Borrower to the Agent, for the Pro Rata benefit of the Lenders, on the first day of each month, shall be paid by the Agent to the Lenders on or before the third Business Day of such month. Any such payment shall be subject to Agent's right of offset or compensation for any amounts due from such Lender under the Loan Documents.

### **12.11.2 Failure to Pay.**

If any Lender fails to pay any amount when due by it to Agent pursuant to the terms hereof, such amount shall bear interest from the due date until paid at the rate determined by Agent as customary in the banking industry for interbank compensation. In no event shall Obligors be entitled to receive credit for any interest paid by a Lender to Agent.

### **12.11.3 Recovery of Payments.**

If Agent pays any amount to a Lender in the expectation that a related payment will be received by Agent from an Obligor and such related payment is not received, then Agent may recover such amount from each Lender that received it. If Agent determines at any time that an amount received under any Loan Document must be returned to an Obligor or paid to any other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, Agent shall not be required to distribute such amount to any Lender. If any amounts received and applied by Agent to any Obligations are later required to be returned by Agent pursuant to Applicable Law, Lenders shall pay to Agent, on demand, such Lender's Pro Rata share of the amounts required to be returned.

## **12.12 Agent in its Individual Capacity.**

As a Lender, Bank shall have the same rights and remedies under the other Loan Documents as any other Lender, and the terms "Lenders," "Required Lenders" or any similar term shall include Bank in its capacity as a Lender. Each of Bank and its Affiliates may accept deposits from, maintain deposits or credit balances for, invest in, lend money to, provide Bank

Products to, act as trustee under indentures of, serve as financial or other advisor to, and generally engage in any kind of business with, Obligors and their Affiliates, as if Bank were any other bank, without any duty to account therefor (including any fees or other consideration received in connection therewith) to the other Lenders. In their individual capacity, Bank and its Affiliates may receive information regarding Obligors, their Affiliates and their Account Debtors (including information subject to confidentiality obligations), and each Lender agrees that Bank and its Affiliates shall be under no obligation to provide such information to Lenders, if acquired in such individual capacity and not as Agent hereunder.

#### **12.13 Agent Titles.**

Each Lender, other than Bank, that is designated (on the cover page of this Agreement or otherwise) by Bank as an “Agent” or “Arranger” or “Manager” of any type shall not have any right, power, responsibility or duty under any Loan Documents other than those applicable to all Lenders, and shall in no event be deemed to have any fiduciary relationship with any other Lender.

#### **12.14 No Third Party Beneficiaries.**

This Section 12 is an agreement solely among Lenders and Agent, and does not confer any rights or benefits upon Borrower or any other Person. As between Borrower and Agent, any action that Agent may take under any Loan Documents shall be conclusively presumed to have been authorized and directed by Lenders as herein provided.

### **SECTION 13 BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS**

#### **13.1 Successors and Assigns.**

This Agreement shall be binding upon and inure to the benefit of Obligors, Agent and Lenders and their respective successors and assigns, except that (a) no Obligors shall have the right to assign its rights or delegate its obligations under any Loan Documents, and (b) any assignment by a Lender must be made in compliance with Section 13.3. Agent may treat the Person which made any Loan as the owner thereof for all purposes until such Person makes an assignment in accordance with Section 13.3. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

#### **13.2 Participations.**

##### **13.2.1 Permitted Participants; Effect.**

Any Lender may, in the ordinary course of its business and in accordance with Applicable Law, at any time sell to a financial institution (“Participant”) a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender’s obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for performance of such obligations, such Lender shall remain the holder of its Loans and Commitments for all purposes, all amounts payable by Obligors shall be determined as if such Lender had not sold such participating interests, and Obligors and Agent shall continue

to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 5.8 unless Borrower agrees otherwise in writing.

#### **13.2.2 Voting Rights.**

Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of any Loan Documents other than that which forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to any Loan or Commitment in which such Participant has an interest, postpones the Commitment Termination Date or any date fixed for any regularly scheduled payment of principal, interest or fees on such Loan or Commitment, or releases Borrower, Guarantor or substantial portion of the Collateral.

#### **13.2.3 Benefit of Set-Off.**

Obligors agree that each Participant shall have a right of set-off or compensation in respect of its participating interest to the same extent as if such interest were owing directly to a Lender, and each Lender shall also retain the right of set-off or compensation with respect to any participating interests sold by it. By exercising any right of set-off or compensation, a Participant agrees to share with Lenders all amounts received through its set-off or compensation, in accordance with Section 12.5 as if such Participant were a Lender.

### **13.3 Assignments.**

#### **13.3.1 Permitted Assignments.**

A Lender may assign to any Eligible Assignee, acceptable to Agent acting reasonably (for greater certainty, any assignment by a Lender to an Affiliate of Lender shall not require such Agent's consent), any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount of \$10,000,000 (unless otherwise agreed by Agent in its discretion) and integral multiples of \$1,000,000 in excess of that amount; (b) except in the case of an assignment in whole of a Lender's rights and obligations, the aggregate amount of the Commitments retained by the transferor Lender be at least \$5,000,000 (unless otherwise agreed by Agent in its discretion); and (c) the parties to each such assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to (i) any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors and any Operating Circular issued by such Federal Reserve Bank, or (ii) counterparties to swap agreements relating to any Loans; provided, however, that any payment by Obligors to the assigning Lender in respect of any Obligations assigned as described in this sentence shall satisfy Obligors' obligations hereunder to the extent of such payment, and no such assignment shall release the assigning Lender from its obligations hereunder.

### 13.3.2 Effect; Effective Date.

Upon delivery to Agent of an assignment notice in the form of Exhibit D and a processing fee of \$3,500, such assignment shall become effective as specified in the notice, if it complies with this Section 13.3. From the effective date of such assignment, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Agent and Borrower shall make appropriate arrangements for issuance of replacement and/or new Notes, as appropriate.

### **13.4 Representation of Lenders.**

Each Lender represents and warrants to Borrower, Agent and other Lenders that none of the consideration used by it to fund its Loans or to participate in any other transactions under this Agreement constitutes for any purpose of ERISA or Section 4975 of the Code assets of any “plan” as defined in Section 3(3) of ERISA or Section 4975 of the Code and the interests of such Lender in and under the Loan Documents shall not constitute plan assets under ERISA.

## **SECTION 14 GUARANTEES**

### **14.1 The Guarantees**

Each Guarantor, as primary obligor and not as a surety merely, hereby unconditionally and irrevocably, jointly and severally (solidarily), guarantees to the Agent and each of the Lenders the punctual payment when due in accordance with the terms hereof of all Obligations, of whatever kind and description, of the Borrower to the Agent and each of the Lenders now or hereafter existing, whether direct or indirect, absolute or contingent, matured or unmatured, secured or unsecured pursuant to or arising out of or under this Agreement (including all interest that accrues after the commencement of any Insolvency Proceeding by or against the Borrower, whether or not allowed in such case or proceeding), including, without limitation, all Obligations (all such obligations so guaranteed are referred to herein as the “Guaranteed Obligations”).

### **14.2 Guarantee Absolute**

Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with their terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent and/or Lenders with respect thereto. The liability of each Guarantor hereunder shall be solidary (joint and several) and absolute and unconditional irrespective of:

- (a) Any lack of validity or enforceability of the Obligations or the Guaranteed Obligations or any agreement or instrument relating thereto;
- (b) Any change in the time, manner or place of the payment of, or in any other term of, all or any of the Obligations or the Guaranteed Obligations, or any amendment or modification of or any consent to departure from this Agreement or any other Loan Document;

- (c) Any exchange, release, unopposability or nonperfection of any Collateral or any release or amendment to, waiver of, or consent to departure from, or any Guarantee for, all or any part of the Obligations or the Guaranteed Obligations;
- (d) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by Agent or any Lender with respect thereto;
- (e) Any whole or partial termination of this Guarantee as to any other Guarantor;
- (f) the insolvency of any Obligor; (e) any election by Agent or any Lender to avail itself of an Insolvency Proceeding or any election in an Insolvency Proceeding for the application of Section 1111(b)(2) of the Bankruptcy Code, or otherwise; (f) any borrowing or grant of a Lien by Borrower, as debtor-in-possession; (g) the disallowance of any claims of Agent or any Lender against any Obligor for the repayment of any Obligations under debtor relief laws; or
- (g) Any other circumstance which might otherwise constitute a defence available to, or a discharge of, the Borrower in respect of the Obligations or the Guaranteed Obligations or a Guarantor in respect of this Guarantee or the Guaranteed Obligations.

This Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations or the Guaranteed Obligations are rescinded or must otherwise be returned by the Agent and/or Lenders upon the bankruptcy or reorganization of any Guarantor or otherwise under applicable law, all as though such payment had not been made.

### **14.3 Consents, Waivers and Renewals**

Each Guarantor hereby renounces to the benefits of division and discussion. Each Guarantor hereby waives promptness, diligence, notice of the acceptance hereof, notice of intent to accelerate and notice of acceleration and any other notice with respect to any of the Obligations or the Guaranteed Obligations and this Agreement and any requirement that the Agent and/or Lenders protect, secure, perfect, render opposable or insure any Agent's Lien or Lien on any Property subject thereto or exhaust any right or take any action against the Borrower any Guarantor or any other Person or any Collateral before proceeding hereunder. Each Guarantor agrees that the Agent and/or Lenders may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Borrower or the Guarantor extend the time of payment of, exchange or surrender any Collateral for, or renew any of the Obligations or the Guaranteed Obligations, and may also make any agreements with the Borrower, any Guarantor or with any other party to or Person liable on any of the Obligations, or interested therein, for the extension, renewal, payment, compromise, discharge, or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between the Agent and/or any Lenders and the Borrower or any such other party or Person, without in any way impairing or affecting this Guarantee. Each Guarantor agrees to make

payment to the Agent, for the rateable benefit of the Lenders, of any of the Obligations and the Guaranteed Obligations whether or not the Agent and/or any Lenders shall have resorted to any collateral security, or shall have proceeded against any other obligor principally or secondarily obligated with respect to any of the Obligations or the Guaranteed Obligations. The Agent and/or Lenders shall be free to deal with the Borrower and the Guarantor as it sees fit.

Agent and Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral by judicial foreclosure or non judicial sale or enforcement, without affecting any rights and remedies under this Section 14. If, in the exercise of any rights or remedies, Agent or any Lender shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against any Obligor or any other Person, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, Obligors consent to such action by Agent or such Lender and waive any claim based upon such action, even if the action may result in loss of any rights of subrogation that any Obligor might otherwise have had but for such action. Any election of remedies that results in denial or impairment of the right of Agent or any Lender to seek a deficiency judgment against any Obligor shall not impair any other Obligor's obligation to pay the full amount of the Obligations. Each Obligor waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Obligor's rights of subrogation against any other Person. If Agent bids at any foreclosure or trustee's sale or at any private sale, Agent may bid all or a portion of the Obligations and the amount of such bid need not be paid by Agent but shall be credited against the Obligations. The amount of the successful bid at any such sale, whether Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this Section 14, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

#### **14.4 Subrogation**

No Guarantor shall exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until all the Obligations and the Guaranteed Obligations shall have been paid in full. If any amount shall be paid to the Borrower on account of such subrogation rights in violation of the foregoing restriction, such amount shall be held in trust for the benefit of the Agent (for itself and the other Lenders) and shall forthwith be paid to the Agent (for itself and the other Lenders) to be credited and applied to the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement.

#### **14.5 Subordination.**

Each Obligor hereby postpones any right of enforcement, remedy and action and subordinates any claims, including any right of payment, subrogation, contribution and indemnity, that it may have at any time against any other Obligor, howsoever arising, to the Full Payment of all Obligations. Any such claims (whether secured or unsecured) and any such remedial rights are hereby assigned to the Agent (and shall be assigned pursuant to documentation satisfactory to the Agent), and any such claims owing and paid to an Obligor in



contravention of the terms of this Agreement shall be received and held by any such Obligor in trust for the benefit of the Agent (for itself and the other Lenders) and the proceeds thereof shall forthwith be paid over to the Agent (for itself and the other Lenders) to be credited and applied to the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement

#### **14.6 Protection Clause**

Whenever herein a representation or warranty is expressed by a Guarantor or, subject to Section 14.1 above, any agreement to do any act or thing is made by a Guarantor, same shall be deemed to be a representation or warranty as to that Guarantor only and not a representation or warranty of any matter or circumstance of any other Guarantor and an agreement as to its conduct and not the conduct of any other Guarantor. Subject to Section 14.1 above, no Guarantor shall be liable for any obligation of any other Guarantor.

#### **14.7 Limitation on Guarantee of Obligations**

- (a) In any action or proceeding with respect to any Guarantor involving any state or provincial corporate law, or any state or provincial or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of such Guarantor under Section 14.1 hereof would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under said Section 14.1, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by such Guarantor, any Lender, the Agent or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.
- (b) To the extent that any Guarantor shall make a payment under this Agreement of all or any of the Guaranteed Obligations (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by the Guarantor, exceeds the amount which the Guarantor would otherwise have paid if the Guarantor had paid the aggregate Obligations satisfied by such Guarantor Payment in the same proportion that such Guarantor's "Allocable Amount" (as defined below) (in effect immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of the Guarantor in effect immediately prior to the making of such Guarantor Payment, then, following payment in full in cash of the Obligations and termination of the Commitments, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, the Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.
- (i) As of any date of determination, the "Allocable Amount" of any Guarantor shall be equal to the maximum amount of the claim which could then be recovered from such Guarantor under this Agreement without rendering

such claim voidable or avoidable under Section 548 of Chapter 11 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

- (ii) This subsection (b) is intended only to define the relative rights of the Guarantor and nothing set forth in this subsection (b) is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Agreement.
- (iii) The rights of the parties under this subsection (b) shall be exercisable upon the full and indefeasible payment of the Obligations and the termination of this Agreement and the other Loan Documents.
- (iv) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of any Guarantor to which such contribution and indemnification is owing.

#### **14.8 Guarantee of Payment**

The Guarantor further agrees that this Guarantee constitutes a guaranty of payment when due and not of collection, and waives any right to require that any resort be had by the Agent or any Lender to any of the Collateral or other security held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of the Agent or any Lender in favour of any other Guarantor or any other Person or to any other guarantor of all or part of the Guaranteed Obligations.

### **SECTION 15 MISCELLANEOUS**

#### **15.1 Consents, Amendments and Waivers.**

##### **15.1.1 Amendment.**

No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Agent, with the consent of Required Lenders, and each Obligor party to such Loan Document; provided, however, that

- (a) without the prior written consent of Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of Agent;
- (b) without the prior written consent of Issuing Bank, no modification shall be effective with respect to any LC Obligations or Section 2.2;
- (c) without the prior written consent of each affected Lender, no modification shall be effective that would (i) increase the Commitment of such Lender;

- . or (ii) reduce the amount of, or waive or delay payment of, any principal, interest or fees payable to such Lender; and
- (d) without the prior written consent of all Lenders (except a Defaulting Lender), no modification shall be effective that would (i) extend the Revolver Termination Date; (ii) alter Section 5.5, 7.1 (except to add Collateral), or 15.1.1; (iii) amend the definitions of Borrowing Base (and the defined terms used in such definition), Pro Rata or Required Lenders; (iv) increase any advance rate, or increase total Commitments; (v) release Collateral with a book value greater than \$2,000,000 during any calendar year, except as currently contemplated by the Loan Documents; or (vi) release any Obligor from liability for any Obligations, if such Obligor is Solvent at the time of the release.

#### 15.1.2 Limitations.

The agreement of Obligors shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Lenders, Agent and/or Issuing Bank as among themselves. Only the consent of the parties to the Fee Letter or any agreement relating to a Bank Product shall be required for any modification of such agreement, and no Affiliate of a Lender that is party to a Bank Product agreement shall have any other right to consent to or participate in any manner in modification of any other Loan Document. The making of any Loans during the existence of a Default or Event of Default shall not be deemed to constitute a waiver of such Default or Event of Default, nor to establish a course of dealing. Any waiver or consent granted by Lenders hereunder shall be effective only if in writing, and then only in the specific instance and for the specific purpose for which it is given.

#### 15.1.3 Payment for Consents.

Borrower will not, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender (in its capacity as a Lender hereunder) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

#### **15.2 Indemnity.**

EACH OBLIGOR SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE. In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnatee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or wilful misconduct of such Indemnatee.

### **15.3 Notices and Communications.**

#### **15.3.1 Notice Address.**

Subject to Section 4.1.4, all notices, requests and other communications by or to a party hereto shall be in writing and shall be given to Borrower, at Borrower's address shown on the signature pages hereof, and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this Section 15.3. Each such notice, request or other communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three Business Days after deposit in the Canada post mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery, when duly delivered to the notice address with receipt acknowledged. Notwithstanding the foregoing, no notice to Agent pursuant to Section 2.1.4, 2.2, 3.1.2, or 4.1.1 shall be effective until actually received by the individual to whose attention at Agent such notice is required to be sent. Any written notice, request or other communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Borrower shall be deemed received by all Obligor.

#### **15.3.2 Electronic Communications; Voice Mail.**

Electronic mail and internet websites may be used only for routine communications, such as financial statements, Borrowing Base Certificates and other information required by Section 10.1.2, administrative matters, distribution of Loan Documents for execution, and matters permitted under Section 4.1.4. Agent and Lenders make no assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

#### **15.3.3 Non-Conforming Communications.**

Agent and Lenders may rely upon any notices purportedly given by or on behalf of Borrower even if such notices were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Borrower shall indemnify and hold harmless each Indemnitee from any liabilities, losses, costs and expenses arising from any telephonic communication purportedly given by or on behalf of Borrower.

### **15.4 Performance of Obligors' Obligations.**

Agent may, in its discretion at any time and from time to time, at Borrower's expense, pay any amount or do any act required of an Obligor under any Loan Documents or otherwise lawfully requested by Agent to (a) enforce any Loan Documents or collect any Obligations; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity, opposability or priority of Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, privilege or priority or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Agent under this Section shall be reimbursed to Agent by Borrower,

on demand, with interest from the date incurred to the date of payment thereof at the Default Rate applicable to Prime Rate Revolver Loans. Any payment made or action taken by Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

**15.5 Credit Inquiries.**

Each Obligor hereby authorizes Agent and Lenders (but they shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Obligor or Subsidiary.

**15.6 Severability.**

Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

**15.7 Cumulative Effect; Conflict of Terms.**

The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise specifically provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

**15.8 Counterparts; Facsimile Signatures.**

Any Loan Document may be executed in counterparts, each of which taken together shall constitute one instrument. Loan Documents may be executed and delivered by facsimile, and they shall have the same force and effect as manually signed originals. Agent may require confirmation by a manually-signed original, but failure to request or deliver same shall not limit the effectiveness of any facsimile signature.

**15.9 Entire Agreement.**

Time is of the essence of the Loan Documents. The Loan Documents embody the entire understanding of the parties with respect to the subject matter thereof and supersede all prior understandings regarding the same subject matter.

**15.10 Obligations of Lenders.**

The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or Commitments of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled, to the extent not otherwise restricted hereunder, to protect and enforce its rights arising out of the Loan Documents. It shall not be necessary for Agent or any other Lender to be joined as an additional

party in any proceeding for such purposes. Nothing in this Agreement and no action of Agent or Lenders pursuant to the Loan Documents shall be deemed to constitute Agent and Lenders to be a partnership, association, joint venture or any other kind of entity, nor to constitute control of any Obligor. Each Obligor acknowledges and agrees that in connection with all aspects of any transaction contemplated by the Loan Documents, Obligors, Agent, Issuing Bank and Lenders have an arms-length business relationship that creates no fiduciary duty on the part of Agent, Issuing Bank or any Lender, and each Obligor, Agent, Issuing Bank and Lender expressly disclaims any fiduciary relationship.

**15.11 Confidentiality.**

During the term of this Agreement and for 12 months thereafter, Agent and Lenders agree to take reasonable precautions to maintain the confidentiality of any information that Obligors deliver to Agent and Lenders and identify as confidential at the time of delivery, except that Agent and any Lender may disclose such information (a) to their respective officers, directors, employees, Affiliates and agents, including legal counsel, auditors and other professional advisors; (b) to any party to the Loan Documents from time to time; (c) pursuant to the order of any court or administrative agency; (d) upon the request of any Governmental Authority exercising regulatory authority over Agent or such Lender; (e) which ceases to be confidential, other than by an act or omission of Agent or any Lender, or which becomes available to Agent or any Lender on a nonconfidential basis; (f) to the extent reasonably required in connection with any litigation relating to any Loan Documents or transactions contemplated thereby, or otherwise as required by Applicable Law; (g) to the extent reasonably required for the exercise of any rights or remedies under the Loan Documents; (h) to any actual or proposed party to a Bank Product or to any Transferee, as long as such Person agrees to be bound by the provisions of this Section; (i) to the National Association of Insurance Commissioners or any similar organization, or to any nationally recognized rating agency that requires access to information about a Lender's portfolio in connection with ratings issued with respect to such Lender; or (j) with the consent of Obligors. Notwithstanding the foregoing, Agent and Lenders may issue and disseminate to the public general information describing this credit facility, including the names and addresses of Obligors and a general description of Obligors' businesses, and may use Borrower's names in advertising and other promotional materials.

**15.12 Governing Law; Choice of Forum; Service of Process.**

- (a) THIS AGREEMENT SHALL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO THE CONFLICT OF LAWS PROVISIONS PROVIDED THAT PERFECTION ISSUES MAY GIVE EFFECT TO APPLICABLE CHOICE OR CONFLICT OF LAW RULES SET FORTH IN ARTICLE IX OF THE UCC OR IN THE PPSA OR CIVIL CODE OF QUEBEC, AS APPLICABLE) OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.
- (b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE PROVINCE OF ONTARIO, AND

BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE OBLIGORS, THE AGENT AND THE LENDERS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE OBLIGORS, THE AGENT AND THE LENDERS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. NOTWITHSTANDING THE FOREGOING: (1) THE AGENT AND THE LENDERS SHALL HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST AN OBLIGOR OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION THE AGENT OR THE LENDERS DEEM NECESSARY OR APPROPRIATE IN ORDER TO REALIZE ON THE COLLATERAL OR OTHER SECURITY FOR THE OBLIGATIONS AND (2) EACH OF THE PARTIES HERETO ACKNOWLEDGES THAT ANY APPEALS FROM THE COURTS DESCRIBED IN THE IMMEDIATELY PRECEDING SENTENCE MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE THOSE JURISDICTIONS.

- (c) EACH OBLIGOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL OR BY PERSONAL DELIVERY OR TELECOPIER AS PROVIDED IN SECTION 15.3 DIRECTED TO THE ATTENTION OF OBLIGORS AT ITS ADDRESS SET FORTH HEREIN AND SERVICE MADE BY REGISTERED MAIL SHALL BE DEEMED TO BE COMPLETED FIVE (5) DAYS AFTER THE SAME SHALL HAVE BEEN SO DEPOSITED IN THE MAIL POSTAGE PREPAID AND IF MADE OTHERWISE SHALL BE DEEMED TO BE COMPLETED AT THE TIMES PROVIDED IN SECTION 15.3. NOTWITHSTANDING THE FOREGOING, IF THE PARTY EFFECTING SUCH SERVICE OF PROCESS KNOWS OR OUGHT REASONABLY TO KNOW OF ANY DIFFICULTIES WITH THE POSTAL SYSTEM THAT MIGHT AFFECT THE DELIVERY OF MAIL, SUCH SERVICE OF PROCESS MAY NOT BE MAILED BUT MUST BE EFFECTED BY PERSONAL DELIVERY OR BY A TELECOMMUNICATIONS DEVICE CAPABLE OF CREATING A WRITTEN RECORD. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF AGENT OR THE LENDERS TO SERVE LEGAL PROCESS BY ANY OTHER MANNER PERMITTED BY LAW.

**15.13 Waivers by Obligors.**

To the fullest extent permitted by Applicable Law, each Obligor waives (a) the right to trial by jury (which Agent and each Lender hereby also waives) in any proceeding, claim or

counterclaim of any kind relating in any way to any Loan Documents, Obligations or Collateral; (b) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Agent on which an Obligor may in any way be liable, and hereby ratifies anything Agent may do in this regard; (c) notice prior to taking possession or control of any Collateral; (d) any bond or security that might be required by a court prior to allowing Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisal and exemption laws; (f) any claim against Agent or any Lender, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (g) notice of acceptance hereof. Each Obligor acknowledges that the foregoing waivers are a material inducement to Agent and Lenders entering into this Agreement and that Agent and Lenders are relying upon the foregoing in their dealings with Obligors. Each Obligor has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

#### **15.14 Survival of Representations and Warranties**

All of the Obligors' representations and warranties contained in this Agreement shall survive the execution, delivery, and acceptance thereof by the parties, notwithstanding any investigation by the Agent or the Lenders or their respective agents.

#### **15.15 Fees and Expenses**

The Borrower agrees to pay to the Agent, for its benefit, on demand, all costs and expenses that Agent or Bank pays or incurs (but not the allocated costs of Agent's employees engaged in day-to-day administration, but including the Agent's auditors' fees and costs) in connection with the negotiation, preparation, syndication, consummation, administration, enforcement, and termination of this Agreement or any of the other Loan Documents, including, without limitation (a) Extraordinary Expenses, (b) attorney costs; (c) costs and expenses (including reasonable lawyers' and paralegals' fees and disbursements) for any amendment, supplement, waiver, consent, or subsequent closing in connection with the Loan Documents and the transactions contemplated thereby; (d) costs and expenses of lien searches; (e) taxes, fees and other charges for filing financing statements and continuations, and other actions to perfect, protect, and continue the Agent's Liens (including costs and expenses paid or incurred by the Agent in connection with the consummation of Agreement); (f) sums paid or incurred to pay any amount or take any action required of the Borrower under the Loan Documents that the Borrower fails to pay or take; (g) costs of appraisals, inspections, and verifications of the Collateral, including travel, lodging, and meals for inspections of the Collateral and the Obligors' operations by the Agent plus the Agent's then customary charge (U.S.\$850 per day per person) for field examinations and audits and the preparation of reports thereof for each agent or employee of the Agent with respect to each field examination or audit; (h) costs and expenses of forwarding loan proceeds, collecting cheques and other items of payment, and establishing and maintaining Payment Accounts, including lock boxes; (i) costs and expenses of preserving and protecting the Collateral (and to maintain any insurance required hereunder or to verify Collateral); and (j) costs and expenses (including attorneys' costs) paid or incurred, by Agent or



any Lender, to obtain payment of the Obligations, enforce the Agent's Liens, sell or otherwise realize upon the Collateral, and otherwise enforce the provisions of the Loan Documents, or to defend any claims made or threatened against the Agent or any Lender arising out of the transactions contemplated hereby (including preparations for and consultations concerning any such matters). All legal, accounting and consulting fees shall be charged to Borrower by Agent's professionals at their full hourly rates, regardless of any reduced or alternative fee billing arrangements that Agent, any Lender or any of their Affiliates may have with such professionals with respect to this or any other transaction. The foregoing shall not be construed to limit any other provisions of the Loan Documents regarding costs and expenses to be paid by the Obligors. All of the foregoing costs and expenses shall be charged to the Borrower's Loan Account as Revolving Loans as described in Section 5.2 and shall constitute Obligations.

#### **15.16 Limitation of Liability**

NO CLAIM MAY BE MADE BY ANY OBLIGOR, ANY LENDER OR OTHER PERSON AGAINST THE AGENT, ANY LENDER, OR THE AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS OF ANY OF THEM FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES IN RESPECT OF ANY CLAIM FOR BREACH OF CONTRACT OR ANY OTHER THEORY OF LIABILITY ARISING OUT OF OR RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, AND EACH OBLIGOR AND EACH LENDER HEREBY WAIVE, RELEASE AND AGREE NOT TO SUE UPON ANY CLAIM FOR SUCH DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOUR.

#### **15.17 Final Agreement**

This Agreement and the other Loan Documents including the Fee Letter are intended by the Obligors, the Agent and the Lenders to be the final, complete, and exclusive expression of the agreement between them. This Agreement supersedes any and all prior oral or written agreements relating to the subject matter hereof. No modification, rescission, waiver, release, or amendment of any provision of this Agreement or any other Loan Document shall be made, except by a written agreement signed by the Obligors and a duly authorized officer of each of the Agent and the requisite Lenders.

#### **15.18 Precedence**

In the event that any provisions of the Loan Documents (other than this Agreement) (the "Conflicted Agreements") contradict and are otherwise incapable of being construed in conjunction with the provisions of this Agreement, the provisions of this Agreement shall take precedence over those contained in the Conflicted Agreements and, in particular, if any act of an Obligor is expressly permitted under this Agreement but is prohibited under the Conflicted Agreements, any such act shall be permitted under this Agreement and shall be deemed to be permitted under the Conflicted Agreements.

#### **15.19 Judgment Currency.**

If for the purpose of obtaining judgment in any court it is necessary to convert an amount due hereunder in the currency in which it is due (the “Original Currency”) into another currency (the “Second Currency”), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the Agent could purchase in the Toronto foreign exchange market, the Original Currency with the Second Currency on the date two (2) Business Days preceding that on which judgment is given. Each Obligor agrees that its obligation in respect of any Original Currency due from it hereunder shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following the date the Agent receives payment of any sum so adjudged to be due hereunder in the Second Currency, the Agent may, in accordance with normal banking procedures, purchase, in the Toronto foreign exchange market, the Original Currency with the amount of the Second Currency so paid; and if the amount of the Original Currency so purchased or could have been so purchased is less than the amount originally due in the Original Currency, each Obligor agrees as a separate obligation and notwithstanding any such payment or judgment to indemnify the Agent against such loss. The term “rate of exchange” in this Section means the spot rate at which the Agent, in accordance with normal practices, is able on the relevant date to purchase the Original Currency with the Second Currency, and includes any premium and costs of exchange payable in connection with such purchase.

#### **15.20 Canadian Anti-Money Laundering Legislation**

- (a) Each Obligor acknowledges that, pursuant to the Proceeds of Crime Act and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws (collectively, including any guidelines or orders thereunder, “AML Legislation”), the Lenders may be required to obtain, verify and record information regarding the Obligors and their respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Obligors, and the transactions contemplated hereby. Each Obligor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or any prospective assignee or participant of a Lender, any Issuing Bank or any Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.
- (b) If the Agent has ascertained the identity of any Obligor or any authorized signatories of the Obligors for the purposes of applicable AML Legislation, then the Agent:
  - (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a “written agreement” in such regard between each Lender and the Agent within the meaning of the applicable AML Legislation; and
  - (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that neither the Agent nor any other Agent has any obligation to ascertain the identity of the Obligor or any authorized signatories of the Obligor on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from any Obligor or any such authorized signatory in doing so.

**15.21 Existing Loan and Security Agreement Amended and Restated**

This Agreement shall amend and restate the Existing Loan and Security Agreement in its entirety, with the parties hereby agreeing that there is no novation of the Existing Loan and Security Agreement. On the Closing Date, the rights and obligations of the parties under the Existing Loan and Security Agreement shall be subsumed within and be governed by this Agreement; provided, however, that each of the “Loans” (as such term is defined in the Existing Loan and Security Agreement) outstanding under the Existing Loan and Security Agreement on the Closing Date shall, for purposes of this Agreement, be included as Loans hereunder and each of the “Letters of Credit” (as defined in the Existing Loan and Security Agreement) outstanding under the Existing Loan and Security Agreement on the Closing Date shall be Letters of Credit hereunder.

*[Remainder of page intentionally left blank; signatures begin on following page]*

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date set forth above.

**BORROWER:**

**MIDFIELD SUPPLY ULC**

Per: /s/ Kathy Kirkup

Name: Kathy Kirkup

Title: Chief Financial Officer

Address: 1600-101 6th Avenue SW  
Calgary, Alberta T2P 3P4

Attn: Kathy Kirkup  
Facsimile: 403.265.8544

**GUARANTORS**

**MEGA PRODUCTION TESTING INC.**

Per: /s/ Kathy Kirkup

Name: Kathy Kirkup

Title: Chief Financial Officer

Address: 1600-101 6th Avenue SW  
Calgary, Alberta T2P 3P4

Attn: Kathy Kirkup  
Facsimile: 403.265.8544

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**HAGAN OILFIELD SUPPLY LTD.**

Per: /s/ Kathy Kirkup

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Name: Kathy Kirkup

Title: Chief Financial Officer

Address: 1600-101 6th Avenue SW  
Calgary, Alberta T2P 3P4

Attn: Kathy Kirkup

Facsimile: 403.265.6544

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**AGENT AND LENDERS:**

**BANK OF AMERICA, N.A.**  
**(acting through its Canada branch),**  
**as Agent**

Per: /s/ Medina Sales De Andrade

Name: Medina Sales De Andrade  
Title: Vice President  
Address: Bank of America, N.A.  
(acting through its Canada branch)  
200 Front Street W., Suite 2700  
Toronto, Ontario M5V 3L2  
Attn: Medina Sales De Andrade/Loan Administration

Facsimile: (416) 349-4282

With a Copy to:

Address: Bank of America, N.A.  
TX1-492-11-23  
901 Main Street, 11<sup>th</sup> Floor  
Dallas, Texas 75202  
Attn: Loan Administration

Facsimile: (214) 209-4766

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**BANK OF AMERICA, N.A.**  
**(acting through its Canada branch),**  
**as a Lender**

Per: /s/ Medina Sales De Andrade

Name: Medina Sales De Andrade  
Title: Vice President  
Address: Bank of America, N.A.  
(acting through its Canada branch)  
200 Front Street W., Suite 2700  
Toronto, Ontario M5V 3L2  
Attn: Medina Sales De Andrade/Loan Administration  
Facsimile: (416) 349-4282

With a copy to:

Address: Bank of America, N.A.  
TX1-492-11-23  
901 Main Street, 11<sup>th</sup> Floor  
Dallas, Texas 75202  
Attn: Loan Administration  
Facsimile: (214) 209-4766

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**JPMORGAN CHASE BANK, N.A.,  
TORONTO BRANCH,  
as a Lender**

Per: / s/ Dan Howat

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Name: Dan Howat  
Title: Senior Vice President  
Address: 200 Bay Street, Suite 1800  
Toronto M5J 2J2 Canada  
Attn: Loan Administration  
Facsimile: (416) 981-2365



[ATB Corporate Financial Services Letterhead]

Suite 600, 444 - 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 0X8  
Phone: 403-767-6591  
Fax: 403-974-5784

November 13, 2009

Midfield Supply ULC  
1600 101 6th Ave SW  
Calgary, Alberta  
T2P 3P4

***Attn: Kathy Kirkup, Chief Financial Officer***

Dear Sir:

Alberta Treasury Branches has approved and offers financial assistance on the terms and conditions in the attached Commitment Letter, which amends and restates the commitment letter dated as of May 17, 2007, as amended October 10, 2007, May 7, 2008 and January 15, 2009, between Alberta Treasury Branches and Midfield Supply ULC (as so amended, the **“Original Commitment Letter”**). Any amounts owing under the Original Commitment Letter are deemed to be outstanding hereunder. The interest rates and fees under this Commitment Letter shall become effective as of the date of this amendment and Borrower shall pay any additional amount owing to Lender on the date on which such interest and fees are next payable hereunder, or sooner, on request by Lender.

You may accept our offer by returning the enclosed duplicate of this letter, signed as indicated below, by 4:00 p.m. on or before November 20, 2009 or our offer will automatically expire. We reserve the right to cancel our offer at any time prior to acceptance.

Thank you for your continued business.

Yours truly,

**ALBERTA TREASURY BRANCHES**

By: /s/ Corey J. Hilling  
Corey J. Hilling  
Authorized Signatory

By: /s/ Tim Poole  
Tim Poole  
Authorized Signatory

Encl.

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Accepted this 13<sup>th</sup> day of November, 2009.

***Midfield Supply ULC***

Per: /s/ Kathy Kirkup  
Kathy Kirkup  
Chief Financial Officer

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## **AMENDED AND RESTATED COMMITMENT LETTER**

**LENDER:** ALBERTA TREASURY BRANCHES

**BORROWER:** MIDFIELD SUPPLY ULC

### **1. AMOUNTS AND TYPES OF FACILITIES (each referred to as a “Facility”)**

#### **Facility #1 – Revolving Term Loan Facility – Cdn. \$15,000,000**

- Facility #1 is available by way of:
  - Prime-based loans in Canadian dollars
  - Guaranteed Notes in Canadian dollars
- Notwithstanding the amount of Facility #1 (and except as otherwise provided in the Repayment section hereof), advances will be limited to the amount equal to the lesser of:
  - the maximum principal amount of Facility #1; and
  - an amount equal to 50% of the Tangible Asset Value.
- Facility #1 is to be used for the acquisition of Tangible Assets, and no advance shall exceed 100% of the cost of the asset being acquired less GST and all appropriate taxes.

### **2. INTEREST RATES AND PREPAYMENT:**

#### **Facility #1:**

- Pricing applicable to Facility #1 is as follows:
    - Prime-based loans: Interest is payable in Canadian dollars at Prime plus the Applicable Facility #1 Margin per 365-day period.
    - Guaranteed Notes: Acceptance fee is payable in Canadian dollars at the Applicable Facility #1 Margin per 365-day period.
  - The Applicable Facility #1 Margin shall be equal to the percentage rate per annum set out in the following table opposite the applicable ratio for the Borrower at the time of determination:
-

Ratio of Tangible Asset Value to outstanding Borrowings	Prime-based loans	Guaranteed Notes
$\geq 3.00:1$	2.00%	3.50%
$\geq 2.50:1$ but $< 3.00:1$	2.25%	3.75%
$\geq 2.00:1$ but $< 2.50:1$	2.50%	4.00%

- The effective date of any change to the Applicable Facility #1 Margin shall be the 1st day of the fiscal quarter immediately following the last day on which the Borrower is required to deliver its listing of Tangible Assets hereunder. If the listing of Tangible Assets is not delivered as required hereunder, the Applicable Facility #1 Margin shall immediately be the highest rate applicable, until such time as such listing of Tangible Assets is delivered and the ratio determined. If the Applicable Facility #1 Margin changes during the term of any Guaranteed Note, the acceptance fee paid shall be adjusted to reflect the Applicable Facility #1 Margin for the remaining term, and the parties shall forthwith make whatever payments are necessary to reflect such adjustment.
- The Applicable Facility #1 Margin shall be subject to a 0.50% increase on and after the Term Date.
- Facility #1 may be prepaid in whole or in part at any time (subject to the notice periods provided hereunder) without penalty, except that Guaranteed Notes cannot be prepaid prior to their maturity.

### 3. REPAYMENT:

#### Facility #1:

- Facility #1 is a committed term facility, as detailed herein.
- The "Term Date" is currently May 31, 2010, subject to extension as herein provided.
- Prior to the Term Date, Facility #1 may revolve in multiples as permitted hereunder, and Borrower may borrow, repay, reborrow and convert between types of Borrowings, up to the amount and subject to the notice periods provided herein.
- On the Term Date, any unutilized amount of Facility #1 will be cancelled, and the amount of Facility #1 will be reduced to the aggregate Borrowings outstanding on that date. On and after the Term Date, Facility #1 is non-revolving, and amounts repaid may not be re-borrowed, but Borrower can convert between types of Borrowings subject to the notice periods provided hereunder. All amounts outstanding under Facility #1 are due and payable in full on the date falling one (1) year after the Term Date.

- Borrower may request an extension of the Term Date by sending Lender a written request for extension in the form attached as Schedule "C" by no later than 90 days prior to the then current Term Date, and Lender may in its sole discretion agree to extend the Term Date for a further period of up to 364 days. Lender shall advise Borrower of its decision regarding the extension by no later than 30 days prior to the then current Term Date.

#### 4. FEES:

- Non-refundable application fee of \$52,500 is payable on acceptance of this offer. Lender is hereby authorized to debit Borrower's current account for any unpaid portion of the fee.
- Any amount in excess of established credit facilities may be subject to a fee where Lender in its sole discretion permits excess Borrowings, if any.
- For monthly or quarterly reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$50 per month (per report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.
- For annual reports or statements not received within the stipulated periods (and without limiting Lender's rights by virtue of such default), Borrower will be subject to a fee of \$250 per month (per report or statement) for each late reporting occurrence, which will be deducted from Borrower's account.
- Non-refundable standby fee, for the period from and including the date of this amended and restated letter agreement to the Term Date (as such date may be extended pursuant to Section 3 hereof) is payable monthly in arrears on the last day of each month, calculated daily on the unused portion of the authorized amount of Facility #1. Such fee is equal to the percentage rate per annum set out in the following table opposite the applicable ratio of Tangible Asset Value to outstanding Borrowings for the Borrower at the time of determination:

Ratio of Tangible Asset Value to outstanding Borrowings	Standby Fees
$\geq 3.00:1$	0.55%
$\geq 2.50:1$ but $< 3.00:1$	0.60%
$\geq 2.00:1$ but $< 2.50:1$	0.65%

The effective date of any change in the percentage rate of such fee shall be the 1st day of the fiscal quarter immediately following the last day on which the Borrower is required to deliver its listing of Tangible Assets hereunder. If the listing of Tangible Assets is not delivered as required hereunder, such percentage rate shall immediately be the highest rate applicable, until such time as such listing of Tangible Assets is delivered and the ratio determined.

**5. SECURITY DOCUMENTS:**

All Security Documents (whether now held or later delivered) shall secure all Facilities and all other obligations of Borrower to Lender (whether present or future, direct or indirect, contingent or matured).

The Security Documents currently held include the following:

- (a) Solicitor prepared debenture dated as of May 14, 2007 from Borrower in the amount of \$15,000,000 providing a fixed charge over certain real property and a floating charge over all other present and after-acquired real property, as may be amended from time to time;
- (b) Solicitor prepared security agreement dated as of May 17, 2007 from Borrower providing a security interest over all present and after-acquired equipment of the Borrower and specifically listing all equipment then owned having a net book value of \$250,000 or more;
- (c) Solicitor prepared inter-creditor agreement dated as of May 17, 2007 (the **"Intercreditor Agreement"**) with Bank of America, N.A. as agent under the Syndicated Facility;
- (d) Solicitor prepared blocked accounts agreement dated as of May 17, 2007 (the **"Blocked Accounts Agreement"**) among Borrower, Bank of America, N.A. as agent under the Syndicated Facility and the Lender; and
- (e) Solicitor prepared subordination agreement dated May 17, 2007, as amended from time to time, among McJunkin Canada, Midfield Holdings, the Borrower and the Lender (the **"Original Subordination Agreement"**).

Borrower acknowledges that it continues to be bound by the existing Security Documents and that such Security Documents continue to secure the obligations of Borrower to Lender under this Agreement.

The additional Security Documents required at this time are as follows:

- (a) Supplemental Debenture from the Borrower providing a fixed charge over the Anzac, Kindersley, Redwater and Fort Nelson properties;
- (b) Solicitor prepared amended and restated postponement and subordination agreement among McJunkin Red Man Corporation ( **"MRC"**), McJunkin Canada, Midfield Holdings, the Borrower and the Lender (the **"Subordination Agreement"**) amending and restating the provisions of the Original Subordination Agreement; and
- (c) Confirmation of insurance coverage on the Tangible Assets with first loss payable to Lender.

All Security Documents shall be in form and substance acceptable to Lender and shall be supported by satisfactory legal opinions from Borrower's counsel. The Security Documents have been or are to be registered in Alberta, British Columbia and Saskatchewan, with specific registrations against all real property, and against equipment having a net book value of \$250,000 or more.

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Upon a Person becoming a Loan Party after the date hereof, the Borrower shall deliver or cause to be delivered to the Lender the following:

- (a) Solicitor prepared debenture from such Loan Party in the amount of \$15,000,000 providing a fixed charge over all of its real property then owned and a floating charge over, all of its other present and after-acquired real property;
- (b) Solicitor prepared security agreement from such Loan Party providing a security interest over all present and after-acquired equipment of such Loan Party and specifically listing each piece of equipment having an individual net book value of \$250,000 or more;
- (c) an addition agreement or such other agreement as required by Lender, acting reasonably, pursuant to which such Loan Party becomes a party to the Subordination Agreement;
- (d) the Authorizations and Supporting Documents referred to in Section 12;
- (e) a legal opinion of counsel to such Loan Party, in form and substance satisfactory to Lender, acting reasonably; and
- (f) such other documents, certificates and opinions as required by Lender, acting reasonably.

**6. REPRESENTATIONS AND WARRANTIES:**

Borrower represents and warrants to Lender that:

- (a) it is an unlimited liability corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
  - (b) if a Person becomes a Guarantor, then:
    - (i) if such Guarantor is a corporation, it is a corporation duly incorporated, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business, and
    - (ii) if such Guarantor is a partnership, it is a partnership duly created, validly existing and duly registered or qualified to carry on business in the Province of Alberta and in each other jurisdiction where it carries on any material business;
  - (c) as of the date hereof, McJunkin Red Man Canada Ltd. (**“McJunkin Canada”**) and Midfield Holdings (Alberta) Ltd. (**“Midfield Holdings”**) are the only shareholders of Borrower, and McJunkin Canada is the sole shareholder of Midfield Holdings;
  - (d) the execution, delivery and performance by each Loan Party of this Agreement and each Security Document to which it is a party have been duly authorized by all necessary actions and do not violate its governing documents or any applicable laws or agreements to which it is subject or by which it is bound;
  - (e) no Default or Event of Default has occurred and is continuing;
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- (f) no Default or Event of Default (as each of those terms are defined under the credit agreement detailing the Syndicated Facility) has occurred and is continuing under the Syndicated Facility;
- (g) the most recent financial statements of Borrower and, if applicable, any Guarantor, provided to Lender fairly present its financial position as of the date thereof and its results of operations and cash flows for the fiscal period covered thereby, and since the date of such financial statements, there has occurred no material adverse change in its business or financial condition;
- (h) each Loan Party has good and marketable title to all of its properties and assets, free and clear of any encumbrances, other than Permitted Encumbrances;
- (i) each Loan Party is in compliance in all material respects with all applicable laws including, without limitation, all environmental laws, and there is no existing material impairment to its properties and assets as a result of environmental damage, except to the extent disclosed in writing to Lender and acknowledged by Lender; and
- (j) the obligations of each Loan Party under this Agreement and under the Security Documents to which it is a party are legal, valid and binding obligations of such Loan Party enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally.

All representations and warranties are deemed to be repeated by Borrower on each request for an advance hereunder.

#### **7. POSITIVE COVENANTS:**

Borrower covenants with Lender that so long as it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will do and perform the following covenants, and if any such covenant is to be done or performed by a Guarantor, Borrower also covenants with Lender to cause Guarantor to do or perform such covenant:

- (a) Borrower will pay to Lender when due all amounts (whether principal, interest or other sums) owing by it to Lender from time to time;
  - (b) Borrower will deliver to Lender the Security Documents, in all cases in form and substance satisfactory to Lender and Lender's solicitor;
  - (c) Borrower will ensure that (i) all Tangible Assets, and (ii) at least 95% of its consolidated assets, are held by Borrower directly or by any Guarantors which have provided security in favour of and to the extent required by Lender;
  - (d) Borrower will, prior to acquiring any Subsidiary or allowing any Subsidiary to have assets of a type or in an amount which would otherwise violate Subsection 7(c) above, cause such Subsidiary to provide a guarantee in favour of Lender, in a form reasonably satisfactory to Lender, as well as grant similar Security Documents in favour of Lender as those delivered by Borrower hereunder;
  - (e) Borrower will use the proceeds of loans only for the purposes approved by Lender;
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- (f) each Loan Party will maintain its valid existence as a corporation or partnership, as the case may be, and, in the case of Borrower, as an unlimited liability corporation, and, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect, will maintain all licenses and authorizations required from any Governmental Authority to permit it to carry on its business, including, without limitation, any licenses, certificates, permits and consents for the protection of the environment;
  - (g) each Loan Party will maintain appropriate books of account and records relative to the operation of its business and financial condition;
  - (h) each Loan Party will maintain and defend title to all of its property and assets, will maintain, repair and keep in good working order and condition all of its property and assets and will continuously carry on and conduct its business in a proper, efficient and businesslike manner;
  - (i) each Loan Party will maintain appropriate types and amounts of insurance with Lender shown as first loss payee on any property insurance covering any assets on which Lender has security, and promptly advise Lender in writing of any significant loss or damage to its property;
  - (j) each Loan Party will, at the time of acquisition of any Tangible Asset, provide evidence of insurance to Lender on such Tangible Asset, and otherwise, on request;
  - (k) each Loan Party will permit Lender, by its officers or authorized representatives at any reasonable time and on reasonable prior notice, to enter its premises and to inspect its plant, machinery, equipment and other real and personal property and their operation, and to examine and copy all of its relevant books of accounts and records;
  - (l) each Loan Party will remit all sums when due to any Governmental Authority (including, without limitation, any sums in respect of employees and GST) and will pay when due all other Potential Prior-Ranking Claims, and upon request, will provide Lender with such information and documentation in respect thereof as Lender may reasonably require from time to time;
  - (m) each Loan Party will comply with all applicable laws, including without limitation, environmental laws, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect;
  - (n) Borrower will promptly advise Lender in writing, giving reasonable details, of:
    - (i) the discovery of any contaminant or any spill, discharge or release of a contaminant into the environment from or upon any property of a Loan Party which could reasonably be expected to result in a Material Adverse Effect;
    - (ii) the occurrence or existence of any Default or Event of Default;
    - (iii) each event which has or is reasonably likely to have a Material Adverse Effect;
    - (iv) any amendment to or waiver given in connection with the Syndicated Facility, together with a copy of such amendment or waiver;
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- (v) the occurrence or existence of any Default or Event of Default (as each of those terms are defined under the credit agreement detailing the Syndicated Facility) under the Syndicated Facility;
  - (vi) any change in its shareholders or other direct holders of its Equity Interests; and
  - (vii) any proposed Purchase Money Security Interest, Capital Lease or sale-leaseback transaction involving a Tangible Asset (which for greater certainty, requires Lender's consent prior to the entering into thereof); and
- (o) Borrower undertakes that, upon request from Lender, it will, or will cause a Guarantor to, grant a fixed mortgage and charge to Lender on any or all real property of a Loan Party not already subject to a fixed charge, and a specifically registered security interest on any or all equipment of a Loan Party not already the subject of a serial number registration, in each case as so designated by Lender. Each Loan Party shall promptly provide to Lender all information reasonably requested by Lender to assist it in that regard. Each Loan Party acknowledges that this undertaking constitutes present and continuing security in favour of Lender, and that Lender may file such caveats, security notices, financing statements or other filings in regard thereto at any time and from time to time as Lender may determine.

#### 8. NEGATIVE COVENANTS:

Borrower covenants with Lender that while it is indebted or otherwise obligated (contingently or otherwise) to Lender, it will not do any of the following, and if a Guarantor is not to do an act, Borrower also covenants with Lender not to permit Guarantor to do such act, in each case without the prior written consent of Lender:

- (a) a Loan Party will not create or permit to exist any mortgage, charge, lien, encumbrance or other security interest on any of its present or future assets, other than Permitted Encumbrances;
  - (b) a Loan Party will not create, incur, assume or allow to exist any Indebtedness other than Permitted Indebtedness;
  - (c) a Loan Party will not sell, lease or otherwise dispose of any assets except (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of to another Loan Party (but only if that Loan Party has provided security in favour of the Lender), and (iv) assets (other than Tangible Assets) sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$5,000,000 for such fiscal year;
  - (d) a Loan Party will not provide financial assistance (by means of a loan, guarantee or otherwise) to any Person (other than Lender), other than (i) guarantees granted to support Indebtedness arising under the Syndicated Facility, and (ii) the loan previously provided by the Borrower to Europump Systems Inc. ("**Europump**") in the original principal amount of \$5,500,000, which has been paid down to not more than \$760,000 on the date hereof, provided that Borrower shall not advance any further amounts to Europump after the date hereof, or allow any upward revolvment after any paydown occurs thereunder;
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- (e) a Loan Party will not create or suffer to exist any encumbrance or restriction on the ability of a Subsidiary to make any Distribution to Borrower, except for restrictions under applicable law, and those permitted by the terms of this Agreement or the Syndicated Facility;
- (f) a Loan Party will not make any Distributions or any payments to Persons having an Equity Interest in any Loan Party (except a Distribution to Borrower); provided, however, that Borrower may from and after October 1, 2010:
  - (i) pay Distributions in an amount necessary to fund Shared Administrative Costs if payable by the direct or indirect parent of Borrower; and
  - (ii) pay Tax Distributions;

provided, in each case, that (A) no Default or Event of Default exists at the time of making such payments and no Default or Event of Default would occur as a consequence of the making of such payments; and (B) Borrower shall have delivered a certificate executed by a senior officer of the Borrower at least 10 days prior to such payment certifying (x) the calculation of taxes owing by McJunkin Canada or Shared Administration Cost owing by the direct or indirect parent of the Borrower, as applicable, and (y) that the proforma Fixed Charge Coverage Ratio calculation for the 12 months following such payment will be at least that provided in Section 10(a)(ii) for each fiscal quarter during such 12 month period (together with Borrower's calculations thereof);

- (g) a Loan Party will not make Capital Expenditures exceeding, in the aggregate for all Loan Parties, \$10,000,000 per fiscal year; provided, however, that if the amount of Capital Expenditures permitted to be made in any fiscal year exceeds the amount actually made, up to \$250,000 of such excess may be carried forward to the next fiscal year;
  - (h) a Loan Party will not amalgamate, merge, combine or consolidate with any Person, or liquidate, wind-up its assets or dissolve, except that a Guarantor may do so with or into another Guarantor or the Borrower if no Default or Event of Default is then in existence or would be caused as a result thereof;
  - (i) a Loan Party will not acquire any Tangible Assets in, or move or allow any of its Tangible Assets to be moved to, a jurisdiction where Lender has not registered or perfected the Security Documents;
  - (j) a Loan Party will not change the nature of its business from that conducted on the date hereof and any activities incidental thereto;
  - (k) a Loan Party will not enter into any Hedging Agreement which is not used for risk management in relation to its business or which is not entered into in the ordinary course of its business but is entered into for speculative purposes, or which, in the case of commodity swaps or similar transactions of either a financial or physical nature, have a term exceeding two years;
  - (l) a Loan Party will not allow any pollutant (including any pollutant now on, under or about such land) to be placed, handled, stored, disposed of or released on, under or about any of its lands unless done in the normal course of its business and then only as long as it complies with all applicable laws in placing, handling, storing, transporting, disposing of
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or otherwise dealing with such pollutants, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect; and

- (m) Borrower will not utilize Borrowings to finance a hostile takeover.

## **9. REPORTING COVENANTS**

Borrower will provide to Lender:

- (a) within 120 days after the end of each of its fiscal years:
  - (i) financial statements of Borrower on an audited, consolidated basis prepared by a firm of qualified accountants;
  - (ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
  - (iii) an environmental questionnaire and disclosure statement in the form requested by Lender;
- (b) within 60 days following the end of each of its first 3 fiscal quarters:
  - (i) internally produced consolidated financial statements of Borrower for that quarter, and
  - (ii) a compliance certificate executed by a senior officer of Borrower in the form attached hereto as Schedule "A";
- (c) within 60 days after the end of each of its fiscal quarters, a list of all Tangible Assets disclosing all real property (with both municipal and legal description and disclosing whether Lender has a registered mortgage or charge thereon) and all equipment broken down by category of asset and providing details (including make, model and serial numbers, for each piece of Equipment having an individual net book value of \$250,000 or more), with details of any Potential Prior-Ranking Claims and other Permitted Encumbrances which may affect such Tangible Assets;
- (d) within 120 days after the end of each of its fiscal year ends, annual consolidated and non-consolidated capital and revenue budgets, projected balance sheet, income statement and cash flow statement from Borrower for the next following fiscal year; and
- (e) on request, any further information regarding its assets, operations and financial condition that Lender may from time to time reasonably require.

## **10. FINANCIAL COVENANTS:**

- (a) Borrower will at all times comply with the following financial covenants on a consolidated basis:
    - (i) Borrower must maintain a Leverage Ratio not greater than 3.50:1;
    - (ii) Borrower must maintain a Fixed Charge Coverage Ratio of at least 1.15:1; and
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- (iii) Borrower must maintain a ratio of Tangible Asset Value to Borrowings outstanding of at least 2.00:1.

Each of the financial ratios in this Section 10(a) shall be maintained at all applicable times and shall be detailed in the compliance certificate required to be delivered hereunder; provided, however, that the requirement to maintain the Leverage Ratio as described in Section 10(a)(i) above and the Fixed Charge Coverage Ratio as described in Section 10(a)(ii) above and the requirement to detail such ratios in the compliance certificate is hereby waived from the date of this Agreement until and including the fiscal quarter ending June 30, 2010.

- (b) Borrower shall not permit the Adjusted EBITDA to be less than:
  - (i) \$300,000 for the fiscal quarter ending September 28, 2009;
  - (ii) \$1,500,000 for the two fiscal quarters ending December 31, 2009;
  - (iii) \$4,800,000 for the three fiscal quarters ending March 31, 2010; and
  - (iv) \$3,700,000 for the four fiscal quarters ending June 30, 2010;

and the Adjusted EBITDA shall be detailed in the compliance certificate required to be delivered hereunder.

#### 11. CONDITIONS PRECEDENT:

The effectiveness of this Agreement is subject to and conditional upon the receipt by the Lender of each of the following:

- (a) a duly executed copy of this Agreement;
  - (b) a duly executed copy of all additional Security Documents required by Section 5 hereof;
  - (c) payment of all fees due in respect hereof;
  - (d) confirmation that there is no Default or Event of Default hereunder and no default under any Security Document, and that all representations and warranties hereunder are true and correct in all material respects as if made on such date;
  - (e) confirmation that all registrations and filings of the Security Documents have been completed in Alberta, British Columbia and Saskatchewan, in all cases in form and substance satisfactory to Lender (provided that the Lender acknowledges that confirmation of registration at Land Titles of the Supplemental Debenture may be provided post-closing);
  - (f) Borrower and Guarantors (if any) have provided all authorizations and all financial statements, appraisals, environmental reports and any other information that Lender may require, to the extent not previously provided to Lender (provided that the Lender acknowledges that the environmental questionnaire and disclosure statement may be provided post-closing, but Borrower must work diligently towards its completion and provide it as soon as possible after closing);
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- (g) Lender is satisfied as to the value of Borrower's and any Guarantor's assets and financial condition, and Borrower's and any Guarantor's ability to carry on business and repay any amount owed to Lender from time to time;
- (h) an environmental assessment and appraisal report for all real estate projects having a Tangible Asset Value greater than \$500,000 over which Lender has a registered mortgage or charge, to the extent not previously provided to Lender;
- (i) confirmation that no Default or Event of Default (as each of those terms are defined under the credit agreement detailing the Syndicated Facility) has occurred and is continuing under the Syndicated Facility; and
- (j) a copy of the executed credit agreement detailing the Syndicated Facility.

It is a condition precedent to each subsequent advance hereunder that, at the time of such advance, (i) all representations and warranties hereunder must be true and correct in all material respects as if made on such date, and (ii) there must be no Default or Event of Default hereunder and no default under any Security Document.

## **12. AUTHORIZATIONS AND SUPPORTING DOCUMENTS**

Borrower has delivered or will deliver the following authorizations and supporting documents to Lender on behalf of Borrower and any Guarantor:

- (a) Incorporation documents including Certificate of Incorporation/Amalgamation, Articles of Incorporation/Amalgamation (including any amendments), any unanimous shareholders agreements and last Notice of Directors;
- (b) Business Corporation Agreement;
- (c) Environmental Questionnaire & Disclosure Statement;
- (d) Sun Life Assurance Company of Canada Group Creditor's Life Insurance — application or waiver; and
- (e) Credit Information and Alberta Land Titles Office Name Search Consent Form.

## **13. DRAWDOWNS, PAYMENTS AND EVIDENCE OF INDEBTEDNESS**

- (a) Interest on Prime-based loans is calculated on the daily outstanding principal balance, and is payable on the last day of each month.
  - (b) If revolving of loans is permitted hereunder, principal advances and repayments on Prime-based loans are to be in the minimum sum of Cdn. \$100,000 or multiples of it.
  - (c) If Guaranteed Notes are available hereunder, Borrower will issue non-interest bearing promissory notes to Lender in multiples of \$100,000, subject to a minimum of \$1,000,000, with a minimum term of 30 days and up to 90 day maturity dates. Borrower agrees to be bound by the power of attorney set out in Schedule "B" hereto. On the date of drawdown, Lender shall make an advance to Borrower in an amount equal to the proceeds which would have been realized from a hypothetical sale of those Guaranteed
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Notes at the Discount Rate, less the acceptance fees payable hereunder. Lender is authorized to hold or negotiate any such promissory notes. Guaranteed Notes shall remain in effect until the maturity of the term selected and notwithstanding anything to the contrary contained herein, may not be repaid prior to their maturity. On the maturity date thereof, Borrower shall pay Lender the face amount of each Guaranteed Note. If Lender does not receive written instructions from Borrower prior to maturity concerning the renewal of the Guaranteed Notes, then the face amount of the Guaranteed Notes shall be automatically deemed to be outstanding as a Prime-based loan under the relevant Facility until written instructions are received from Borrower.

- (d) Borrower shall monitor its Borrowings (including the face amount and maturity date of each Guaranteed Note) to ensure that the Borrowings hereunder do not exceed the maximum amount available hereunder. Lender shall have no obligation to make any Borrowing available in excess of amounts available hereunder.
  - (e) Borrower shall provide notice to Lender prior to requesting an advance or making a repayment or conversion of Borrowings hereunder, as follows:  
For Borrowings:
    - under Cdn. \$5,000,000 — same day notice
    - Cdn. \$5,000,000 and over — one Business Day prior written notice
  - (f) Borrower may cancel the availability of any unused portion of a Facility on five Business Days' notice. Any such cancellation is irrevocable.
  - (g) The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.
  - (h) If any amount due hereunder is not paid when due, Borrower shall pay interest on such unpaid amount (including without limitation, interest on interest) if and to the fullest extent permitted by applicable law, at a rate per annum equal to Prime plus 5%.
  - (i) The branch of Lender (the "**Branch of Account**") where Borrower maintains an account and through which the Borrowings will be made available is located at 219 – 2<sup>nd</sup> Street West, Brooks, Alberta T1R 1B5. Funds under the Facilities will be advanced into and repaid from account no. 752-1090003-24 at the Branch of Account, or such other branch or account as Borrower and Lender may agree upon from time to time.
  - (j) Lender shall maintain at the Branch of Account accounts and records evidencing the Borrowings made available to Borrower by Lender under this Agreement. Lender shall record the principal amount of each Borrowing and the payment of principal, interest and fees and all other amounts becoming due to Lender under this Agreement. Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of Borrower to Lender pursuant to this Agreement.
  - (k) Borrower authorizes and directs Lender to automatically debit, by mechanical, electronic or manual means, any bank account of Borrower for all amounts payable by Borrower to Lender pursuant to this Agreement. Any amount due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day, and interest shall accrue accordingly.
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**14. EVENTS OF DEFAULT:**

If any of the events set forth below (an **"Event of Default"**) occurs and is continuing, Lender may at its option, by notice to Borrower, terminate any or all of the Facilities hereunder and demand immediate payment in full of all or any part of the amounts owed by Borrower thereunder:

- (a) if Borrower defaults in paying when due all or any part of the principal amount due hereunder;
  - (b) if Borrower or any Guarantor defaults in paying when due all or any part of its indebtedness or other liability to Lender (other than as provided under Subsection (a) above) and such default continues for 3 Business Days after notice from Lender;
  - (c) if Borrower or any Guarantor defaults in the observance or performance of any of its covenants or obligations hereunder or in any of the Security Documents (other than as provided under Subsections (a) or (b) above), or in any other document under which Borrower or such Guarantor is obligated to Lender, and in any such cases, the default continues for 15 days after notice from Lender;
  - (d) if any charge or encumbrance on any Tangible Assets of Borrower or any Guarantor becomes enforceable and steps are taken to enforce it;
  - (e) if any charge or encumbrance on any property of Borrower or any Guarantor (other than the Tangible Assets) having a fair market value in excess of \$5,000,000 becomes enforceable and steps are taken to enforce it;
  - (f) if Borrower or any Guarantor defaults in any obligation under the Syndicated Facility;
  - (g) if a Remedial Action Notice (as defined in the Intercreditor Agreement) is delivered under the Intercreditor Agreement;
  - (h) if an Activation Notice (as defined in the Blocked Account Agreement) is delivered under the Blocked Account Agreement;
  - (i) if Borrower or any Guarantor defaults in any obligation to any Person (other than Lender or under the Syndicated Facility) which involves or may involve a sum exceeding \$5,000,000, and the default has not been cured within 5 days of the date Borrower first knew or should have known of the default;
  - (j) if any other creditor of Borrower or any Guarantor takes collection steps against Borrower or such Guarantor or its assets;
  - (k) if final judgment or judgments should be entered against Borrower or any Guarantor for the payment of any amount of money exceeding \$5,000,000, and the judgment or judgments are not discharged within 20 days after entry;
  - (l) if an order is made, an effective resolution passed, or a petition is filed for the winding up the affairs of Borrower or any Guarantor or if a receiver or liquidator of Borrower or any Guarantor or any part of its assets is appointed;
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- (m) if Borrower or any Guarantor becomes insolvent or makes a general assignment for the benefit of its creditors or an assignment in bankruptcy or files a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* or otherwise acknowledges its insolvency or if a bankruptcy petition is filed or receiving order is made against Borrower or any Guarantor and is not being disputed in good faith;
- (n) if Borrower or any Guarantor ceases or threatens to cease to carry on its business;
- (o) if any of the licences, permits or approvals granted by Governmental Authority and material to the business of Borrower or any Guarantor is withdrawn, cancelled, suspended or adversely amended;
- (p) if (i) McJunkin Red Man Holding Corporation ceases to directly or indirectly own or control, beneficially and of record, 100% of the voting Equity Interests in the Borrower, (ii) McJunkin Red Man Holding Corporation ceases to directly or indirectly own or control, beneficially and of record, 100% of the voting Equity Interests in McJunkin Canada, (iii) there is a change in the majority of the directors of the Borrower, unless approved by the then majority of the directors of the Borrower; or (iv) all or substantially all of the assets of Borrower or any Guarantor are sold or transferred; or
- (q) if any event or circumstance occurs which has or would reasonably be expected to have a Material Adverse Effect (as determined by Lender in its sole discretion).

Failing such immediate payment, Lender may, without further notice, realize under the Security Documents to the extent Lender chooses.

#### 15. MISCELLANEOUS:

- (a) All legal and other costs and expenses incurred by Lender in respect of the Facilities, the Security Documents and other related matters will be paid or reimbursed by Borrower on demand by Lender. Lender is authorized to debit Borrower's current account for any such unpaid legal and other costs and expenses.
  - (b) All documents and matters incidental hereto will be prepared or conducted by or under the supervision of Lender's solicitors, unless Lender otherwise permits. Acceptance of this offer will authorize Lender to instruct Lender's solicitors to prepare all necessary documents and proceed with related matters.
  - (c) Lender, without restriction, may waive in writing the satisfaction, observance or performance of any of the provisions of this Agreement. The obligations of a Guarantor (if any) will not be diminished, discharged or otherwise affected by or as a result of any such waiver, except to the extent that such waiver relates to an obligation of such Guarantor. Any waiver by Lender of the strict performance of any provision hereof will not be deemed to be a waiver of any subsequent default, and any partial exercise of any right or remedy by Lender shall not be deemed to affect any other right or remedy to which Lender may be entitled.
  - (d) Borrower shall reimburse Lender for any additional cost or reduction in income arising as a result of (i) the imposition of, or increase in, taxes on payments due to Lender hereunder (other than taxes on the overall net income of Lender), (ii) the imposition of, or increase in, any reserve or other similar requirement, (iii) the imposition of, or change in,
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any other condition affecting the Facilities imposed by any applicable law or the interpretation thereof.

- (e) Lender is authorized but not obligated, at any time, to apply any credit balance, whether or not then due, to which Borrower or Guarantor is entitled on any account in any currency at any branch or office of Lender in or towards satisfaction of the obligations of Borrower or such Guarantor due to Lender under this Agreement or any guarantee granted in support hereof, as applicable. Lender is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.
  - (f) Words importing the singular will include the plural and vice versa, and words importing gender will include the masculine, feminine and neuter, and anything importing or referring to a Person will include a body corporate and a partnership and any entity, in each case all as the context and the nature of the parties requires.
  - (g) Where more than one Person is liable as Borrower (or as a Guarantor) for any obligation hereunder, then the liability of each such Person for such obligation is joint and several with each other such Person.
  - (h) If any portion of this Agreement is held invalid or unenforceable, the remainder of this Agreement will not be affected and will be valid and enforceable to the fullest extent permitted by law. In the event of a conflict between the provisions hereof and of any Security Documents, the provisions hereof shall prevail to the extent of the conflict.
  - (i) Where the interest rate for a credit is based on Prime, the applicable rate on any day will depend on the Prime rate in effect on that day. The statement by Lender as to Prime and as to the rate of interest applicable to a credit on any day will be binding and conclusive for all purposes. All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. To the extent permitted by law, Borrower waives the provisions of the *Judgment Interest Act* (Alberta).
  - (j) Any written communication which a party may wish to serve on any other party may be served personally (in the case of a body corporate, on any officer or director thereof) or by leaving the same at or couriering or mailing the same by registered mail to the Branch of Account (for Lender) or to the last known address (for Borrower or any Guarantor), and in the case of mailing will be deemed to have been received two (2) Business Days after mailing except in the case of postal disruption.
  - (k) Unless otherwise specified, references herein to "\$" and "dollars" mean Canadian dollars.
  - (l) Lender shall have the right to assign, sell or participate its rights and obligations in the Facilities or in any Borrowing thereunder, in whole or in part, to one or more Persons, provided that the consent of Borrower shall be required if no Default or Event of Default is then in existence, such consent not to be unreasonably withheld or delayed.
  - (m) Borrower shall indemnify Lender against all losses, liabilities, claims, damages or expenses (including without limitation legal expenses on a solicitor and his own client basis) (i) incurred in connection with the entry into, performance or enforcement of this Agreement, the use of the Facility proceeds or any breach by Borrower or any Guarantor
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of the terms hereof or any document related hereto, and (ii) arising out of or in respect of: (A) the release of any hazardous or toxic waste or other substance into the environment from any property of Borrower or any of its Subsidiaries, and (B) the remedial action (if any) taken by Lender in respect of any such release, contamination or pollution. This indemnity will survive the repayment or cancellation of any of the Facilities or any termination of this Agreement.

- (n) For certainty, the permission to create a Permitted Encumbrance shall not be construed as a subordination or postponement, express or implied, of Lender's Security Documents to such Permitted Encumbrance.
  - (o) Each accounting term used hereunder, unless otherwise defined herein, has the meaning assigned to it under GAAP consistently applied. If there occurs a change in generally accepted accounting principles (an **"Accounting Change"**), including as a result of a conversion to International Financial Reporting Standards, and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of Borrower or Lender, Borrower and Lender shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by Borrower or Lender, Borrower and Lender have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.
  - (p) Borrower's information, corporate or personal, may be subject to disclosure without its consent pursuant to provincial, federal, national or international laws as they apply to the product or service Borrower has with Lender or any third party acting on behalf of or contracting with Lender.
  - (q) The terms of this Agreement as well as any information provided pursuant to the terms of this Agreement are confidential and neither party shall disclose them to any third party (other than the party's Affiliates, directors, officers, employees, counsel, accountants, independent contractors, subcontractors, agents, auditors or lenders (collectively, **"Representatives"**) who have a need to know such information); provided that each party shall be entitled to disclose such information:
    - (i) as is or becomes generally available to the public, other than as a result of a violation of this Agreement;
    - (ii) as may be required or appropriate in response to any summons, subpoena or otherwise in connection with any litigation or any court or regulatory proceeding, or to comply with any applicable law, order, regulation, ruling, or accounting disclosure rule or standard or any rule, policy or order of any stock exchange, securities commission or like body;
    - (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations of confidentiality in making such disclosure;
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- (iv) as required pursuant to the Syndicated Facility; and
- (v) with the consent of the other party hereto, such consent not to be unreasonably withheld.
- (r) Time shall be of the essence in all provisions of this Agreement.
- (s) This Agreement may be executed in counterpart.
- (t) This Agreement shall be governed by the laws of Alberta.

**16. DEFINITIONS:**

**“Adjusted EBITDA”**, for the period then calculated, means EBITDA plus or minus the adjustments set forth in Schedule “D”.

**“Affiliate”** means, with respect to any Person, another Person: (a) who directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such first Person; (b) who beneficially owns 10% or more of the voting securities or any class of Equity Interests of such first Person; (c) at least 10% of whose voting securities or any class of Equity Interests is beneficially owned, directly or indirectly, by such first Person; or (d) who is an officer, director, partner or managing member of such first Person. **“Control”** means the possession, directly or indirectly, of the power to direct or cause direction of the management and policies of a Person, whether through ownership of Equity Interests, by contract or otherwise.

**“Bonuses”** means bonuses payable by Borrower to its employees in respect of Borrower’s most recently ended fiscal year.

**“Borrowed Money”** means with respect to any Loan Party, without duplication, its:

- (a) Indebtedness that:
  - (i) arises from the lending of money by any Person to such Loan Party;
  - (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments;
  - (iii) accrues interest or is a type upon which interest charges are customarily paid (excluding trade payables owing in the ordinary course of business); or
  - (iv) was issued or assumed as full or partial payment for property;
- (b) Capital Leases;
- (c) reimbursement obligations with respect to letters of credit; and
- (d) guarantees of any Indebtedness of the foregoing types owing by another Person.

**“Borrower”** shall mean Midfield Supply ULC, an unlimited liability corporation duly amalgamated pursuant to the laws of the Province of Alberta.

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**“Borrowings”** means all amounts outstanding under the Facilities, or if the context so requires, all amounts outstanding under one or more of the Facilities or under one or more borrowing options of one or more of the Facilities.

**“Business Day”** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in the province of Alberta.

**“Capital Expenditures”** means all liabilities incurred, expenditures made or payments due (whether or not made) by Borrower or Subsidiary for the acquisition of any fixed assets, or any improvements, replacements, substitutions or additions thereto with a useful life of more than one year, including the principal portion of Capital Leases.

**“Capital Leases”** means any leases that are required to be capitalized for financial reporting purposes in accordance with GAAP.

**“Class R Note”** means the unsecured subordinated demand promissory note, classified as the Class R Note, dated as of June 15, 2005, issued to McJunkin Canada by Borrower in the amount of \$37,232,833, bearing interest at the rate of 12% per annum (which interest is payable annually in the month of April).

**“Default”** means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

**“Discount Rate”** means, with respect to Guaranteed Notes, the per annum rate of interest which is the arithmetic average of the rates per 365-day period applicable to Canadian dollar bankers’ acceptances having identical issue and comparable maturity dates as the Guaranteed Notes proposed to be issued by Borrower displayed and identified as such on the display referred to as the “CDOR Page” (or any display substituted therefor) of Reuter Monitor Money Rates Service as at approximately 8:00 a.m. (Calgary time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, or if the rate referred to is not available, then the rate quoted by the Lender.

**“Distribution”** means any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Indebtedness to a holder of Equity Interests; or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

**“EBITDA”** as determined on a consolidated basis for Borrower and Subsidiaries, means net income, calculated before interest expense, provision for income taxes, depreciation and amortization expense, gains or losses arising from the sale of capital assets, gains arising from the write-up of assets, losses arising from the write down of intangible assets, Bonuses and Shared Administration Costs and any extraordinary gains and non-cash compensation expenses (in each case, to the extent included in determining net income).

**“Equity Interest”** means the interest of any (a) shareholder in a corporation or company, (b) partner in a partnership (whether general, limited, special, limited liability or joint venture), (c) member in a limited liability company or unlimited liability corporation, or (d) other Person having any other form of equity security or ownership interest, whether direct or indirect.

**“Fixed Charge Coverage Ratio”** means, as of the date of determination, the ratio, determined and calculated on a consolidated basis for Borrower and its Subsidiaries and on a rolling historical twelve month basis, of (a) Adjusted EBITDA, to (b) Fixed Charges.

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**“Fixed Charges”** means the sum, when actually paid in the period, of interest expense, principal payments on Borrowed Money (other than the Borrowings), income taxes, Capital Expenditures (except those financed with Borrowed Money other than the Borrowings), Bonuses, Shared Administration Costs and Distributions.

**“Generally Accepted Accounting Principles”** or **“GAAP”** means generally accepted accounting principles as may be described in the Canadian Institute of Chartered Accountants Handbook and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants.

**“Governmental Authority”** means any federal, provincial, territorial, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, and any Person directly or indirectly owned or controlled by any of the foregoing.

**“Guaranteed Notes”** means the non-interest bearing promissory notes issued hereunder by Borrower to Lender under Lender’s guaranteed note program.

**“Guarantor”** means any party that has provided a guarantee in favour of Lender with respect to the Borrowings hereunder.

**“Hedging Agreement”** means any swap, hedging, interest rate, currency, foreign exchange or commodity contract or agreement, or confirmation thereunder, entered into from time to time in connection with:

- (a) interest rate swaps, forward rate transactions, interest rate options, cap transactions, floor transactions and similar rate-related transactions;
- (b) forward rate agreements, foreign exchange forward agreements, cross currency transactions and other similar currency-related transactions; or
- (c) commodity swaps, hedging transactions and other similar commodity-related transactions (whether physically or financially settled), including without limitation, commodity swaps;

the purpose of which is to hedge (i) interest rate, (ii) currency exchange, and/or (iii) commodity price exposure, as the case may be.

**“Indebtedness”** means all present and future obligations and indebtedness of a Person, whether direct or indirect, absolute or contingent, including all indebtedness for borrowed money, all obligations in respect of swap or hedging arrangements and all other liabilities which in accordance with GAAP would appear on the liability side of a balance sheet (other than items of capital, retained earnings and surplus or deferred tax reserves).

**“Leverage Ratio”** means, as of any date of determination, the ratio, determined and calculated on a consolidated basis for Borrower and its Subsidiaries, of

- (a) Borrowed Money (other than contingent obligations of the Loan Parties which are not then due) less any unsecured advances from Affiliates/shareholders which are postponed in all respects to the Facilities pursuant to the Subordination Agreement or another subordination agreement acceptable to Lender, to
- (b) Adjusted EBITDA for the rolling historical twelve month period then ending.

**“Loan Parties”** means the Borrower and all Guarantors, and **“Loan Party”** means any of them.

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**“Material Adverse Effect”** means a material adverse effect on:

- (a) the financial condition of Borrower and Guarantors on a consolidated basis; or
- (b) the ability of Borrower and Guarantors on a consolidated basis to repay amounts owing hereunder or under its guarantee in respect hereof.

**“McJunkin Canada”** has the meaning given thereto in Section 6(c) of this Agreement.

**“Midfield Holdings”** has the meaning given thereto in Section 6(c) of this Agreement.

**“Permitted Encumbrances”** means, in respect of the Borrower and any Guarantors on a consolidated basis, the following:

- (a) liens for taxes, assessments or governmental charges not yet due or delinquent or the validity of which is being contested in good faith;
  - (b) liens arising in connection with workers’ compensation, unemployment insurance, pension, employment or other social benefits laws or regulations which are not yet due or delinquent or the validity of which is being contested in good faith;
  - (c) liens under or pursuant to any judgment rendered or claim filed which are or will be appealed in good faith provided any execution thereof has been stayed;
  - (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law or which relate to obligations not due or delinquent;
  - (e) liens arising by operation of law such as builders’ liens, carriers’ liens, materialmens’ liens and other liens of a similar nature which relate to obligations not due or delinquent;
  - (f) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which singularly or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of Borrower or such Guarantor;
  - (g) security given to a public utility or any Governmental Authority when required by such utility or municipality or other authority in connection with the operations of Borrower or such Guarantor, all in the ordinary course of its business which singularly or in the aggregate do not materially impair the operation of its business;
  - (h) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
  - (i) operating leases of assets other than the Tangible Assets;
  - (j) Capital Lease transactions or sale-leaseback transactions involving an asset other than a Tangible Asset, or, with the prior written consent of Lender, involving equipment which
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is a Tangible Asset, where the indebtedness represented by all such transactions does not at any time exceed \$100,000 in aggregate;

- (k) security interests granted or assumed to finance the purchase of any property or asset (a **“Purchase Money Security Interest”**) other than a Tangible Asset, or, with the prior written consent of Lender, of equipment which is a Tangible Asset, where:
  - (i) the security interest is granted at the time of or within 60 days after the purchase,
  - (ii) the security interest is limited to the property and assets acquired, and
  - (iii) the indebtedness represented by all Purchase Money Security Interests does not at any time exceed \$100,000 in aggregate;
- (l) security interests granted in connection with the Syndicated Facility on properties and assets of the Borrower or such Guarantor other than the Tangible Assets; and
- (m) security interests or liens (other than those hereinbefore listed) of a specific nature (and excluding for greater certainty floating charges) on properties and assets other than a Tangible Asset having a fair market value not in excess of \$100,000 in aggregate.

**“Permitted Indebtedness”** means, without duplication:

- (a) trade payables incurred in the ordinary course of business;
- (b) any Indebtedness secured by a Permitted Encumbrance, provided that such Indebtedness is within any limits detailed in the definition of Permitted Encumbrances;
- (c) any unsecured advances from Affiliates/shareholders (including MRC, McJunkin Canada and Midfield Holdings) which are postponed in all respects to the Facilities pursuant to the Subordination Agreement or another subordination agreement acceptable to Lender;
- (d) any Indebtedness arising under the Syndicated Facility;
- (e) any debt created in connection with an acquisition of a business or an asset other than a Tangible Asset, provided the acquisition and the proposed debt have been approved under the Syndicated Facility;
- (f) any Indebtedness owing from a Loan Party to another Loan Party (but only if that other Loan Party has provided security in favour of the Lender); and
- (g) any Indebtedness owing to Lender.

**“Person”** means any individual, corporation, limited liability company, unlimited liability company, partnership, limited liability partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, government, governmental body, agency or other entity.

**“Potential Prior-Ranking Claims”** means:

- (a) all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is
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capable of ranking in priority to Lender's security or otherwise in priority to any claim by Lender for repayment of any amounts owing under this Agreement; and

- (b) all amounts owing under or in connection with a Purchase Money Security Interest, Capital Lease or sale-leaseback transaction involving equipment which is a Tangible Asset.

**"Prime"** means the prime lending rate per annum established by Lender from time to time for commercial loans denominated in Canadian dollars made by Lender in Canada.

**"Security Documents"** means those security documents listed in the "Security Documents" section of this Agreement as well as any other security documents now or hereafter delivered by Borrower or a Guarantor in favour of Lender hereunder.

**"Shared Administration Costs"** means all corporate costs and expenses allocated from Affiliates for shared services, provided such costs and expenses are incurred in the ordinary course of business, and are based upon commercially fair and reasonable market terms fully disclosed to the Lender, which terms are no less favourable than would be obtained in a comparable arm's-length transaction with a non-Affiliate.

**"Shareholders' Notes"** means collectively the following unsecured demand promissory notes issued by the Borrower, all of which bear interest at 8% per annum unless otherwise noted: (a) note dated as of June 15, 2005 issued to McJunkin Canada by 1173060 Alberta ULC, predecessor to the Borrower, in the amount of \$9,855,750; (b) note dated as of March 31, 2007 issued to McJunkin Canada in the amount of \$15,000,000; (c) note dated as of November 2, 2006 issued to McJunkin Canada in the amount of \$4,818,915; (d) note dated as of April 27, 2007 issued to McJunkin Canada in the amount of \$17,986,440; (e) note dated as of July 7, 2007 issued to McJunkin Canada in the amount of \$347,905.18; (f) note dated as of November 1, 2007 issued to McJunkin Canada in the amount of \$727,361.80; (g) note dated as of April 30, 2008 issued to McJunkin Canada in the amount of \$6,188,146; (h) note dated as of as of November 2, 2006 issued to Midfield Holdings in the amount of \$16,389,500; (i) note dated as of as of April 27, 2007 issued to Midfield Holdings in the amount of \$8,156,115; (j) note dated as of April 30, 2008 issued to Midfield Holdings in the amount of \$3,918,718; (k) note dated as of as of April 30, 2008 issued to Midfield Holdings in the amount of \$946,730 which is non-interest bearing provided the debt is paid prior to June 30, 2008 and thereafter bearing interest at 8% per annum; (l) note dated as of August 1, 2008 issued to McJunkin Canada in the amount of \$2,887,479; (m) note dated as of October 27, 2009 issued to McJunkin Canada in the amount of \$2,197,116.29 which is non-interest bearing; and (n) all other promissory notes (other than the Class R Note) issued to any shareholder of, or Person holding an Equity Interest in, Borrower during the term of this Agreement.

**"Subsidiaries"** means:

- (a) a Person of which another Person alone or in conjunction with its other subsidiaries owns an aggregate number of voting shares sufficient to elect a majority of the directors regardless of the manner in which other voting shares are voted; and
- (b) a partnership of which at least a majority of the outstanding income interests or capital interests are directly or indirectly owned or controlled by such Person,

and includes a Person in like relation to a Subsidiary.

**"Syndicated Facility"** means the credit facility made available to Borrower by a syndicate of lenders under an amended and restated loan and security agreement dated on or about the date hereof among

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Borrower, as borrower, certain financial institutions, as lenders, and Bank of America, N.A. (acting through its Canada branch) as agent, as amended from time to time.

**“Tangible Assets”** means all real property and equipment of Borrower and any Guarantors.

**“Tangible Asset Value”** means as determined by GAAP on a consolidated basis, the aggregate of:

- (a) the net book value of all real property owned by the Loan Parties over which the Lender has a registered fixed charge mortgage (unless the value is supported by a drive-by real estate appraisal or a formal appraisal in each case acceptable to Lender, in which case such appraised value may be used);
- (b) the net book value of each piece of equipment owned by the Loan Parties having an individual net book value of less than \$250,000, regardless of whether specific serial number registrations in respect thereof have been made in favour of the Lender; and
- (c) the net book value of each piece of equipment owned by the Loan Parties having an individual net book value of \$250,000 or more, if specific serial number registrations in respect thereof have been made in favour of Lender;

less in each case Potential Prior-Ranking Claims and other Permitted Encumbrances affecting those assets.

**“Tax Distribution”** means Distributions the proceeds of which will be used by McJunkin Canada to pay its tax liability to each relevant jurisdiction, including taxes based on income, profits or capital.

€60,000,000 Revolving Facility Agreement  
for MRC TRANSMARK HOLDINGS UK LIMITED  
arranged by HSBC BANK PLC as Arranger  
with HSBC BANK PLC  
acting as Agent, Issuing Bank and Security Agent

17 September 2010

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THIS AGREEMENT is dated 17 September 2010

**BETWEEN:**

- (1) **MRC TRANSMARK GROUP B.V.** (incorporated in the Netherlands with registered number 39062651) (the “**Parent**”);
- (2) **MRC TRANSMARK HOLDINGS UK LIMITED** (incorporated in England with registered number 05436123) as an Original Borrower and the Obligor’s Agent (the “**Company**”);
- (3) **THE COMPANIES** listed in Part I of Schedule 1 ( *The Original Parties*) as original guarantors (the “**Original Guarantors**”);
- (4) **HSBC BANK plc** as arranger, (the “**Arranger**”);
- (5) **HSBC BANK plc** as the original lender (the “**Original Lender**”);
- (6) **HSBC BANK plc** as hedge counterparty (the “**Original Hedge Counterparty**”);
- (7) **HSBC BANK plc** as agent of the other Finance Parties (the “**Agent**”);
- (8) **HSBC BANK plc** as security trustee for the Secured Parties (the “**Security Agent**”);
- (9) **HSBC BANK plc** as Issuing Bank; and
- (10) **HSBC Bank plc** as MOF Lender (the “**Original MOF Lender**”).

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement:

“**Acceding Obligors**” means the Subsidiaries of the Parent listed in Part II of Schedule 1 ( *The Original Parties*).

“**Acceptable Bank**” means:

- (a) a bank or financial institution duly authorised under applicable laws to carry on the business of banking (including, without limitation, the business of taking deposits) which has a rating for its long-term unsecured and non credit-enhanced debt obligations of A or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or A2 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; or
- (b) any other bank or financial institution approved by the Agent.

“**Accession Deed**” means a document substantially in the form set out in Schedule 7 ( *Form of Accession Deed*).

“**Accounting Principles**” means, in respect of an Obligor, generally accepted accounting principles in the jurisdiction of incorporation of that Obligor, including IFRS.

“**Accounting Reference Date**” means 31 December.

**“Additional Borrower”** means a company which becomes an Additional Borrower in accordance with Clause 29 ( *Changes to the Obligors*).

**“Additional Cost Rate”** has the meaning given to it in Schedule 4 ( *Mandatory Cost Formula*).

**“Additional Guarantor”** means a company which becomes an Additional Guarantor in accordance with Clause 29 ( *Changes to the Obligors*).

**“Additional Obligor”** means an Additional Borrower or an Additional Guarantor.

**“Affiliate”** means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

**“Agent’s Spot Rate of Exchange”** means the Agent’s spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

**“Aggregate Total Acquisition Price”** has the meaning given to that term in paragraph (f) of the definition of Permitted Acquisition.

**“Aggregate Total Purchase Price”** has the meaning given to that term paragraph (g) of the definition of Permitted Acquisition.

**“Agreed Security Principles”** means the principles set out in Schedule 11 ( *Agreed Security Principles*).

**“Annual Financial Statements”** has the meaning given to that term in Clause 24 ( *Information undertakings*).

**“Approved Country”** means any country which is not subject to OFAC sanctions or United Nations sanctions under Article 41 of the UN Charter and any other country approved by all the Lenders.

**“ASIC”** means the Australian Securities and Investments Commission.

**“Assignment Agreement”** means an agreement substantially in the form set out in Schedule 6 ( *Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee **provided that** if that other form does not contain the undertaking set out in the form set out in Schedule 6 ( *Form of Assignment Agreement*) it shall not be a Creditor/Agent Accession Undertaking as defined in, and for the purposes of, the Security Trust Deed.

**“Auditors”** means one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche or any other firm approved in advance by the Majority Lenders (such approval not to be unreasonably withheld or delayed).

**“Australian Dollars”** means the lawful currency for the time being of Australia.

**“Australian Obligor”** means an Obligor incorporated in the Commonwealth of Australia.

**“Authorisation”** means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

**“Availability Period”** means the period from and including the date of this Agreement to and including the date falling one month prior to the Termination Date.

**“Available Commitment”** means a Lender’s Commitment minus:

- (a) the Base Currency Amount of its participation in any outstanding Utilisations; and
- (b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any other Utilisations that are due to be made on or before the proposed Utilisation Date.

For the purposes of calculating a Lender’s Available Commitment that Lender’s participation in any Revolving Facility Utilisations that are due to be repaid or prepaid on or before the proposed Utilisation Date shall not be deducted from a Lender’s Commitment.

**“Available Facility”** means, in relation to the Revolving Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of that Facility.

**“Base Currency”** means euros.

**“Base Currency Amount”** means:

- (a) save as provided in paragraph (b) below, the amount specified in the Utilisation Request delivered by a Borrower for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent’s Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request in accordance with the terms of this Agreement) and, in the case of a Letter of Credit, as adjusted under Clause 6.8 (*Revaluation of Letters of Credit*) at six-monthly intervals; and
- (b) for the purposes only of paragraph (a) of the definition of Available Commitment in relation to the amount of any outstanding Utilisations, that amount converted into the Base Currency at the Agent’s Spot Rate of Exchange on the date which is three Business Days before the proposed Utilisation Date for the proposed Utilisation or, if later, the date the Agent receives the Utilisation Request for the proposed Utilisation in accordance with the terms of this Agreement),

as adjusted to reflect any repayment, prepayment, consolidation or division of a Utilisation.

**“Base Reference Bank Rate”** means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Base Reference Banks:

- (a) in relation to LIBOR, as the rate at which the relevant Base Reference Bank could borrow funds in the London interbank market; and
- (b) in relation to EURIBOR, as the rate at which the relevant Base Reference Bank could borrow funds in the European interbank market,

in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

**“Base Reference Banks”** means, in relation to LIBOR, the principal London offices of HSBC Bank plc, Barclays Bank PLC and The Royal Bank of Scotland plc and, in relation to EURIBOR, the principal office in Paris of HSBC Bank plc, BNP Paribas and Société Générale or such other banks as may be appointed by the Agent in consultation with the Company.

**“Belgian Obligor”** means an Obligor incorporated in Belgium.

**“Borrower”** means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 29 (*Changes to the Obligors*).

**“Borrowings”** has the meaning given to that term in Clause 25.1 (*Financial definitions*).

**“Break Costs”** means the amount (if any) by which:

- (a) the interest (excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

**“Budget”** means:

- (a) in relation to the Financial Year ending on 31 December 2010, the Group’s budget for that Financial Year to be delivered by the Parent to the Agent pursuant to Clause 4.1 (*Initial conditions precedent*) (the **“2010 Budget”**); and
- (b) in relation to any other period, any budget delivered by the Parent to the Agent in respect of that period pursuant to Clause 24.4 (*Budget*).

**“Business Day”** means a day (other than a Saturday or Sunday) on which banks are open for general business in London, and:

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or purchase of euro) any TARGET Day.

**“Cash”** means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a member of the Group and to which a member of the Group is alone (or together with other members of the Group) beneficially entitled and for so long as:

- (a) that cash is repayable within 90 days after the relevant date of calculation;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security over that cash except for Transaction Security or any Permitted Security constituted by a netting or set-off arrangement entered into by members of the Group in the ordinary course of their banking arrangements; and
- (d) (except for cash subject to the security described in paragraph (c) above) the cash is freely and (except as mentioned in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Facility without any condition other than the lapse of time and notice being given having to be fulfilled.

**“Cash Equivalent Investments”** means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;
  - (iii) which matures within one year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investor Services Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);
- (e) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investor Services Limited, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (iii) can be turned into cash on not more than 30 days’ notice; or
- (f) any other debt security approved by the Majority Lenders,

in each case, denominated in euro, Sterling or US Dollars (or any currency of a country in which a member of the Group has operations provided that such currency is freely convertible into one or more of euro, Sterling or US Dollars) to which any member of the Group is alone or together with other members of the Group beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents).

**“Cash Pooling Agreement”** means any agreement entered into between HSBC Bank plc and any members of the Group in respect of cash pooling and/or cash management services.

**“Change of Control”** means any person or group of persons acting in concert gains direct or indirect control of the Parent or McJunkin UK. For the purposes of this definition:

- (a) **“control”** means:
- (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
    - (A) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Parent or McJunkin UK (as appropriate); or
    - (B) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent or McJunkin UK (as appropriate); or
    - (C) give directions with respect to the operating and financial policies of the Parent or McJunkin UK (as appropriate) with which the directors or other equivalent officers of the Parent are obliged to comply; or
  - (ii) the holding beneficially of more than 50% of the issued share capital of the Parent or McJunkin UK (as appropriate) (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); and
- (b) **“acting in concert”** means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent or McJunkin UK (as appropriate) by any of them, either directly or indirectly, to obtain or consolidate control of the Parent or McJunkin UK (as appropriate).

**“Charged Property”** means all of the assets of the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

**“Commitment”** means a Revolving Facility Commitment.

**“Compliance Certificate”** means a certificate substantially in the form set out in Schedule 9 ( *Form of Compliance Certificate*).

**“Confidential Information”** means all information relating to the Parent, any Obligor, the Group, the McJunkin Group, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 40 ( *Confidentiality*); or
- (iii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers;  
or

- (iv) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

**“Confidentiality Undertaking”** means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Parent and the Agent.

**“Constitutional Documents”** means the up-to-date memorandum and articles of association of the Parent.

**“Corporations Act”** means the Australian Corporations Act 2001 (Cth)

**“CTA”** means the Corporation Tax Act 2009.

**“Default”** means an Event of Default or any event or circumstance specified in Clause 27 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

**“Defaulting Lender”** means any Lender (other than a Lender which is a Sponsor Affiliate):

- (a) which has failed to make its participation in a Loan available or has notified the Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders’ participation*) or has failed to provide cash collateral (or has notified the Issuing Bank that it will not provide cash collateral) in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender*);
- (b) which has otherwise rescinded or repudiated a Finance Document; or
- (c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within three Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

**“Delegate”** means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

**“Disruption Event”** means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions

contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

**“Distributable Net Profit”** means, in any Financial Year of the Group, Group’s net income (post tax and minority interests) for that Financial Year (as set out in the corresponding Annual Financial Statements of the Parent).

**“Dormant Subsidiary”** means:

(a) Transmark Valves Limited;

(b) Zidell Valve Corporation Limited;

(c) Transmark Projects Limited;

(d) Heaton Valves Limited;

(e) Transmark Heaton Limited;

(f) Delta Pacific Valves Limited;

(g) Transmark Scotland Limited;

(h) Transmark International Limited;

(i) Transmark Fortim Engineering Pte. Ltd;

(j) Pegler Hattersley Holdings Pty Limited;

(k) Pegler Beacon Australia Pty Limited; and

(l) any other member of the Group (other than an Obligor) which does not trade (for itself or as agent for any person), as is confirmed in writing by the Parent to the Agent.

**“Dormant Subsidiary Loan”** means any loan made by a Dormant Subsidiary to any member of the Group that is not a Dormant Subsidiary.

**“Dutch Obligor”** means an Obligor incorporated in the Netherlands.

**“ECB Rates”** means the European Central Bank Eurosystem Euro foreign exchange reference rates displayed on the relevant page of the European Central Bank website after 2.00 pm (UK time on the relevant day) or if such page is replaced or ceases to be available, such other page displaying such rates as agreed as soon as possible by the Agent and the Company (acting reasonably and in good faith).



**“Environment”** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

**“Environmental Claim”** means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

**“Environmental Law”** means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

**“Environmental Permits”** means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

**“EURIBOR”** means, in relation to any Loan in euro:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Base Reference Bank Rate, as of the Specified Time on the Quotation Day for euro and for a period comparable to the Interest Period of that Loan.

**“Event of Default”** means any event or circumstance specified as such in Clause 27 (*Events of Default*).

**“Expiry Date”** means, for a Letter of Credit, the last day of its Term.

**“Facility”** means the Revolving Facility.

**“Facility Office”** means:

- (a) in respect of a Lender or the Issuing Bank, the office or offices notified by that Lender or the Issuing Bank to the Agent in writing on or before the date it becomes a Lender or the Issuing Bank (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

**“Finance Document”** means this Agreement, any Accession Deed, any Compliance Certificate, any Hedging Agreement, any MOF Document, any Resignation Letter, the Security Trust Agreement, any Transaction Security Document, any Utilisation Request and any other document designated as a “Finance Document” by the Agent and the Parent, **provided that** where the term “Finance Document” is used in, and construed for the purposes of, this Agreement or the Security Trust Agreement, a Hedging Agreement or MOF Document shall be a Finance Document only for the purposes of:

- (a) the definition of “Material Adverse Effect”;
- (b) paragraph (a) of the definition of “Permitted Transaction”;
- (c) the definition of “Transaction Security Document”;
- (d) paragraph (a)(iv) of Clause 1.2 (*Construction*);
- (e) Clause 22 (*Guarantee and Indemnity*); and
- (f) Clause 27 (*Events of Default*) (other than Clause 27.17 (*Acceleration*)).

**“Finance Party”** means the Agent, the Arranger, the Security Agent, a Lender, the Issuing Bank, a Hedge Counterparty or MOF Lender provided that where the term “Finance Party” is used in, and construed for the purposes of, this Agreement or the Security Trust Agreement, a Hedge Counterparty or MOF Lender shall be a Finance Party only for the purposes of:

- (a) the definition of “Secured Parties”;
- (b) paragraph (a)(i) of Clause 1.2 (*Construction*);
- (c) paragraph (c) of the definition of Material Adverse Effect;
- (d) Clause 22 (*Guarantee and Indemnity*); and
- (e) Clause 31 (*Conduct of business by the Finance Parties*).

**“Financial Assistance Memo”** means the “MRC Transmark Group Financial Assistance Summary” delivered to the Agent pursuant to Schedule 2 Part I (*Conditions precedent to first Utilisation*).

**“Financial Indebtedness”** means (without double counting) any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount (on a net

basis) is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);

- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability (but not, in any case, Trade Instruments) of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the issuer) before the Termination Date or are otherwise classified as borrowings under the Accounting Principles;
- (i) any amount of any liability under an advance or deferred purchase agreement if the primary reason behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question and payment is due more than 180 days after the date of supply or is deferred by more than 180 days;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing and which is classified as borrowings under the Accounting Principles; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above, but excluding for the avoidance of doubt all pension-related and intra-group liabilities.

**“Financial Quarter”** has the meaning given to that term in Clause 25.1 (*Financial definitions*).

**“Financial Year”** has the meaning given to that term in Clause 25.1 (*Financial definitions*).

**“French Guarantor”** means any Guarantor incorporated in France.

**“Group”** means the Parent and each of its Subsidiaries for the time being.

**“Group Structure Chart”** means the group structure chart in the agreed form.

**“Guarantor”** means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 29 (*Changes to the Obligors*).

**“Guarantor Coverage Test”** has the meaning given to that term in Clause 26.24 (*Guarantor*).

**“Hedge Counterparty”** means:

- (a) any Original Hedge Counterparty ; and
- (b) any Lender which has become a Party as a Hedge Counterparty in accordance with Clause 28.9 ( *Accession of Hedge Counterparties and MOF Lenders*)

which, in each case, is or has become, a party to the Security Trust Agreement as a Hedge Counterparty in accordance with the provisions of the Security Trust Agreement.

**“Hedging Agreement”** means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by any Obligor and a Hedge Counterparty

including, without limitation, for the purpose of hedging interest rate and/or currency exposures under the Finance Documents or such other types of liabilities and/or risks in relation to the hedging transactions permitted under Clause 26.23 ( *Treasury Transactions*).

**“Holding Company”** means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

**“IFRS”** means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

**“Impaired Agent”** means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of “Defaulting Lender”; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within three Business Days of its due date; or
- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

**“Increase Confirmation”** means a confirmation substantially in the form set out in Schedule 12 ( *Form of Increase Confirmation*).

**“Increase Lender”** has the meaning given to that term in Clause 2.2 ( *Increase*).

**“Initial Obligors”** means the Original Obligors and the Acceding Obligors.

**“Insolvency Event”** in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a

petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up, or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up, or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;
- (g) has a resolution passed for its winding-up, official management, or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, manager, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**"Intellectual Property"** means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group.

**"Interest Period"** means, in relation to a Loan, each period determined in accordance with Clause 14 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 13.3 (*Default interest*).

**"Issuing Bank"** means each Lender identified above as an issuing bank and any other Lender which has notified the Agent that it has agreed to the Company's request to be an

Issuing Bank pursuant to the terms of this Agreement [(and if more than one Lender has so agreed, such Lenders shall be referred to, whether acting individually or together, as the “**Issuing Bank**”) **provided that**, in respect of a Letter of Credit issued or to be issued pursuant to the terms of this Agreement, the “**Issuing Bank**” shall be the Issuing Bank which has issued or agreed to issue that Letter of Credit.

“**ITA**” means the Income Tax Act 2007.

“**Joint Venture**” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

“**Joint Venture Investment**” has the meaning given to it in the definition of “Permitted Joint Venture”.

“**L/C Proportion**” means in relation to a Lender in respect of any Letter of Credit, the proportion (expressed as a percentage) borne by that Lender’s Available Commitment to the relevant Available Facility immediately prior to the issue of that Letter of Credit, adjusted to reflect any assignment or transfer under this Agreement to or by that Lender.

“**Legal Opinion**” means any legal opinion delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or Clause 29 (*Changes to the Obligors*).

“**Legal Reservations**” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

“**Lender**” means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 2.2 (*Increase*) or Clause 28 (*Changes to the Lenders*),

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement.

“**Letter of Credit**” means any letter of credit, guarantee, bond, indemnity or other instrument in the latest standard form of the Issuing Bank (if any) or a form requested by a Borrower (or the Company on its behalf) and agreed by the Agent with the prior consent of the Majority Lenders and the Issuing Bank.

“**Leverage**” has the meaning given to that term in Clause 25.1 (*Financial Definitions*).

“**LIBOR**” means, in relation to any Loan:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the currency or Interest Period of that Loan) the Base Reference Bank Rate, as of the Specified Time on the Quotation Day for the currency of that Loan and a period comparable to the Interest Period of that Loan.

“**Limitation Acts**” means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

“**Listing**” means a successful application being made for the admission of all or part of the share capital of any member of the Group on any recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or any other public exchange or public market in any jurisdiction or country or any other sale or issue by way of flotation or public offering or any equivalent circumstances in relation to any member of the Group in any jurisdiction or country.

“**LMA**” means the Loan Market Association.

“**Loan**” means a Revolving Facility Loan.

“**Majority Lenders**” means a Lender or Lenders whose Commitments aggregate more than  $66\frac{2}{3}$  per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than  $66\frac{2}{3}$  per cent. of the Total Commitments immediately prior to that reduction).

“**Mandatory Cost**” means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (*Mandatory Cost formula*).

“**Mandatory Prepayment Account**” means an interest-bearing account:

- (a) held in the England by a Borrower with the Agent or Security Agent;
- (b) identified in a letter between the Company and the Agent, or in the name of the account, as a Mandatory Prepayment Account;
- (c) subject to Security in favour of the Security Agent which Security is in form and substance satisfactory to the Agent and Security Agent; and
- (d) from which no withdrawals may be made by any members of the Group except as contemplated by this Agreement, (as the same may be redesignated, substituted or replaced from time to time).

“**Margin**” means:

- (a) in relation to any Loan, 1.50 per cent. per annum; and
- (b) in relation to any other Unpaid Sum, the highest rate specified in the table below,

but where Leverage in respect of the most recently completed Relevant Period (starting with the Relevant Period ending on or about 31 December 2010) is within a range in the table set

out below, then the Margin for each Loan will be the percentage per annum set out below in the column opposite that range:

<b>Leverage</b>	<b>Margin % p.a.</b>
Greater than 2.00:1	2.50
Greater than 1.50:1 but less than or equal to 2.00:1	2.25
Greater than 1.00:1 but less than or equal to 1.50:1	2.00
Greater than 0.75:1 but less than or equal to 1.00:1	1.75
Less than or equal to 0.75:1	1.50

However:

- (i) any increase or decrease in the Margin for a Loan shall take effect on the date (the “**reset date**”) which is the 5 Business Days after receipt by the Agent of the Compliance Certificate for that Relevant Period pursuant to Clause 24.2 (*Provision and contents of Compliance Certificate*);
- (ii) if, following receipt by the Agent of the annual audited financial statements of the Group and related Compliance Certificate, those statements and Compliance Certificate do not confirm the basis for a reduced Margin, then the provisions of Clause 13.2 (*Payment of interest*) shall apply and the Margin for that Loan shall be the percentage per annum determined using the table above and the revised ratio of Leverage calculated using the figures in the Compliance Certificate;
- (iii) while an Event of Default is continuing, the Margin for each Loan shall be the highest percentage per annum set out in the table above; and
- (iv) for the purpose of determining the Margin, Leverage and Relevant Period shall be determined in accordance with Clause 25.1 (*Financial definitions*).

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, assets or financial condition of the Group taken as a whole; or
- (b) the ability of the Obligors (taken as a whole) to perform their payment obligations under the Finance Documents and/or their obligations under Clause 25.2 (*Financial condition*) of this Agreement; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the right or remedies of any Finance Party under any of the Finance Documents.

“**Material Company**” means, at any time:

- (a) the Parent; or
- (b) any other Obligor; or
- (c) a wholly-owned member of the Group that holds shares in an Obligor; or



- (d) a Subsidiary of the Parent which has earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA on an unconsolidated basis and excluding intra-group items and investments in Subsidiaries) representing 5 per cent. or more of Consolidated EBITDA, or has gross assets, net assets or turnover (calculated on an unconsolidated basis and excluding intra-group items and investments in Subsidiaries) representing 5 per cent., or more of the gross assets, net assets or turnover of the Group, calculated on a consolidated basis.

Compliance with the conditions set out in paragraph (d) shall be determined by reference to the most recent Compliance Certificate supplied by the Parent and/or the latest audited financial statements of that Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) and the latest Annual Financial Statements of the Parent. However, if a Subsidiary has been acquired since the date as at which the latest Annual Financial Statements of the Parent were prepared, those financial statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment (if requested by the Agent acting on the instructions of the Majority Lenders) shall be certified by the Group's Auditors as representing an accurate reflection of the revised Consolidated EBITDA, consolidated gross assets, consolidated net assets and/or consolidated turnover of the Group).

A report by the Auditors of the Parent that a Subsidiary is or is not a Material Company shall, in the absence of manifest error, be conclusive and binding on all Parties.

**"McJunkin Group"** means McJunkin Red Man Holding Corporation and its subsidiaries from time to time.

**"McJunkin Loan Notes"** means the 10 year, fixed coupon loan notes issued by the McJunkin UK in favour of McJunkin Red Man Corporation pursuant to:

- (a) a loan note instrument dated 30 October 2009 constituting loan notes with an aggregate principal amount of £24,600,000; and
- (b) a loan note instrument dated 30 October 2009 constituting loan notes with an aggregate principal amount of £59,400,000.

**"McJunkin UK"** means McJunkin Red Man UK Limited a company incorporated in England with registered number 7010190.

**"MOF"** means any overdraft or other bilateral facility made available by a MOF Lender to a Debtor.

**"MOF Agreements"** means the MOF Facility Agreement and each other agreement or letter pursuant to which a MOF is made available.

**"MOF Document"** means all MOF Agreements and any other agreement or document entered into or pursuant to such MOF Agreement.

**"MOF Facility Agreement"** means any agreement entered into by any member of the Group and HSBC Bank plc in relation to the provision of overdraft and other ancillary facilities.

**"MOF Lender"** means:

- (a) the Original MOF Lender; and
- (b) any Lender which becomes a MOF Lender pursuant to Clause 28.9 (*Accession of Hedge Counterparties and MOF Lenders*),

which, in each case is or has become a party to the Security Trust Agreement as a MOF Lender in accordance with the provisions of the Security Trust Agreement.

**“Month”** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

**“New Lender”** has the meaning given to that term in Clause 28 (*Changes to the Lenders*).

**“New Zealand Dollars”** means the lawful currency for the time being of New Zealand.

**“New Zealand Obligor”** means an Obligor incorporated in New Zealand.

**“Non-Acceptable L/C Lender”** means a Lender under the Revolving Facility which:

- (a) is not an Acceptable Bank within the meaning of paragraph (a) of the definition of “Acceptable Bank” (other than a Lender which each Issuing Bank has agreed is acceptable to it notwithstanding that fact); or
- (b) is a Defaulting Lender; or
- (c) has failed to make (or has notified the Agent that it will not make) a payment to be made by it under Clause 7.3 (*Indemnities*) or Clause 30.10 (*Lenders’ indemnity to the Agent*) or any other payment to be made by it under the Finance Documents to or for the account of any other Finance Party in its capacity as Lender by the due date for payment unless the failure to pay falls within the description of any of those items set out at (i)-(ii) of the definition of Defaulting Lender.

**“Non-Consenting Lender”** has the meaning given to that term in Clause 39.3 (*Replacement of Lender*).

**“Obligor”** means a Borrower or a Guarantor.

**“Obligors’ Agent”** means the Company, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.4 (*Obligors’ Agent*).

**“Optional Currency”** means:

- (a) Australian Dollars, New Zealand Dollars, Singapore Dollars, Sterling and US Dollars (together the “**Pre-Approved Currencies**”); and
- (b) a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.3 (*Conditions relating to Optional Currencies*).

**“Original Borrower”** means the company listed in Part I of Schedule 1 ( *The Original Parties*) as the Original Borrower.

**“Original Financial Statements”** means:

- (a) in relation to each Obligor its audited financial statements (or in the case of MRC Transmark B.V., its unaudited financial statements) for its Financial Year ended 2009;
- (b) the consolidated financial statements of the Parent in respect of the financial period ending on or about 30 June 2010.

**“Original New Zealand Obligor”** means MRC Transmark Limited incorporated in New Zealand.

**“Original Obligor”** means an Original Borrower or an Original Guarantor.

**“Participating Member State”** means any member state of the European Communities that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

**“Party”** means a party to this Agreement.

**“Perfection Requirements”** means the making or the procuring of the necessary registrations, filings, endorsements, notarisations, stampings and/or notifications of the Transaction Security Documents and/or the Transaction Security created thereunder.

**“Permitted Acquisition”** means:

- (a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal;
- (b) an acquisition of shares or securities pursuant to a Permitted Share Issue;
- (c) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Transaction Security as soon as is reasonably practicable;
- (d) the incorporation of a company which on incorporation becomes a member of the Group, but only if:
  - (i) that company is incorporated in an Approved Country with limited liability; and
  - (ii) if the shares in the company are owned by an Obligor, Security over the shares of that company, in form and substance satisfactory to the Agent, is created in favour of the Security Agent within 30 days of the date of its incorporation if incorporated in England or within 60 days if incorporated elsewhere;
- (e) an acquisition by way of investment permitted pursuant to Clause 26.9 ( *Joint Ventures*);
- (f) to the extent not permitted in paragraph (h) below, an acquisition by a member of the Group of shares or equity securities (the **“Minority Shares”**) in a member of the Group that is not a wholly-owned Subsidiary and/or in a Permitted Joint Venture (the **“Joint Venture Shares”**), in each case owned by any other shareholder that is not a member of the Group where:

- (i) no Default is continuing at the time of that acquisition or would occur as a result of that acquisition;
  - (ii) subject to the Agreed Security Principles, if the Minority Shares or the Joint Venture Shares are to be owned by an Obligor, Security is given over such the Minority Shares or Joint Venture Shares acquired (as applicable) as soon as reasonably possible and in any event within 30 days if such shares are in a company incorporated in England or 60 days if in a company incorporated in another jurisdiction, after the date of their acquisition in favour of (and in form and substance satisfactory to) the Security Agent (acting reasonably) for the Finance Parties by the member of the Group that acquired those Minority Shares or Joint Venture Shares (as applicable); and
  - (iii) the consideration (including associated cost and expenses) for the Minority Shares or Joint Venture Shares being acquired and any Financial Indebtedness remaining in any such Joint Venture at the date of acquisition to the extent such Financial Indebtedness is not prior to such acquisition accounted for as Borrowings of a member of the Group (the “**Total Acquisition Price**”) does not exceed €15,000,000 (or its equivalent) and the Total Acquisition Price and when aggregated with the Total Acquisition Price for any other Minority Shares and Joint Venture Shares acquired by all members of the Group pursuant to this paragraph (f) in any rolling 12 month period (ending on the scheduled date of such acquisition) (together the “**Aggregate Total Acquisition Price**”) and the Aggregate Total Purchase Price for such period, does not in that rolling 12 month period exceed €30,000,000 (or its equivalent); and
  - (iv) in relation to the acquisition only of any Joint Venture Shares, the Parent has delivered to the Agent not later than 2 Business Days before legally completing such acquisition, a certificate signed by the CFO of the Parent (in a form reasonably acceptable to the Agent) confirming that the Parent reasonably believes (with supporting calculations) that Leverage in respect of any Relevant Period ending on the next 4 Financial Quarters following such acquisition, will be no greater than 2.0:1.
- (g) an acquisition of (A) at least 50.1% of the issued share capital of a limited liability company or (B) (if the acquisition is made by a limited liability company whose sole purpose is to make the acquisition) a business or undertaking carried on as a going concern, but only if:
- (i) no Default is continuing on the closing date for the acquisition or would occur as a result of the acquisition;
  - (ii) the acquired company, business or undertaking is engaged in a business substantially the same as that carried on by the McJunkin Group; and
  - (iii) the consideration (including associated costs and expenses) for the acquisition and any Financial Indebtedness remaining in the acquired company (or any such business) at the date of acquisition (the “**Total Purchase Price**”) does not exceed €15,000,000 (or its equivalent) and the Total Purchase Price when aggregated with the Total Purchase Price for all other Permitted Acquisitions by all members of the Groups pursuant to this paragraph (g) in any rolling 12 month period (ending on the scheduled date of such acquisition) (the “**Aggregate Total Purchase Price**”) and the Aggregate Total Acquisition Price for such period does not in that rolling 12 month period exceed in aggregate €30,000,000 (or its equivalent); and

- (iv) the Parent has delivered to the Agent not later than 2 Business Days before completing such acquisition, a certificate signed by the CFO of the Parent, (in a form reasonably acceptable to the Agent) confirming that the Parent reasonably believes (with supporting calculations) that Leverage in respect of any Relevant Period ending on the next 4 Financial Quarters following such acquisition, will be no greater than 2.0:1; and
- (h) the acquisition by the Parent of all of the shares not owned by it in Transmark DRW GmbH provided that consideration (including associated costs and expenses) and any Financial Indebtedness (to the extent not prior to such acquisition accounted for as Borrowings of a member of the Group) remaining in such company at the date of such acquisition does not exceed €5,000,000 (or its equivalent).

**“Permitted Disposal”** means any sale, lease, licence, transfer or other disposal which, except in the case of paragraph (b), is on arm’s length terms:

- (a) of assets made by any member of the Group in the ordinary course of trading of the disposing entity;
- (b) of any asset by a member of the Group (the **“Disposing Company”**) to another member of the Group (the **“Acquiring Company”**), but if:
  - (i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor;
  - (ii) the Disposing Company had given Security over the asset, the Acquiring Company must give equivalent Security over that asset; and
  - (iii) the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor guaranteeing at all times an amount no less than that guaranteed by the Disposing Company;
- (c) of assets (other than shares and businesses) in exchange for other assets reasonably comparable or superior as to type, value and quality;
- (d) of obsolete, surplus or redundant vehicles, plant and equipment or real estate not required for the operation of the business of the Group as it is being conducted;
- (e) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
- (f) constituted by a licence of intellectual property rights permitted by Clause 26.21 (*Intellectual Property*);
- (g) to a Joint Venture, to the extent permitted by Clause 26.9 (*Joint ventures*);
- (h) arising as a result of any Permitted Security;
- (i) arising as a result of the Permitted Sale and Leaseback;
- (j) of the Singapore Property substantially on the terms disclosed by the Company to the Agent prior to the Signing Date; and
- (k) of assets (other than shares and businesses) for cash where the higher of market value and the net consideration receivable (when aggregated with the net consideration receivable for any other sale, lease, licence, transfer or other disposal

not allowed under the preceding paragraphs) does not exceed in aggregate €2,000,000 (or its equivalent) for the Group in any Financial Year of the Parent.

**“Permitted Distribution”** means

- (a) the payment of a dividend to the Parent or any of its wholly-owned Subsidiaries; or
- (b)
  - (i) the payment of a dividend by the Parent or a reduction of share capital of the Parent;
  - (ii) save as otherwise permitted to be made as a Permitted Payment, the payment to any members of the McJunkin Group of fees for corporate, M&A and/or transaction advice in relation to any restructuring or reorganisation of the Group; and/or
  - (iii) the making of any loan by any member of the Group to McJunkin UK;but only if:
  - (iv) such payment is a dividend or loan to McJunkin UK to be applied by McJunkin UK in payment of interest (but not principal) due and payable on the McJunkin Loan Notes (each a **“Loan Notes Distribution”**) and:
    - (A) the amount of such Loan Notes Distribution made in any Financial Year of the Parent when aggregated with all other such Loan Notes Distributions made in such Financial Year of the Parent as permitted under this paragraph (b) (iv), does not exceed a maximum aggregate amount of £5,880,000 (or its equivalent);
    - (B) the Parent has delivered to the Agent not later than 2 Business Days before making or legally committing to make any such Loan Notes Distribution, a certificate signed by the CFO of the Parent confirming (i) the amount of such Loan Notes Distribution and compliance with paragraph (iv) (A) above and (ii) that the Parent reasonably believes (with supporting calculations) that it will be in compliance with the financial covenants in Clause 25.2 (*Financial condition*) in respect of each Relevant Period ending on the next 4 Financial Quarters following the making of such Loan Notes Distribution;
    - (C) on the date of payment of such Loan Notes Distribution, no Event of Default is continuing under Clause 27.2 (*Financial covenants and other obligations*) as a result of a breach of Clause 25 (*Financial Covenants*); and
    - (D) such Loan Notes Distribution is promptly applied by McJunkin UK in payment of interest due and payable on the McJunkin Loan Notes;
  - (v) in respect of any such payment, reduction or loan other than a Loan Notes Distribution permitted under paragraph (b) (iv) above:
    - (A) on the date of payment of such payment, reduction or loan (each a **“McJunkin Distribution”**), no Event of Default is continuing

under Clause 27.2 (*Financial covenants and other obligations*) as a result of a breach of Clause 25 (*Financial Covenants*);

- (B) the amount of such McJunkin Distribution when aggregated with all other such McJunkin Distributions permitted under this paragraph (b) (v) and made during the 12 month period (the “**Payment Period**”) starting from the date of the delivery of the Annual Financial Statements of the Parent for a Financial Year of the Parent (the “**Payment Year**”) does not exceed an amount equal to 25% of the balance of the Distributable Net Profits for the relevant Payment Year after deducting the aggregate amount of Loan Note Distributions made during such Payment Year;
- (C) the Parent has delivered to the Agent not later than 2 Business Days before making or legally committing to make any such McJunkin Distribution, a certificate signed by the CFO of the Parent confirming (i) the amount of such McJunkin Distribution, (ii) the Distributable Net Profits for relevant Payment Year and compliance with paragraph (v) (B) above and (iii) that the Parent reasonably believes (with supporting calculations) that it will be in compliance with the financial covenants in Clause 25.2 (*Financial condition*) in respect of each Relevant Period ending on the next 4 Financial Quarters following the making of such McJunkin Distribution; and
- (D) such McJunkin Distribution is made during the relevant Payment Period.

“**Permitted Financial Indebtedness**” means Financial Indebtedness:

- (a) arising under any of the Finance Documents;
- (b) to the extent covered by a Letter of Credit or letter of credit, bond, guarantee or indemnity issued under any MOF Agreement;
- (c) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of trade or in respect of Utilisations made in Optional Currencies, but not a foreign exchange transaction for investment or speculative purposes;
- (d) arising under a Permitted Loan or a Permitted Guarantee or as permitted by Clause 26.23 (*Treasury Transactions*);
- (e) arising under or relating to letters of credit, bank guarantees or other documentary credits issued in the ordinary course of trading where such Financial Indebtedness is unsecured (save in respect of the underlying assets and related rights as permitted under paragraph (j) of the definition of Permitted Security) and the aggregate outstanding principal amount does not at any time exceed €5,000,000 for the Group;
- (f) arising under the Cash Pooling Agreement;
- (g) of any person acquired by a member of the Group after the first Utilisation Date which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that

acquisition, and outstanding only for a period of three months following the date of acquisition;

(h) under the Rabobank Facility Agreement and in relation to the Singapore DBS Term Loan provided that, in each case, they are repaid and irrevocably and unconditionally cancelled in full by no later than the first Utilisation Date;

(i) made available by the relevant vendor in connection with any Permitted Acquisition provided that such Financial Indebtedness is fully subordinated behind the Finance Parties on terms satisfactory to the Agent (acting reasonably);

(j) under:

(i) any Finance Leases;

(ii) any factoring, sale or discounting on arm's length terms of receivables; or

(iii) any local facilities provided to any member of the Group by a financial institution on an unsecured basis save as permitted under paragraph (p) of the definition of Permitted Security,

**provided that** the aggregate capital value of all such items so leased under outstanding leases by all members of the Group (calculated in accordance with the Accounting Principles) and/or the aggregate Financial Indebtedness so raised does not in aggregate for the Group exceed €10,000,000 (or its equivalent in other currencies) at any time; and

(k) not permitted by the preceding paragraphs or as a Permitted Transaction and the outstanding principal amount of which does not exceed €1,000,000 (or its equivalent) in aggregate for the Group at any time.

**"Permitted Guarantee"** means:

(a) the endorsement of negotiable instruments in the ordinary course of trade;

(b) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade;

(c) any guarantee of a Joint Venture to the extent permitted by Clause 26.9 (*Joint ventures*);

(d) any guarantee of Permitted Financial Indebtedness;

(e) guarantees (not being guarantees of Financial Indebtedness) guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of the trading including, without limitation, any rental payments of any member of the Group under a lease on arm's length terms and in the ordinary course of business;

(f) given by an Obligor in respect of obligations of another Obligor;

(g) any guarantee or indemnity given to any liquidator or similar officer in connection with a liquidation, winding up or dissolution occurring as part of a Permitted Transaction, in a customary form;

(h) given by a non-Obligor in respect of obligations of another member of the Group;



- (i) any guarantee of any transaction permitted under Clause 26.23 ( *Treasury Transactions*);
- (j) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (b) of the definition of Permitted Security;
- (k) any indemnity given in the ordinary course of the documentation of an acquisition or disposal transaction which is a Permitted Acquisition or Permitted Disposal which indemnity is in a customary form and subject to customary limitations;
- (l) any joint and several liability arising as a result of (the establishment of) a fiscal unity ( *fiscale eenheid*) between the Dutch Obligor;
- (m) any guarantee granted pursuant to a declaration of joint and several liability used for the purpose of Section 2:403 of the Dutch Civil Code (and any residual liability under such declaration pursuant to section 2:404(2) of the Dutch Civil Code); or
- (n) any guarantee not permitted by the preceding paragraphs or as a Permitted Transaction provided that the total aggregate amount permitted under this paragraph (o) may not exceed €1,000,000 (or its equivalent) in aggregate for the Group at any time.

**“Permitted Joint Venture”** means any investment in any Joint Venture where:

- (a) the Joint Venture is incorporated, or established, and carries on its principal business, in an Approved Country;
- (b) the Joint Venture is engaged in a business substantially the same as that carried on by the Group; and
- (c) the aggregate in respect of all such Joint Ventures (**“Joint Venture Investment”**) of:
  - (iv) all amounts subscribed for shares in, lent to, or invested in such Joint Ventures by all members of the Group;
  - (v) the contingent liabilities of all members of the Group under any guarantee given in respect of the liabilities of such Joint Ventures; and
  - (vi) the market value of any assets transferred by all members of the Group to such Joint Ventures, (including all associated costs and expenses) does not exceed €2,000,000 (or its equivalent) in any Financial Year of the Parent.

**“Permitted Loan”** means:

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;
- (b) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, Permitted Financial Indebtedness (except under paragraph (d) of that definition);
- (c) a loan made to a Joint Venture to the extent permitted under Clause 26.9 ( *Joint ventures*);

- (d) a loan made by an Obligor to another Obligor or made by a member of the Group which is not an Obligor to another member of the Group;
- (e) any loan made by an Obligor to a member of the Group which is not an Obligor so long as the aggregate amount of the Financial Indebtedness under all such loans does not exceed €5,000,000 (or its equivalent) for the Group at any time;
- (f) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by all members of the Group does not exceed €500,000 (or its equivalent) at any time;
- (g) a loan permitted as a Permitted Distribution;
- (h) any loan not permitted under the preceding paragraphs so long as the aggregate amount of the Financial Indebtedness under all such loans does not exceed €1,000,000 (or its equivalent) for the Group at any time.

**“Permitted Payment”** means:

- (a) any payment to any member of the McJunkin Group (other than a member of the Group itself) in respect of and/or in reimbursement of costs and expenses for (i) corporate, M&A and/or transaction advice or any other advice in relation to any restructuring or reorganisation of the Group or (ii) the provision to any member of the Group of shared back office or front office services (including, but not limited to services in connection with insurance, IT, marketing, royalties), in each case on bona fide arm's length commercial terms at market value (or on terms that are more favourable to the relevant member of the Group); and
- (b) any payment to McJunkin UK to fund and/or reimburse its administrative costs, director's fees, tax and professional fees and any regulatory costs or in respect of any payment of a management fee and (ii) any payment to any member of the McJunkin Group (other than a member of the Group itself) to fund and/or reimburse costs and expenses incurred in connection with any other services provided to (or incurred in respect of) a member of the Group and not covered by paragraph (a)(ii) above, subject to a maximum aggregate amount in respect of all such payments of €1,000,000 (or its equivalent) in any Financial Year of the Parent

**“Permitted Sale and Leaseback”** means the sale and lease back of the property located at Rohwedderstrasse 6, D-44369 Dortmund, Germany owned by Transmark DRW GmbH for a maximum aggregate consideration of no more than €2,000,000 (or its equivalent).

**“Permitted Security”** means:

- (a) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;
- (b) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only so long as (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of members of the Group which are not Obligors and (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of members of the Group which are not Obligors except, in the case of (i) and (ii) above, to the extent such netting, set-off or Security relates to, or is granted in support of, a loan permitted

pursuant to paragraph (d) of the definition of "Permitted Loan" or is otherwise permitted under the Cash Pooling Agreement;

- (c) any payment or close out netting or set-off arrangement pursuant to any Treasury Transaction or foreign exchange transaction entered into by a member of the Group which constitutes Permitted Financial Indebtedness excluding any Security or Quasi Security under a credit support arrangement;
- (d) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the first Signing Date if:
  - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;
  - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
  - (iii) the Security or Quasi-Security is removed or discharged within three months of the date of acquisition of such asset;
- (e) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the Signing Date, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group if:
  - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
  - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
  - (iii) the Security or Quasi-Security is removed or discharged within three months of that company becoming a member of the Group;
- (f) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group and relating only to the goods supplied;
- (g) any Security or Quasi-Security (existing as at the date of this Agreement) over assets of any member of the Group so long as the Security or Quasi-Security is irrevocably removed or discharged by no later than the first Utilisation Date;
- (h) any security or Quasi-Security as a result of customary escrow arrangements using no more than 20% of the disposal proceeds arising as a result of a disposal which is a Permitted Disposal;
- (i) any Security or Quasi-Security arising as a consequence of any finance or capital lease permitted pursuant to paragraph (j) of the definition of Permitted Financial Indebtedness provided such Security or Quasi-Security relates only to the assets the subject of the relevant lease;
- (j) any Security over goods or documents of title to goods arising in the ordinary course of letter of credit transactions entered into in the ordinary course of trading;

- (k) the Transaction Security and any other Security arising under the Finance Documents;
- (l) payments into court or any Security arising under any court order or injunction in relation to costs arising in connection with any litigation or court proceedings being contested by any member of the Group in good faith (which do not otherwise constitute or give rise to an Event of Default);
- (m) Security by way of set-off or pledge over bank accounts (in favour of the account-holding bank) arising by operation of law in the ordinary course of its banking arrangements or under standard banking terms and conditions;
- (n) any Security arising on rental deposits in connection with the occupation of leasehold premises in the ordinary course of business provided that the aggregate principal amount deposited at any time does not exceed an amount which is customary for such rental deposits provided such Security relates only to the rental deposit;
- (o) any Security or Quasi-Security arising in connection with a Permitted Acquisition over any amount held under an escrow arrangement in respect of a Permitted Acquisition up to a maximum amount of 20% of the purchase price payable in respect of such acquisition;
- (p) any Security or Quasi-Security granted by a member of the Group which is not an Obligor to a financial institution to support local facilities made available directly to it and which are permitted under sub-paragraph (iii) of paragraph (j) of the definition of Permitted Financial Indebtedness;
- (q) all security granted in favour of Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A. in respect of the Rabobank Facility Agreement provided that in each case the same is unconditionally discharged and released to the satisfaction of the Agent (acting reasonably) on or before the first Utilisation Date;
- (r) any Security or Quasi-Security arising over cash cover (which at no time is in an aggregate amount in excess of €350,000 (or its equivalent)) provided by MRC Transmark Pte. Ltd. to DBS Bank Ltd. in respect of facilities provided to MRC Transmark Pte. Ltd. (other than the Singapore DBS Term Loan) provided that it relates only to such cash cover;
- (s) subject to Clause 26.27(b), the Singapore Mortgage; and
- (t) any Security not permitted under the proceeding paragraphs securing indebtedness to the outstanding principal amount of which in aggregate for the Group does not at any time exceed €1,000,000 (or its equivalent).

**“Permitted Share Issue”** means an issue of:

- (a) ordinary shares by the Parent, paid for in full in cash upon issue and which by their terms are not redeemable and where
  - (i) such shares are of the same class and on the same terms as those issued by the Parent before the Signing Date and
  - (ii) such issue does not lead to a Change of Control of the Parent;
- (b) shares by a member of the Group which is a Subsidiary to its immediate Holding Company where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the same terms,

and in respect of both paragraphs (a) and (b) above, which do not constitute or form part of a Listing; or

- (c) any other issue of shares to which the Majority Lenders have given their consent.

**“Permitted Transaction”** means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
- (b) the solvent liquidation or reorganisation (including de-registration) of any member of the Group which is not an Obligor so long as any payments or assets distributed (following settlement of all liabilities to creditors) as a result of such liquidation or reorganisation are distributed to other members of the Group (provided that if the member of the Group which is the subject of the liquidation or reorganisation (including de-registration) is not wholly owned not greater than a pro rata proportion of such payments or assets may be distributed to its minority shareholders);
- (c) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms;
- (d) any payments or other transactions required, permitted and/or contemplated by any Cash Pooling Agreement; or
- (e) a liquidation or re-organisation on a solvent basis of the Parent where:
  - (i) no Default has occurred and is continuing or would result from such liquidation or re-organisation;
  - (ii) the Agent, is given 30 days prior notice of such liquidation or re-organisation and acting reasonably, is satisfied prior to the date of such liquidation or reorganisation that the Finance Parties will enjoy at least the same or equivalent Transaction Security over the same assets of that new member of the Group and the shares in it and the same or equivalent guarantee in an amount not less than that guaranteed by the Parent, in each case as enjoyed by them prior to such liquidation or re-organisation;
  - (iii) all of its business and assets are retained by a new wholly owned Subsidiary of McJunkin UK which is incorporated in England and which has become, or at the same time as such liquidation or re-organisation becomes, an Additional Guarantor and the “Parent” under this Agreement and the Security Trust Agreement and the Agent has received any other documents in a form acceptable to it (acting reasonably) as is required in connection with such Additional Guarantor becoming the “Parent” and to satisfy the Agent under paragraph (ii) above; and
  - (iv) to the extent required under paragraph (f) of Clause 24.3 (*Requirements as to financial statements*) the Agent has received 30 days prior to the date of such liquidation or reorganisation a Reconciliation Statement as required under such Clause 24.3(f) and is satisfied (acting reasonably) with its content;
- (f) the merger of MRC Transmark France SAS and MRC Transmark France EURL where MRC Transmark France SAS is the surviving entity and:
  - (i) no Default has occurred and is continuing or would result from such merger;

- (ii) the merger is completed in accordance with all applicable laws and regulations and the Agent is provided with, promptly following such merger, evidence of the completion of the merger including without limitation a K-bis extract from the “Registre du Commerce et des Sociétés” of Rouen showing that MRC Transmark France EURL has been deleted from such register; and
- (iii) all financial instruments held by the Parent in MRC Transmark France SAS immediately following the merger of MRC Transmark France EURL into MRC Transmark France SAS are immediately credited on the financial instruments account pledged under the Share Pledge Agreement given by the Parent to the Agent under Part I of Schedule 2 (*Conditions Precedent*) and the Agent and the Security Agent are provided at that time with (i) a confirmation of pledge (*attestation de nantissement de compte de titres financiers*) issued by MRC Transmark France SAS and (ii) copies of MRC Transmark France SAS’ shareholder register (*registre de mouvements de titres*) and shareholder’s individual accounts (*comptes individuels d’actionnaires*), evidencing the transfer of such financial instruments held by the Parent on the financial instruments account pledged under the Share Pledge Agreement.

“**Qualifying Lender**” has the meaning given to that term in Clause 17 (*Tax gross-up and indemnities*).

“**Quarter Date**” means the last day of a Financial Quarter.

“**Quarterly Financial Statements**” has the meaning given to that term in Clause 24 (*Information Undertakings*).

“**Quasi-Security**” has the meaning given to that term in Clause 26.12 (*Negative pledge*).

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined:

- (a) (if the currency is sterling) the first day of that period;
- (b) (if the currency is euro) two TARGET Days before the first day of that period; or
- (c) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

“**Rabobank Facility Agreement**” means the term and revolving credit facilities agreement dated 6 July 2005 between, among others, MRC Transmark Group B.V. and Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., as amended from time to time.

“**Receiver**” means a receiver or receiver and manager or administrative receiver (or its equivalent in any jurisdiction) of the whole or any part of the Charged Property.

“**Reduction Date**” has the meaning given to that term in Clause 9.2 (Reduction of Revolving Facility).

“**Reduction Installment**” has the meaning given to that term in Clause 9.2 (Reduction of Revolving Facility).

**“Related Fund”** in relation to a fund (the **“first fund”**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

**“Relevant Interbank Market”** means in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

**“Relevant Jurisdiction”** means, in relation to an Obligor:

- (a) its jurisdiction of incorporation;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (c) any jurisdiction where it conducts its business; and
- (d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

**“Relevant Period”** has the meaning given to that term in Clause 25.1 (*Financial definitions*).

**“Renewal Request”** means a written notice delivered to the Agent in accordance with Clause 6.6 (*Renewal of a Letter of Credit*).

**“Repayment Date”** means the last day of an Interest Period for a Revolving Facility Loan.

**“Repeating Representations”** means each of the representations set out in Clause 23.2 (*Status*) to Clause 23.7 (*Governing law and enforcement*), Clause 23.11 (*No default*), paragraph (e) and (f) of Clause 23.13 (*Original Financial Statements*), Clause 23.19 (*Ranking*) to Clause 23.21 (*Shares*) and Clause 23.25 (*Centre of main interests and establishments*).

**“Representative”** means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

**“Resignation Letter”** means a letter substantially in the form set out in Schedule 8 (*Form of Resignation Letter*).

**“Revolving Facility”** means the revolving credit facility made available under this Agreement as described in paragraph (a) of Clause 2.1 (*The Facility*).

**“Revolving Facility Commitment”** means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Revolving Facility Commitment” in Part III of Schedule 1 (*The Original Parties*) and the amount of any other Revolving Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and
- (b) in relation to any other Lender, the amount in the Base Currency of any Revolving Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

**“Revolving Facility Loan”** means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan.

**“Revolving Facility Utilisation”** means a Revolving Facility Loan or a Letter of Credit.

**“Rollover Loan”** means one or more Revolving Facility Loans:

- (a) made or to be made on the same day that:
  - (i) a maturing Revolving Facility Loan is due to be repaid; or
  - (ii) a demand by the Agent pursuant to a drawing in respect of a Letter of Credit is due to be met;
- (b) the aggregate amount of which is equal to or less than the amount of the maturing Revolving Facility Loan or the relevant claim in respect of that Letter of Credit;
- (c) in the same currency as the maturing Revolving Facility Loan (unless it arose as a result of the operation of Clause 8.2 (*Unavailability of a currency*)) or the relevant claim in respect of that Letter of Credit; and
- (d) made or to be made to the same Borrower for the purpose of:
  - (i) refinancing that maturing Revolving Facility Loan; or
  - (ii) satisfying the relevant claim in respect of that Letter of Credit.

**“Screen Rate”** means:

- (a) in relation to LIBOR, the British Bankers’ Association Interest Settlement Rate for the relevant currency and period; and
- (b) in relation to EURIBOR, the percentage rate per annum determined by the Banking Federation of the European Union for the relevant period,

displayed on the appropriate page of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Lenders.

**“Secured Parties”** has the meaning given to it in the Security Trust Agreement.

**“Security”** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**“Security Trust Agreement”** means the security trust agreement dated on or about the first Utilisation Date and made between, among others, the Original Obligors and HSBC Bank plc in various capacities.

**“Separate Loan”** has the meaning given to that term in Clause 9.1 (*Repayment of Revolving Facility Loans*).

**“Signing Date”** means the date of this Agreement.

**“Singapore Dollars”** means the lawful currency for the time being of Singapore.

**“Singapore DBS Term Loan”** means the term loan facility of up to SGD1,897,000 extended by DBS Bank Ltd. to MRC Transmark Pte. Ltd. pursuant to, among other things, the facility



letter dated 11 June 2009 from DBS Bank Ltd. to Transmark FCX Pte. Ltd. (now known as MRC Transmark Pte. Ltd.).

**“Singapore Mortgage”** means the mortgage granted by MRC Transmark Pte. Ltd. in favour of DBS Bank Ltd. (formerly known as the Development Bank of Singapore Limited) over the Singapore Property.

**“Singapore Obligor”** means an Obligor incorporated in Singapore.

**“Singapore Property”** means Lot 363 of Mukim 14 comprising premises known as 82 Mandai Estate, Singapore 729920 owned by MRC Transmark Pte. Ltd..

**“Specified Time”** means a time determined in accordance with Schedule 10 ( *Timetables*).

**“Sterling”** means the lawful currency for the time being of the United Kingdom.

**“Subsidiary”** means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

**“TARGET2”** means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

**“TARGET Day”** means any day on which TARGET2 is open for the settlement of payments in euro.

**“Tax”** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**“Term”** means each period determined under this Agreement for which the Issuing Bank is under a liability under a Letter of Credit.

**“Termination Date”** means the date falling three years from the Signing Date.

**“Total Commitments”** means the Total Revolving Facility Commitments.

**“Total Revolving Facility Commitments”** means the aggregate of the Revolving Facility Commitments, being €60,000,000 at the date of this Agreement.

**“Trade Instruments”** means any performance bonds, advance payment bonds or documentary letters of credit issued in respect of the obligations of any member of the Group arising in the ordinary course of trading of that member of the Group.

**“Transaction Security”** means the Security created or expressed to be created in favour of the Security Agent pursuant to the Transaction Security Documents.

**“Transaction Security Documents”** means each of the documents listed in Part III of Schedule 2 ( *Conditions Precedent*) and any document required to be delivered to the Agent under paragraph 17 of Part II of Schedule 2 ( *Conditions Precedent*) together with any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents or by its Holding Company creating or expressed to create any Security over all or any of the shares in an Obligor.

**“Transfer Certificate”** means a certificate substantially in the form set out in Schedule 5 ( *Form of Transfer Certificate*) or any other form agreed between the Agent and the Parent.

**“Transfer Date”** means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

**“Treasury Transactions”** means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

**“Unpaid Sum”** means any sum due and payable but unpaid by an Obligor under the Finance Documents.

**“US Dollars”** means the lawful currency for the time being of the United States of America.

**“Utilisation”** means a Loan or a Letter of Credit.

**“Utilisation Date”** means the date of a Utilisation, being the date on which the relevant Loan is to be made or the relevant Letter of Credit is to be issued.

**“Utilisation Request”** means:

- (a) in respect of a Loan a notice substantially in the relevant form set out in Schedule 3 (*Utilisation Request Loans*); and
- (b) in respect of a Letter of Credit, the relevant standard form required by the Issuing Bank in relation to the issue of guarantees, letters of credit and/or bonds or (if not appropriate) such other form as the Issuing Bank may reasonably require.

**“VAT”** means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature imposed in any jurisdiction.

**“Whitewash Completion Date”** means the date which is 14 clear days after all Whitewash Documents are lodged with the Australian Securities and Investments Commission.

**“Whitewash Documents”** means the documents, in a form approved by the Agent, required to be lodged with the Australian Securities and Investments Commission under section 260B of the Corporations Act for the purposes of approving the financial assistance being given by MRC Transmark Pty Ltd under the Finance Documents to which it is proposed to be a party in accordance with section 260A(1)(b) of the Corporations Act.

## 1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

- (i) the **“Agent”**, the **“Arranger”**, any **“Finance Party”**, any **“Hedge Counterparty”** any **“Issuing Bank”**, any **“Lender”**, any **“MOF Lender”**, any **“Obligor”**, any **“Party”**, any **“Secured Party”**, the **“Security Agent”** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
- (ii) a document in **“agreed form”** is a document which is previously agreed in writing by or on behalf of the Parent and the Agent or, if not so agreed, is in the form specified by the Agent;

- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iv) a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;
- (v) “**guarantee**” means (other than in Clause 22 (*Guarantee and Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
- (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
- (vii) a Lender’s “**participation**” in relation to a letter of credit, shall be construed as a reference to the relevant amount that is or may be payable by a Lender in relation to that Letter of Credit;
- (viii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);
- (ix) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but if not having the force of law being one with which it is the practice of the relevant person to comply) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
- (x) a “**security interest**” includes, in the case of a New Zealand Obligor, a “security interest” as that term is defined in section 17(1)(a) of the Personal Property Securities Act 1999 (NZ);
- (xi) a provision of law is a reference to that provision as amended or re-enacted; and
- (xii) a time of day is a reference to London time.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Borrower providing “**cash cover**” for a Letter of Credit means a Borrower paying an amount in the currency of the Letter of Credit to an interest-bearing account in the name of the Borrower and the following conditions being met:
  - (i) the account is with the Security Agent or with the Issuing Bank for which that cash cover is to be provided;

- (ii) subject to paragraph (b) of Clause 7.5 (*Cash Cover by Borrower*), until no amount is or may be outstanding under that Letter of Credit withdrawals from the account may only be made to pay a Finance Party amounts due and payable to it under this Agreement in respect of that Letter of Credit; and
  - (iii) the Borrower has executed a security document over that account, in form and substance satisfactory to the Security Agent or the Issuing Bank with which that account is held, creating a first ranking security interest over that account.
- (e) An Event of Default arising under Clause 27.1 (*Non-Payment*), Clause 27.2 (*Financial covenants and other obligations*) as a result of a breach of clause 25 (*Financial covenants*), Clause 27.6 (*Insolvency*) and/or 27.7 (*Insolvency proceedings*) is “**continuing**” if it has not been waived and any Default or any other Event of Default is “**continuing**” if it has not been remedied or waived.
- (f) A Borrower “**repaying**” or “**prepaying**” a Letter of Credit means:
- (i) that Borrower providing cash cover for that Letter of Credit;
  - (ii) the maximum amount payable under the Letter of Credit being reduced or cancelled in accordance with its terms; or
  - (iii) the Issuing Bank being satisfied that it has no further liability under that Letter of Credit,
- and the amount by which a Letter of Credit is repaid or prepaid under paragraphs (f)(i) and (f)(ii) above is the amount of the relevant cash cover or reduction.
- (g) A Lender funding its participation in a Utilisation includes a Lender participating in a Letter of Credit.
- (h) An outstanding amount of a Letter of Credit at any time is the maximum amount that is or may be payable by the relevant Borrower in respect of that Letter of Credit at that time.

### 1.3 Belgian terms

Insofar as it applies to a Belgian Obligor or any other member of the Group incorporated in Belgium, a reference in this Agreement to:

- (a) a “**liquidator**”, “**compulsory manager**”, “**receiver**”, “**administrative receiver**”, “**administrator**” or similar officer includes any curator/curateur, vereffenaar/liquidateur, gedelegeerd rechter/juge délégué, gerechtsmandataris/ mandataire de justice, voorlopig bewindvoerder/administrateur provisoire, gerechtelijk bewindvoerder/administrateur judiciaire, mandataris ad hoc/mandataire ad hoc and sekwesters/séquestres;
- (b) “**Security**” includes a mortgage (hypotheek/hypothèque), a pledge (pand/gage), a transfer by way of security (overdracht ten titel van zekerheid/transfert à titre de garantie), any other proprietary security interest (zakelijke zekerheid/sûreté réelle), a mandate to grant a mortgage, a pledge or any other real surety, a privilege (voorrecht/privilege) and a retention of title (eigendomsvoorbehoud/réserve de propriété);
- (c) a person being “**unable to pay its debts**” is that person being in a state of cessation of payments (staking van betaling/cessation de paiements);

- (d) **“commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness ”** includes any negotiations conducted with a view to reaching a settlement agreement (minnelijk akkoord/accord amiable) with two or more of its creditors pursuant to the Belgian Act of 31 January 2009 on the continuity of enterprises;
- (e) a **“composition”** includes any gerechtelijke reorganisatie/réorganisation judiciaire;
- (f) **“winding-up”, “administration” or “dissolution”** includes any vereffening/liquidation, ontbinding/dissolution and faillissement/faillite; and
- (g) **“attachment”, “sequestration”, “distress”, “execution”** or analogous procedures includes any uitvoerend beslag/saisie-exécution and bewarend beslag/saisie conservatoire.

#### 1.4 Dutch Terms

In this Agreement, where it relates to a Dutch entity, a reference to:

- (a) a necessary action to authorise where applicable, includes without limitation:
  - (i) any action required to comply with the Works Councils Act of the Netherlands (*Wet op de ondernemingsraden*); and
  - (ii) obtaining an unconditional positive advice (*advies*) from the competent works council(s);
- (b) a security interest includes any mortgage (*hypotheek*), pledge (*pandrecht*), retention of title arrangement (*eigendomsvoorbehoud*), privilege (*voorrecht*), right of retention (*recht van retentie*), right to reclaim goods (*recht van reclame*), and, in general, any right in rem (*beperkt recht*), created for the purpose of granting security (*goederenrechtelijk zekerheidsrecht*);
- (c)
  - (i) a winding-up, administration or dissolution includes a Dutch entity being declared bankrupt (*failliet verklaard*) or dissolved (*ontbonden*);
  - (ii) a moratorium includes *surseance van betaling* and a moratorium is declared or occurs includes *surseance verleend*;
  - (iii) a suspension of payments includes a “including emergency regulations (*noodregeling*) under the Dutch Financial Supervision Act (*Wet op het financieel toezicht*);
  - (iv) any step or procedure taken in connection with insolvency proceedings includes a Dutch entity having filed a notice under article 36 of the Tax Collection Act of the Netherlands (*Invorderingswet 1990*) or article 60 of the Social Insurance Financing Act of the Netherlands (*Wet Financiering Sociale Verzekeringen*) in conjunction with article 36 of the Tax Collection Act of the Netherlands (*Invorderingswet 1990*);
  - (v) a trustee in bankruptcy includes a *curator*;
  - (vi) an administrator includes a *bewindvoerder*; and
  - (vii) an attachment includes a *beslag*.”

## 1.5 PPS Law — Australia

If:

- (a) a PPS Law applies, or will apply at a future date, to any of the Finance Documents or any of the transactions contemplated by them, or the Agent determines (based on legal advice) that a PPS Law applies or will apply at a future date in this manner; and
- (b) in the opinion of the Agent (based on legal advice), the PPS Law:
  - (i) adversely affects or would adversely affect a Finance Party's security position or the rights or obligations of the Finance Party under or in connection with the Finance Documents; or
  - (ii) enables or would enable a Finance Party's security position to be improved without adversely affecting any Obligor's business in a material respect,

the Agent may give notice to each Obligor requiring each Obligor to do anything (including amending any Finance Document or executing any new Finance Document) that in the Agent's opinion is necessary to ensure that, to the maximum possible extent, each Finance Party's security position, and rights and obligations, are not adversely affected as contemplated by clause 1.5(b)(i) (or that any such adverse effect is overcome), or that a Finance Party's security position is improved as contemplated in clause 1.5(b)(ii). Each Obligor must comply with the requirements of that notice within the time stipulated in the notice.

(c) In this clause 1.5, "**PPS Law**" means:

- (i) the Personal Property Securities Act 2009 (Cth) (the "**PPS Act**"); and
- (ii) any amendment made at any time to any other law or regulation as a consequence of the PPS Act.

## 1.6 Singapore Terms

Insofar as it applies to any Material Company incorporated in Singapore, a reference in Clause 27.7(a) of this Agreement to such "analogous procedure or step" shall include (i) any application made or petition presented for an order to place such Material Company under judicial management of a judicial manager pursuant to the Singapore Companies Act (Cap. 50) or under any other law, and (ii) such Material Company becoming insolvent or becoming unable or deemed unable to pay its debts within the meaning of Section 254(2) of the Singapore Companies Act (Cap. 50) or under any other law.

## 1.7 Effective date — Australian Obligor

- (a) Notwithstanding any other provision of this Agreement (other than clause 1.7(b)), neither this Agreement nor any Accession Deed has any force or effect against or in respect of MRC Transmark Pty Ltd ACN 080 156 378 prior to the Whitewash Completion Date to the extent that performance of the obligations under this Agreement or any such Accession Deed by MRC Transmark Pty Ltd ACN 080 156 378 would breach section 260A of the Corporations Act.
- (b) On and from the Whitewash Completion Date, this Agreement and any Accession Deed is automatically in full force and effect against and in respect of MRC Transmark Pty Ltd ACN 080 156 378 without the need for any further action or notice by any person.

## 1.8 Third party rights

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

## 2. THE FACILITY

### 2.1 The Facility

- (a) Subject to the terms of this Agreement, the Lenders make available a multicurrency revolving credit facility in an aggregate amount the Base Currency Amount of which is equal to the Total Revolving Facility Commitments.
- (b) The Facility will be available to all the Borrowers.

### 2.2 Increase

- (a) The Parent may by giving prior notice to the Agent by no later than the date falling three Business Days after the effective date of a cancellation of:
  - (i) the Available Commitments of a Defaulting Lender in accordance with Clause 10.6 (*Right of cancellation in relation to a Defaulting Lender*); or
  - (ii) the Commitments of a Lender in accordance with Clause 10.1 (*Illegality*),request that the Total Commitments be increased (and the Total Commitments under that Facility shall be so increased) in an aggregate amount in the Base Currency of up to the amount of the Available Commitments or Commitments so cancelled as follows:
  - (iii) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an “**Increase Lender**”) selected by the Parent and each of which confirms its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
  - (iv) each of the Obligors and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligors and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;
  - (v) each Increase Lender shall become a Party as a “Lender” and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
  - (vi) the Commitments of the other Lenders shall continue in full force and effect; and
  - (vii) any increase in the Total Commitments shall take effect on the date specified by the Parent in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.

- (b) An increase in the Total Commitments will only be effective on:
  - (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender;
  - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
    - (A) the Increase Lender entering into the documentation required for it to accede as a party to the Security Trust Agreement; and
    - (B) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender, the completion of which the Agent shall promptly notify to the Parent, the Increase Lender and the Issuing Bank; and
  - (iii) in the case of an increase in the Total Revolving Facility Commitments, the Issuing Bank consenting to that increase.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) Unless the Agent otherwise agrees or the increased Commitment is assumed by an existing Lender, the Parent shall, on the date upon which the increase takes effect, promptly on demand pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.2.
- (e) The Parent may pay to the Increase Lender a fee in the amount and at the times agreed between the Parent and the Increase Lender in a Fee Letter.
- (f) Clause 28.5 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.2 in relation to an Increase Lender as if references in that Clause to:
  - (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
  - (ii) the “**New Lender**” were references to that “**Increase Lender**”; and
  - (iii) a “**re-transfer**” and “**re-assignment**” were references to respectively a “**transfer**” and “**assignment**”.

### 2.3 Finance Parties’ rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.



- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

## 2.4 **Obligors' Agent**

- (a) Each Obligor (other than the Company) by its execution of this Agreement or an Accession Deed irrevocably appoints the Company to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
  - (i) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests), to execute on its behalf any Accession Deed, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
  - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Company,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

## 3. **PURPOSE**

### 3.1 **Purpose**

Each Borrower shall apply all amounts borrowed by it under the Revolving Facility towards:

- (a) refinancing any amounts payable under the Rabobank Facility Agreement in full; and
- (b) otherwise each Borrower shall apply all amounts borrowed by it under the Revolving Facility, any Letter of Credit (funded out of the Revolving Facility) towards the general corporate and working capital purposes of the Group (including any Permitted Acquisition).

### 3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

#### **4. CONDITIONS OF UTILISATION**

##### **4.1 Initial conditions precedent**

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to any Utilisation if on or before the Utilisation Date for that Utilisation, the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the Parent and the Lenders promptly upon being so satisfied. If the Agent has not received (or waived the right to receive) such documents and evidence by the date being 90 days from the date of this Agreement, the Facility shall be automatically cancelled in full.

##### **4.2 Further conditions precedent**

Subject to Clause 4.1 (*Initial Conditions Precedent*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*), if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Loan, and in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation; and
- (b) in relation to the first Utilisation Date, all the representations and warranties in Clause 23 (*Representations*) or, in relation to any other Utilisation, the Repeating Representations to be made by each Obligor are true in all material respects.

##### **4.3 Conditions relating to Optional Currencies**

- (a) A currency will constitute an Optional Currency in relation to a Revolving Facility Utilisation if:
  - (i) it is a Pre-Approved Currency; or
  - (ii) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Utilisation and has been approved by the Agent (acting on the instructions of all the Lenders) on or prior to receipt by the Agent of the relevant Utilisation Request for that Utilisation.
- (b) If the Agent has received a written request from the Company for a currency to be approved under paragraph (a)(ii) above, the Agent will confirm to the Company by the Specified Time:
  - (i) whether or not the Lenders have granted their approval; and
  - (ii) if approval has been granted, the minimum amount for any subsequent Utilisation of a Revolving Facility Loan in that currency.

##### **4.4 Maximum number of Utilisations**

- (a) A Borrower (or the Company) may not deliver a Utilisation Request if as a result of the proposed Utilisation 20 or more Revolving Facility Loans would be outstanding.
- (b) Any Loan made by a single Lender under Clause 8.2 (*Unavailability of a currency*) shall not be taken into account in this Clause 4.4.
- (c) Any Separate Loan shall not be taken into account in this Clause 4.4.

## **5. UTILISATION — LOANS**

### **5.1 Delivery of a Utilisation Request**

A Borrower (or the Company on its behalf) may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

### **5.2 Completion of a Utilisation Request for Loans**

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
  - (i) it identifies the Facility to be utilised;
  - (ii) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;
  - (iii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and
  - (iv) the proposed Interest Period complies with Clause 14 (*Interest Periods*).
- (b) Only one Utilisation may be requested in each Utilisation Request.

### **5.3 Currency and amount**

- (a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.
- (b) The amount of the proposed Utilisation must be:
  - (i) if the currency selected is the Base Currency, a minimum of €250,000 or, if less, the Available Facility; or
  - (ii) if the currency selected is a Pre-Approved Currency, a minimum of USD300,000, AUD350,000, GBP200,000, NZD450,000, SGD400,000 or, if less, the Available Facility; or
  - (iii) if the currency selected is an Optional Currency, the minimum amount specified by the Agent pursuant to paragraph (b)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*) or, if less, the Available Facility.

### **5.4 Lenders' participation**

- (a) If the conditions set out in this Agreement have been met, and subject to Clause 9.1 (*Repayment of Revolving Facility Loans*), each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.
- (b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.
- (c) The Agent shall determine the Base Currency Amount of each Revolving Facility Loan which is to be made in an Optional Currency and notify each Lender of the amount, currency and the Base Currency Amount of each Loan, the amount of its participation in that Loan and, if different, the amount of that participation to be made available in cash by the Specified Time.

## 5.5 Limitations on Utilisations

The maximum aggregate Base Currency Amount of all Letters of Credit shall not exceed €20,000,000.

## 5.6 Cancellation of Commitment

The Revolving Facility Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for the Revolving Facility.

## 6. UTILISATION — LETTERS OF CREDIT

### 6.1 The Revolving Facility

- (a) The Revolving Facility may be utilised by way of Letters of Credit.
- (b) Other than Clause 5.5 (*Limitations on Utilisations*), Clause 5 (*Utilisation — Loans*) does not apply to utilisations by way of Letters of Credit.

### 6.2 Delivery of a Utilisation Request for Letters of Credit

A Borrower (or the Company on its behalf) may request a Letter of Credit to be issued by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

### 6.3 Completion of a Utilisation Request for Letters of Credit

Each Utilisation Request for a Letter of Credit is irrevocable and will not be regarded as having been duly completed unless:

- (a) it identifies the Borrower of the Letter of Credit;
- (b) the proposed Utilisation Date is a Business Day within the Availability Period applicable to the Revolving Facility;
- (c) the currency and amount of the Letter of Credit comply with Clause 6.4 (*Currency and amount*);
- (d) if the Letter of Credit is not in the Issuing Bank's standard form, the form of Letter of Credit is attached;
- (e) the Expiry Date of the Letter of Credit is no more than 3 years from the date of issue; and
- (f) the identity of the beneficiary is approved by all the Lenders (acting reasonably).

### 6.4 Currency and amount

- (a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.

- (b) Subject Clause 5.5 (*Limitations on Utilisations*), the amount of the proposed Letter of Credit must be an amount whose Base Currency Amount is not more than the Available Facility.

#### 6.5 Issue of Letters of Credit

- (a) If the conditions set out in this Agreement have been met, the Issuing Bank shall issue the Letter of Credit on the Utilisation Date.
- (b) Subject to Clause 4.1 (*Initial Conditions Precedent*), the Issuing Bank will only be obliged to comply with paragraph (a) above, if on the date of the Utilisation Request or Renewal Request and on the proposed Utilisation Date:
  - (i) in the case of a Letter of Credit to be renewed in accordance with Clause 6.6 (*Renewal of a Letter of Credit*) no Event of Default is continuing or would result from the proposed Utilisation and, in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation; and
  - (ii) in relation to any Utilisation on the first Utilisation Date, all the representations and warranties in Clause 23 (*Representations*) or, in relation to any other Utilisation, the Repeating Representations to be made by each Obligor are true in all material respects.
- (c) The amount of each Lender's participation in each Letter of Credit will be equal to the proportion borne by its Available Commitment to the Available Facility (in each case in relation to the Revolving Facility) immediately prior to the issue of the Letter of Credit.
- (d) The Agent shall determine the Base Currency Amount of each Letter of Credit which is to be issued in an Optional Currency and shall notify the Issuing Bank and each Lender of the details of the requested Letter of Credit and its participation in that Letter of Credit by the Specified Time.

#### 6.6 Renewal of a Letter of Credit

- (a) A Borrower (or the Company on its behalf) may request that any Letter of Credit issued on behalf of that Borrower be renewed by delivery to the Agent of a Renewal Request in substantially similar form to a Utilisation Request for a Letter of Credit by the Specified Time.
- (b) The Finance Parties shall treat any Renewal Request in the same way as a Utilisation Request for a Letter of Credit except that the conditions set out in paragraph (d) of Clause 6.3 (*Completion of a Utilisation Request for Letters of Credit*) shall not apply.
- (c) The terms of each renewed Letter of Credit shall be the same as those of the relevant Letter of Credit immediately prior to its renewal, except that:
  - (i) its amount may be less than the amount of the Letter of Credit immediately prior to its renewal; and
  - (ii) its Term shall start on the date which was the Expiry Date of the Letter of Credit immediately prior to its renewal, and shall end on the proposed Expiry Date specified in the Renewal Request.
- (d) If the conditions set out in this Agreement have been met, the Issuing Bank shall amend and re-issue any Letter of Credit pursuant to a Renewal Request.

## 6.7 Reduction of a Letter of Credit

- (a) If, on the proposed Utilisation Date of a Letter of Credit, any of the Lenders under the Revolving Facility is a Non-Acceptable L/C Lender and:
  - (i) that Lender has failed to provide cash collateral to the Issuing Bank in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender*); and
  - (ii) either:
    - (A) the Issuing Bank has not required the relevant Borrower to provide cash cover pursuant to Clause 7.5 (*Cash cover by Borrower*); or
    - (B) the relevant Borrower has failed to provide cash cover to the Issuing Bank in accordance with Clause 7.5 (*Cash cover by Borrower*),

the Issuing Bank may reduce the amount of that Letter of Credit by an amount equal to the amount of the participation of that Non-Acceptable L/C Lender in respect of that Letter of Credit and that Non-Acceptable L/C Lender shall be deemed not to have any participation (or obligation to indemnify the Issuing Bank) in respect of that Letter of Credit for the purposes of the Finance Documents.

- (b) The Issuing Bank shall notify the Agent of each reduction made pursuant to this Clause 6.7.
- (c) This Clause 6.7 shall not affect the participation of each other Lender in that Letter of Credit.

## 6.8 Revaluation of Letters of Credit

- (a) If any Letters of Credit are denominated in an Optional Currency, the Agent shall at six monthly intervals after the date of the Letter of Credit recalculate the Base Currency Amount of each Letter of Credit by notionally converting into the Base Currency the outstanding amount of that Letter of Credit on the basis of the Agent's Spot Rate of Exchange on the date of calculation.
- (b) The Parent shall, if requested by the Agent within three days of any calculation under paragraph (a) above, ensure that within three Business Days sufficient Revolving Facility Utilisations are prepaid to prevent the Base Currency Amount of the Revolving Facility Utilisations exceeding the Total Revolving Facility Commitments following any adjustment to a Base Currency Amount under paragraph (a) of this Clause 6.8.

## 7. LETTERS OF CREDIT

### 7.1 Immediately payable

If a Letter of Credit or any amount outstanding under a Letter of Credit is expressed to be immediately payable, the Borrower that requested (or on behalf of which the Company requested) the issue of that Letter of Credit shall repay or prepay that amount immediately.

### 7.2 Claims under a Letter of Credit

- (a) Each Borrower irrevocably and unconditionally authorises the Issuing Bank to pay any claim made or purported to be made under a Letter of Credit requested by it (or requested by the Company on its behalf) and which appears on its face to be in order (in this Clause 7, a "**claim**").

- (b) Each Borrower shall immediately on demand pay to the Agent for the Issuing Bank an amount equal to the amount of any claim.
- (c) Each Borrower acknowledges that the Issuing Bank:
  - (i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and
  - (ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.
- (d) The obligations of a Borrower under this Clause 7 will not be affected by:
  - (i) the sufficiency, accuracy or genuineness of any claim or any other document; or
  - (ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.

### 7.3 Indemnities

- (a) Each Borrower shall immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct) in acting as the Issuing Bank under any Letter of Credit requested by (or on behalf of) that Borrower.
- (b) Each Lender shall (according to its L/C Proportion) immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct) in acting as the Issuing Bank under any Letter of Credit (unless the Issuing Bank has been reimbursed by an Obligor pursuant to a Finance Document).
- (c) If any Lender is not permitted (by its constitutional documents or any applicable law) to comply with paragraph (b) above, then that Lender will not be obliged to comply with paragraph (b) and shall instead be deemed to have taken, on the date the Letter of Credit is issued (or if later, on the date the Lender's participation in the Letter of Credit is transferred or assigned to the Lender in accordance with the terms of this Agreement), an undivided interest and participation in the Letter of Credit in an amount equal to its L/C Proportion of that Letter of Credit. On receipt of demand from the Agent, that Lender shall pay to the Agent (for the account of the Issuing Bank) an amount equal to its L/C Proportion of the amount demanded.
- (d) The Borrower which requested (or on behalf of which the Company requested) a Letter of Credit shall immediately on demand reimburse any Lender for any payment it makes to the Issuing Bank under this Clause 7.3 in respect of that Letter of Credit.
- (e) The obligations of each Lender or Borrower under this Clause are continuing obligations and will extend to the ultimate balance of sums payable by that Lender or Borrower in respect of any Letter of Credit, regardless of any intermediate payment or discharge in whole or in part.
- (f) The obligations of any Lender or Borrower under this Clause will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause (without limitation and whether or not known to it or any other person) including:

- (i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Letter of Credit or any other person;
- (ii) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor or any member of the Group;
- (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor, any beneficiary under a Letter of Credit or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Letter of Credit or any other person;
- (v) any amendment (however fundamental) or replacement of a Finance Document, any Letter of Credit or any other document or security;
- (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Letter of Credit or any other document or security; or
- (vii) any insolvency or similar proceedings.

#### 7.4 **Cash collateral by Non-Acceptable L/C Lender**

- (a) If, at any time, a Lender under the Revolving Facility is a Non-Acceptable L/C Lender, the Issuing Bank may, by notice to that Lender, request that Lender to pay and that Lender shall pay, on or prior to the date falling three Business Days after the request by the Issuing Bank, an amount equal to that Lender's L/C Proportion of the outstanding amount of a Letter of Credit and in the currency of that Letter of Credit to an interest-bearing account held in the name of that Lender with the Issuing Bank.
- (b) The Non-Acceptable L/C Lender to whom a request has been made in accordance with paragraph (a) above shall enter into a security document or other form of collateral arrangement over the account, in form and substance satisfactory to the Issuing Bank, as collateral for any amounts due and payable under the Finance Documents by that Lender to the Issuing Bank in respect of that Letter of Credit.
- (c) Until no amount is or may be outstanding under that Letter of Credit, withdrawals from the account may only be made to pay to the Issuing Bank amounts due and payable to the Issuing Bank by the Non-Acceptable L/C Lender under the Finance Documents in respect of that Letter of Credit.
- (d) Each Lender under the Revolving Facility shall notify the Agent and the Company:
  - (i) on the date of this Agreement or on any later date on which it becomes such a Lender in accordance with Clause 2.2 (*Increase*) or Clause 28 (*Changes to the Lenders*) whether it is a Non-Acceptable L/C Lender; and
  - (ii) as soon as practicable upon becoming aware of the same, that it has become a Non-Acceptable L/C Lender, and an indication in Schedule 1 (*The Original Parties*), in a Transfer Certificate, in an Assignment Agreement or in an Increase Confirmation to that effect will constitute a



notice under paragraph (d)(i) to the Agent and, upon delivery in accordance with Clause 28.8 (*Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Parent*), to the Parent.

- (e) Any notice received by the Agent pursuant to paragraph (d) above shall constitute notice to the Issuing Bank of that Lender's status and the Agent shall, upon receiving each such notice, promptly notify the Issuing Bank of that Lender's status as specified in that notice.

- (f) If a Lender who has provided cash collateral in accordance with this Clause 7.4:

- (i) ceases to be a Non-Acceptable L/C Lender; and
  - (ii) no amount is due and payable by that Lender in respect of a Letter of Credit,

that Lender may, at any time it is not a Non-Acceptable L/C Lender, by notice to the Issuing Bank request that an amount equal to the amount of the cash provided by it as collateral in respect of that Letter of Credit (together with any accrued interest) standing to the credit of the relevant account held with the Issuing Bank be returned to it and the Issuing Bank shall pay that amount to the Lender within three Business Days after the request from the Lender (and shall cooperate with the Lender in order to procure that the relevant security or collateral arrangement is released and discharged).

#### **7.5 Cash cover by Borrower**

- (a) If a Lender which is a Non-Acceptable L/C Lender fails to provide cash collateral (or notifies the Issuing Bank that it will not provide cash collateral) in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender*) and the Issuing Bank notifies the Obligors' Agent (with a copy to the Agent) that it requires the Borrower of the relevant Letter of Credit or proposed Letter of Credit to provide cash cover to an account with the Issuing Bank in an amount equal to that Lender's L/C Proportion of the outstanding amount of that Letter of Credit and in the currency of that Letter of Credit then that Borrower shall do so within three Business Days after the notice is given.
- (b) Notwithstanding paragraph (d) of Clause 1.2 (*Construction*), the Issuing Bank may agree to the withdrawal of amounts up to the level of that cash cover from the account if:
  - (i) it is satisfied that the relevant Lender is no longer a Non-Acceptable L/C Lender; or
  - (ii) the relevant Lender's obligations in respect of the relevant Letter of Credit are transferred to a New Lender in accordance with the terms of this Agreement; or
  - (iii) an Increase Lender has agreed to undertake the obligations in respect of the relevant Lender's L/C Proportion of the Letter of Credit.
- (c) To the extent that a Borrower has complied with its obligations to provide cash cover in accordance with this Clause 7.5, the relevant Lender's L/C Proportion in respect of that Letter of Credit will remain (but that Lender's obligations in relation to that Letter of Credit may be satisfied in accordance with paragraph (d)(ii) of Clause 1.2 (*Construction*)). However, the relevant Borrower's obligation to pay any Letter of Credit fee in relation to the relevant Letter of Credit to the Agent (for the account of that Lender) in accordance with paragraph (b) of Clause 16.4 (*Fees payable in*

*respect of Letters of Credit*) will be reduced proportionately as from the date on which it complies with that obligation to provide cash cover (and for so long as the relevant amount of cash cover continues to stand as collateral).

- (d) The relevant Issuing Bank shall promptly notify the Agent of the extent to which a Borrower provides cash cover pursuant to this Clause 7.5 and of any change in the amount of cash cover so provided.

#### **7.6 Rights of contribution**

No Obligor will be entitled to any right of contribution or indemnity from any Finance Party in respect of any payment it may make under this Clause 7.

### **8. OPTIONAL CURRENCIES**

#### **8.1 Selection of currency**

A Borrower (or the Company on its behalf) shall select the currency of a Revolving Facility Utilisation in a Utilisation Request.

#### **8.2 Unavailability of a currency**

If before the Specified Time on any Quotation Day:

- (a) a Lender notifies the Agent that the Optional Currency requested is not readily available to it in the amount required; or
- (b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent will give notice to the relevant Borrower to that effect by the Specified Time on that day. In this event, any Lender that gives notice pursuant to this Clause 8.2 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender's proportion of the Base Currency Amount, or in respect of a Rollover Loan, an amount equal to that Lender's proportion of the Base Currency Amount of the Rollover Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency during that Interest Period.

#### **8.3 Agent's calculations**

Each Lender's participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (*Lenders' participation*).

### **9. REPAYMENT**

#### **9.1 Repayment of Revolving Facility Loans**

- (a) Subject to paragraph (c) below, each Borrower which has drawn a Revolving Facility Loan shall repay that Loan on the last day of its Interest Period.
- (b) Without prejudice to each Borrower's obligation under paragraph (a) above, if one or more Revolving Facility Loans are to be made available to a Borrower:
  - (i) on the same day that a maturing Revolving Facility Loan is due to be repaid by that Borrower;

(ii) in the same currency as the maturing Revolving Facility Loan (unless it arose as a result of the operation of Clause 8.2 (*Unavailability of a currency*)); and

(iii) in whole or in part for the purpose of refinancing the maturing Revolving Facility Loan;

the aggregate amount of the new Revolving Facility Loans shall be treated as if applied in or towards repayment of the maturing Revolving Facility Loan so that:

(A) if the amount of the maturing Revolving Facility Loan exceeds the aggregate amount of the new Revolving Facility Loans:

(aa) the relevant Borrower will only be required to pay an amount in cash in the relevant currency equal to that excess; and

(bb) each Lender's participation (if any) in the new Revolving Facility Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation (if any) in the maturing Revolving Facility Loan and that Lender will not be required to make its participation in the new Revolving Facility Loans available in cash; and

(B) if the amount of the maturing Revolving Facility Loan is equal to or less than the aggregate amount of the new Revolving Facility Loans:

(aa) the relevant Borrower will not be required to make any payment in cash; and

(bb) each Lender will be required to make its participation in the new Revolving Facility Loans available in cash only to the extent that its participation (if any) in the new Revolving Facility Loans exceeds that Lender's participation (if any) in the maturing Revolving Facility Loan and the remainder of that Lender's participation in the new Revolving Facility Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Revolving Facility Loan.

(c) At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Lender in the Revolving Facility Loans then outstanding will be automatically extended to the Termination Date in relation to the Revolving Facility and will be treated as separate Revolving Facility Loans (the "**Separate Loans**") denominated in the currency in which the relevant participations are outstanding.

(d) A Borrower to whom a Separate Loan is outstanding may prepay that Loan by giving three Business Days' prior notice to the Agent. The Agent will forward a copy of a prepayment notice received in accordance with this paragraph (d) to the Defaulting Lender concerned as soon as practicable on receipt.

(e) Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Borrower by the time and date specified by the Agent (acting reasonably) and will be payable by that Borrower to the Defaulting Lender on the last day of each Interest Period of that Loan.

- (f) The terms of this Agreement relating to Revolving Facility Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with paragraphs (c) to (e) above, in which case those paragraphs shall prevail in respect of any Separate Loan.
- (g) This Clause shall be read and construed subject to the provisions of Clause 9.2 (*Reduction of Revolving Facility*).

## 9.2 Reduction of Revolving Facility

The Revolving Facility Commitments will be reduced in installments by:

- (a) firstly, to the extent required, the cancellation of any Available Commitments under the Revolving Facility; and
- (b) second, once all Available Commitments at that time have been cancelled, to the extent required, prepayment of any Revolving Utilisations,

in each case, on each date specified in the table below (each a “**Reduction Date**”) and to the extent required to reduce the Revolving Facility Commitments by the corresponding reduction installment (each a “**Reduction Installment**”) set out in that table:

<b>Reduction Date</b>	<b>Reduction Installment (€)</b>
31 December 2010	500,000
31 March 2011	500,000
30 June 2011	500,000
30 September 2011	500,000
31 December 2011	500,000
31 March 2012	500,000
30 June 2012	500,000
30 September 2012	500,000
31 December 2012	1,500,000
31 March 2013	1,500,000
30 June 2013	1,500,000
30 September 2013	1,500,000

## 9.3 Effect of cancellation and prepayment on scheduled repayments and reductions

- (a) If the Company cancels the whole or any part of the Revolving Facility Commitments in accordance with Clause 10.5 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*) or Clause 10.6 (*Right of cancellation in relation to a Defaulting Lender*) or if the Revolving Facility Commitment of any Lender is reduced under Clause 10.1 (*Illegality*) then (other than, in any relevant case, to the extent that

any part of the relevant Commitment(s) is subsequently increased pursuant to Clause 2.2 ( *Increase*)) in the case of the Revolving Facility Commitments, the amount of the Reduction Installment for each Reduction Date falling after that cancellation will reduce pro rata by the amount cancelled.

- (b) If the Company cancels the whole or any part of the Revolving Facility Commitments in accordance with Clause 10.3 ( *Voluntary cancellation*) then the amount of the Reduction Installment for each Reduction Date falling after that cancellation will reduce pro rata by the amount cancelled.
- (c) If any of the Revolving Facility Utilisations are prepaid in accordance with Clause 10.4 ( *Voluntary prepayment of Revolving Facility Utilisations*), or Clause 11.2 ( *Disposal and Insurance Proceeds*) then under Clause 11.2 ( *Disposal and Insurance Proceeds*) only, the amount of the Reduction Installment for each Reduction Date falling after that prepayment will reduce pro rata by the amount of the Revolving Facility Loan prepaid.

## **10. ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION**

### **10.1 Illegality**

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation:

- (a) that Lender, shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Company, the Commitment of that Lender will be immediately cancelled; and
- (c) each Borrower shall repay that Lender's participation in the Utilisations made to that Borrower on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

### **10.2 Illegality in relation to Issuing Bank**

If it becomes unlawful for an Issuing Bank to issue or leave outstanding any Letter of Credit, then:

- (a) that Issuing Bank shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Company, the Issuing Bank shall not be obliged to issue any Letter of Credit;
- (c) the Parent shall procure that the relevant Borrower shall use its best endeavours to procure the release of each Letter of Credit issued by that Issuing Bank and outstanding at such time; and
- (d) unless any other Lender has agreed to be an Issuing Bank pursuant to the terms of this Agreement, the Revolving Facility shall cease to be available for the issue of Letters of Credit.

### **10.3 Voluntary cancellation**

- (a) The Company may, if it gives the Agent not less than five Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or

any part (being a minimum amount of €1,000,000 of an Available Facility). Any cancellation under this Clause 10.3 shall reduce the Commitments of the Lenders rateably under that Facility.

- (b) Any notice of cancellation of the Available Commitments with respect to the Revolving Facility delivered at any time while Loans under any other Facility remain outstanding and/or other Commitments remain uncanceled must be accompanied by evidence, in form and substance satisfactory to the Majority Lenders, that the Group will have sufficient working capital facilities available to it following such cancellation.

#### **10.4 Voluntary prepayment of Revolving Facility Utilisations**

A Borrower to which a Revolving Facility Utilisation has been made may, if it or the Company gives the Agent not less than five Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Revolving Facility Utilisation (but if in part, being an amount that reduces the Base Currency Amount of the Revolving Facility Utilisation by a minimum amount of €1,000,000).

#### **10.5 Right of cancellation and repayment in relation to a single Lender or Issuing Bank**

- (a) If:
  - (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 17.2 (*Tax gross-up*);
  - (ii) any Lender or Issuing Bank claims indemnification from the Parent or an Obligor under Clause 17.3 (*Tax indemnity*) or Clause 18.1 (*Increased costs*),the Company may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice:
  - (i) (if such circumstances relate to a Lender) of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations; or
  - (iii) (if such circumstances relate to the Issuing Bank) of repayment of any outstanding Letter of Credit issued by it and cancellation of its appointment as an Issuing Bank under this Agreement in relation to any Letters of Credit to be issued in the future.
- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Commitment of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Company has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Company in that notice), each Borrower to which a Utilisation is outstanding shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued under the Finance Documents.

#### **10.6 Right of cancellation in relation to a Defaulting Lender**

- (a) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent three Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.

- (c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

## 11. MANDATORY PREPAYMENT

### 11.1 Exit

Upon the occurrence of:

- (a) any Listing; or
- (b) a Change of Control; or
- (c) the sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions,

the Facility will be cancelled and all outstanding Utilisations together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

### 11.2 Disposal and Insurance Proceeds

- (a) For the purposes of this Clause 11.2, Clause 11.3 (*Application of mandatory prepayments*) and Clause 11.4 (*Mandatory Prepayment Accounts*):

**“Disposal”** means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

**“Disposal Proceeds”** means the consideration receivable by any member of the Group (including any amount receivable in repayment of intercompany debt) for any Disposal made by any member of the Group except for Excluded Disposal Proceeds and after deducting:

- (i) any reasonable expenses which are incurred by any member of the Group with respect to that Disposal to persons who are not members of the Group; and
- (i) any Tax incurred and required to be paid by the seller in connection with that Disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).

**“Excluded Disposal Proceeds”** means the consideration receivable by any member of the Group (including any amount receivable in repayment of intercompany debt) for any Disposal:

- (i) to the extent that the Aggregate Net Disposal Proceeds for a Financial Year of the Parent do not exceed €1,000,000 (or its equivalent) and for the avoidance of doubt only the amount by which the Aggregate Net Disposal Proceeds exceed €1,000,000 in any such Financial Year shall not be Excluded Disposal Proceeds (where **“Aggregate Net Disposal Proceeds”** means, for any Financial Year, the Disposal Proceeds of a disposal, aggregated with the Disposal Proceeds of all other disposals made in the same Financial Year, less any Disposal Proceeds which are, or are to be, reinvested and/or are exempted pursuant to paragraphs (ii) and (iii) below);

- (ii) which is received from a Disposal permitted under paragraphs (c), (d), (f) or (k) of the definition of Permitted Disposal and which the Parent certifies upon receipt are to be (and subsequently are):
  - (A) reinvested within 365 days of receipt in an asset or assets of a similar type and value required for the business of the recipient member of the Group or an Obligor; or
  - (B) committed to be so invested by a binding contract being entered into by the recipient of the Group or an Obligor and are so invested within 18 months of receipt; or
- (ii) which is received from a Disposal under paragraphs (a), (b), (e), (g), (h), (i) and (j) of the definition of “ **Permitted Disposals**”.

“**Excluded Insurance Proceeds**” means any Insurance Proceeds:

- (i) to the extent that the Aggregate Net Insurance Proceeds for a Financial Year of the Parent do not exceed €1,000,000 (or its equivalent) and for the avoidance of doubt only the amount by which the Aggregate Net Insurance Proceeds exceed €1,000,000 in any such Financial Year shall not be Excluded Insurance Proceeds (where “**Aggregate Net Insurance Proceeds**” means, for any Financial Year, the Insurance Proceeds of any claim received, aggregated with the Insurance Proceeds of all other claims received in the same Financial Year, less and Insurance Proceeds which are, or are to be, applied pursuant to paragraphs (ii) and (iii) below);
- (ii)
  - (A) which the Parent certifies in writing to the Agent upon receipt are to be (and subsequently are) applied to meet a third party claim; or
  - (B) which the Parent certifies in writing to the Agent upon receipt are to be (and subsequently are) applied to cover loss of revenue in respect of which the relevant insurance claim was made,

in each case as soon as possible (but in any event within 180 days or such longer period as the Majority Lenders may agree) after receipt; or
- (iii)
  - (A) which the Parent certifies in writing to the Agent upon receipt are to be (and subsequently are) applied to the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made within 365 days of receipt of such proceeds; or
  - (B) which the Parent certifies in writing to the Agent upon receipt are to be (and subsequently are) committed to be so applied by a binding contract being entered into by the recipient member of the Group or an Obligor and so applied within 18 months of receipt.

“**Insurance Proceeds**” means the proceeds of any insurance claim under any insurance maintained by any member of the Group except for Excluded Insurance Proceeds and after deducting any reasonable expenses in relation to that claim which are incurred by any member of the Group to persons who are not members of the Group.



- (b) The Parent shall ensure that the Borrowers prepay Utilisations in the following amounts at the times and in the order of application contemplated by Clause 11.3 (*Application of mandatory prepayments*):
  - (i) the amount of Disposal Proceeds; and
  - (ii) the amount of Insurance Proceeds.

#### **11.3 Application of mandatory prepayments**

- (a) A prepayment made under Clause 11.2 (*Disposal and Insurance Proceeds*) shall be applied in the following order:
  - (i) first, in cancellation of Available Commitments under the Revolving Facility (and the Available Commitment of the Lenders under the Revolving Facility will be cancelled rateably); and
  - (ii) secondly, in prepayment of Revolving Facility Utilisations (such that outstanding Revolving Facility Loans shall be prepaid before outstanding Letters of Credit) and cancellation of Revolving Facility Commitments.
- (b) Unless the Company makes an election under paragraph (c) below, the Borrowers shall prepay Loans promptly upon receipt of those proceeds.
- (c) Subject to paragraph (d) below, the Company may elect that any prepayment under Clause 11.2 (*Disposal and Insurance Proceeds*) be applied in prepayment of a Loan on the last day of the Interest Period relating to that Loan. If the Company makes that election then a proportion of the Loan equal to the amount of the relevant prepayment will be due and payable on the last day of its Interest Period.
- (d) If the Company has made an election under paragraph (c) above but a Default has occurred and is continuing, that election shall no longer apply and a proportion of the Loan in respect of which the election was made equal to the amount of the relevant prepayment shall be immediately due and payable (unless the Majority Lenders otherwise agree in writing).

#### **11.4 Mandatory Prepayment Accounts**

- (a) The Parent shall ensure that (i) Disposal Proceeds and Insurance Proceeds in respect of which the Company has made an election under paragraph (c) of Clause 11.3 (*Application of mandatory prepayments*) are paid into a Mandatory Prepayment Account as soon as reasonably possible after receipt by a member of the Group.
- (b) The Company and each Borrower irrevocably authorise the Agent to apply amounts credited to the Mandatory Prepayment Account to pay amounts due and payable under Clause 11.3 (*Application of mandatory prepayments*) and otherwise under the Finance Documents.
- (c) A Lender, Security Agent or Agent with which a Mandatory Prepayment Account or Holding Account is held acknowledges and agrees that (i) interest shall accrue at normal commercial rates on amounts credited to those accounts and that the account holder shall be entitled to receive such interest (which shall be paid in accordance with the mandate relating to such account) unless a Default is continuing and (ii) each such account is subject to the Transaction Security.

### 11.5 Excluded proceeds

- (a) Where Excluded Disposal Proceeds and Excluded Insurance Proceeds include amounts which are intended to be used for a specific purpose within a specified period (as set out in the relevant definition of Excluded Disposal Proceeds or Excluded Insurance Proceeds), the Parent shall ensure that those amounts are used for that purpose and, if requested to do so by the Agent, shall promptly deliver a certificate to the Agent at the time of such application and at the end of such period confirming the amount (if any) which has been so applied within the requisite time periods provided for in the relevant definition.
- (b) Excluded Disposal Proceeds and Excluded Insurance Proceeds must be held in bank accounts that are subject to the Transaction Security.
- (c) If:
  - (i) monies are required to be applied in prepayment or repayment of the Facility under this Clause 11 but in order to be so applied need to be upstreamed or otherwise transferred from one member of the Group to another member of the Group to effect such prepayment or repayment; and
  - (ii) such monies cannot be so upstreamed or transferred without breaching a financial assistance prohibition or without breaching some other applicable law or without the Group incurring a material cost (whether as a result of paying additional Taxes or otherwise),

there will be no obligation to make such payment or prepayment to the extent of such impediment until such impediment no longer applies or such cost is no longer material and the Parent will (and will procure that the relevant members of the Group will) use all reasonable endeavours to avoid, reduce or overcome such impediment or avoid or reduce such cost, as soon as possible.

## 12. RESTRICTIONS

### 12.1 Notices of Cancellation or Prepayment

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 10 (*Illegality, voluntary prepayment and cancellation*), paragraph (c) of Clause 11.3 (*Application of mandatory prepayments*) or Clause 11.4 (*Mandatory Prepayment Accounts*) shall (subject to the terms of those Clauses) be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

### 12.2 Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

### 12.3 Reborrowing of Facilities

Unless a contrary indication appears in this Agreement, any part of the Revolving Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

#### 12.4 Prepayment in accordance with Agreement

No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

#### 12.5 No reinstatement of Commitments

Subject to Clause 2.2 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

#### 12.6 Agent's receipt of Notices

If the Agent receives a notice under Clause 10 (*Illegality, voluntary prepayment and cancellation*) or an election under paragraph (c) of Clause 11.3 (*Application of mandatory prepayments*), it shall promptly forward a copy of that notice or election to either the Company or the affected Lender, as appropriate.

#### 12.7 Effect of Repayment and Prepayment on Commitments

If all or part of a Utilisation under a Facility is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of the Commitments (equal to the Base Currency Amount of the amount of the Utilisation which is repaid or prepaid) in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this Clause 12.7 shall reduce the Commitments of the Lenders rateably under that Facility.

### 13. INTEREST

#### 13.1 Calculation of interest

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin;
- (b) LIBOR or, in relation to any Loan in euro, EURIBOR; and
- (c) Mandatory Cost, if any.

#### 13.2 Payment of interest

- (a) The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six Monthly intervals after the first day of the Interest Period).
- (b) If the annual audited financial statements of the Group and related Compliance Certificate received by the Agent show that a higher Margin should have applied during a certain period, then the Parent shall (or shall ensure the relevant Borrower shall) promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period.

### 13.3 Default interest

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 1.00 per cent. higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 13.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
  - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
  - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 1.00 per cent. higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

### 13.4 Notification of rates of interest

The Agent shall promptly notify the Lenders and the relevant Borrower (or the Company) of the determination of a rate of interest under this Agreement.

## 14. INTEREST PERIODS

### 14.1 Selection of Interest Periods and Terms

- (a) A Borrower (or the Company on behalf of a Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan.
- (b) Subject to this Clause 14, a Borrower (or the Company) may select an Interest Period of one, two, three or six Months or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders in relation to the relevant Loan). In addition a Borrower (or the Company on its behalf) may select an Interest Period of a period of less than one Month, if necessary to ensure that (when aggregated with the Available Facility) there are Revolving Facility Loans (with an aggregate Base Currency Amount equal to or greater than the Reduction Installment) which have an Interest Period ending on a Reduction Date for the scheduled reduction to occur.
- (c) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.
- (d) A Revolving Facility Loan has one Interest Period only.

### 14.2 Changes to Interest Periods

- (a) Prior to determining the interest rate for a Revolving Facility Loan, the Agent may shorten the Interest Period for any Revolving Facility Loan to ensure that, when aggregated with the Available Facility for the Revolving Facility, there are sufficient

Revolving Facility Loans (with an aggregate Base Currency Amount equal to or greater than the Reduction Installment) which have an Interest Period ending on a Reduction Date for the scheduled reduction to occur.

- (b) If the Agent makes any of the changes to an Interest Period referred to in this Clause 14.2, it shall promptly notify the Company and the Lenders.

#### 14.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

### 15. CHANGES TO THE CALCULATION OF INTEREST

#### 15.1 Absence of quotations

Subject to Clause 15.2 (*Market disruption*), if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Base Reference Banks but a Base Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Base Reference Banks.

#### 15.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
  - (i) the Margin;
  - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event by close of business on the date falling three Business Days after the Quotation Day (or, if earlier, on the date falling three Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select; and
  - (iii) the Mandatory Cost, if any, applicable to that Lender's participation in the Loan.
- (b) If:
  - (i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than LIBOR or, in relation to any Loan in euro, EURIBOR; or
  - (ii) a Lender has not notified the Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above,the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be LIBOR or in relation to a loan in euro, EURIBOR.

- (c) In this Agreement:

**"Market Disruption Event"** means:

- (i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Base Reference Banks supplies a rate to the Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and Interest Period; or
- (i) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 40 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of LIBOR or, if applicable, EURIBOR.

### 15.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Agent or the Company so requires, the Agent and the Company shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Company, be binding on all Parties.

### 15.4 Break Costs

- (a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

## 16. FEES

### 16.1 Commitment fee

- (a) The Company shall pay to the Agent (for the account of each Lender) a fee in the Base Currency computed at the rate of 40 per cent. of the applicable Margin subject to a minimum at any time of 0.70% per annum, on that Lender's Available Commitment for the Availability Period.
- (b) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of the relevant Availability Period and on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.
- (c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

## 16.2 Arrangement fee

The Company shall pay to the Arranger an arrangement fee of €600,000 (in respect of the Facility) on the first Utilisation Date.

## 16.3 Agency and Security Agent fee

In the event that there is more than one Lender at any time, the Agent and Security Agent reserve the right to charge an agency fee and security agency fee respectively (for their own account) in amounts and at times required by the Agent and Security Agent (acting reasonably within the range of normal rates at that time of UK and European clearing banks for borrowers and facilities of a similar size and nature) as set out in a separate fee letter entered into between the Agent and/or Security Agent and the Company at that time.

## 16.4 Fees payable in respect of Letters of Credit

- (a) The Company or each Borrower shall pay to the Issuing Bank a fronting fee at the rate of 0.125 per cent. per annum (or such other rate as the Issuing Bank may require by written notice to the Company within 10 Business Days of the first person other than the Original Lender becoming a Lender, provided that such rate is within the range of normal rates at that time of UK and European clearing banks for borrowers and facilities of a similar size and nature) on the outstanding amount which is counter-indemnified by the other Lenders of each Letter of Credit requested by it for the period from the issue of that Letter of Credit until its Expiry Date.
- (b) The Company or each Borrower shall pay to the Agent (for the account of each Lender) a Letter of Credit fee in the Base Currency (computed at the rate equal to the Margin applicable to a Loan) on the outstanding amount of each Letter of Credit requested by it for the period from the issue of that Letter of Credit until its Expiry Date. This fee shall be distributed according to each Lender's L/C Proportion of that Letter of Credit.
- (c) The accrued fronting fee and Letter of Credit fee on a Letter of Credit shall be payable on the last day of each successive period of three Months (or such shorter period as shall end on the Expiry Date for that Letter of Credit) starting on the date of issue of that Letter of Credit. The accrued fronting fee and Letter of Credit fee is also payable to the Agent on the cancelled amount of any Lender's Revolving Facility Commitment at the time the cancellation is effective if that Commitment is cancelled in full and the Letter of Credit is prepaid or repaid in full.

## 17. TAX GROSS UP AND INDEMNITIES

### 17.1 Definitions

In this Agreement:

**"Protected Party"** means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

**"Qualifying Lender"** means:

- (a) a Lender (other than a Lender within paragraph (b) below) which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and is:

- (i) a Lender:
  - (A) which is a bank (as defined for the purpose of section 879 of the ITA) making an advance under a Finance Document; or
  - (B) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that advance was made,
    - and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance;
- (ii) a Lender which is:
  - (A) a company resident in the United Kingdom for United Kingdom tax purposes;
  - (B) a partnership each member of which is:
    - (aa) a company so resident in the United Kingdom; or
    - (bb) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA;
  - (C) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or
- (iii) a Treaty Lender; or
- (b) a building society (as defined for the purposes of section 880 of the ITA) making an advance under a Finance Document).

**“Tax Confirmation”** means a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document is either:

- (a) a company resident in the United Kingdom for United Kingdom tax purposes;
- (b) a partnership each member of which is:
  - (i) a company so resident in the United Kingdom; or
  - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account



interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

**“Tax Credit”** means a credit against, relief or remission for, or repayment of, any Tax.

**“Tax Deduction”** means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

**“Tax Payment”** means either the increase in a payment made by an Obligor to a Finance Party under Clause 17.2 (*Tax gross-up*) or a payment under Clause 17.3 (*Tax indemnity*).

**“Treaty Lender”** means a Lender which:

- (a) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (b) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender’s participation in the Loan is effectively connected; and
- (c) to whom a payment of interest by an Obligor under a Finance Document may be made without deduction or withholding of United Kingdom income tax subject only to the completion of the relevant procedural formalities.

**“Treaty State”** means a jurisdiction having a double taxation agreement (a **“Treaty”**) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

**“UK Non-Bank Lender”** means:

- (a) where a Lender becomes a Party on the day on which this Agreement is entered into, a Lender listed in Part III of Schedule 1 (*The Original Parties*); and
- (b) where a Lender becomes a Party after the day on which this Agreement is entered into, a Lender which gives a Tax Confirmation in the Assignment Agreement or Transfer Certificate which it executes on becoming a Party.

Unless a contrary indication appears, in this Clause 17 a reference to **“determines”** or **“determined”** means a determination made in the absolute discretion of the person making the determination.

#### 17.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Parent shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender or Issuing Bank shall notify the Agent on becoming so aware in respect of a payment payable to that Lender or Issuing Bank. If the Agent receives such notification from a Lender or Issuing Bank it shall notify the Parent and that Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

- (d) A payment shall not be increased under paragraph (c) above by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:
- (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
  - (ii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of Qualifying Lender and:
    - (A) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a “**Direction**”) under section 931 of the ITA which relates to the payment and that Lender has received from the Obligor making the payment or from the Parent a certified copy of that Direction; and
    - (B) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or
  - (iii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (i)(B) of the definition of Qualifying Lender and:
    - (A) the relevant Lender has not given a Tax Confirmation to the Parent; and
    - (B) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Parent, on the basis that the Tax Confirmation would have enabled the Parent to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or
  - (iv) the relevant Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under paragraph (g) below.
- (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment a statement under section 975 of the ITA or other evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (g) A Treaty Lender and each Obligor which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for that Obligor to obtain authorisation to make that payment without a Tax Deduction.
- (h) A UK Non-Bank Lender which becomes a Party on the day on which this Agreement is entered into gives a Tax Confirmation to the Parent by entering into this Agreement.

- (i) A UK Non-Bank Lender shall promptly notify the Parent and the Agent if there is any change in the position from that set out in the Tax Confirmation.

### 17.3 Tax indemnity

- (a) The Parent shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines (acting reasonably) will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
  - (i) with respect to any Tax assessed on a Finance Party:
    - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
    - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,  
  
if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
  - (ii) to the extent a loss, liability or cost:
    - (A) is compensated for by an increased payment under Clause 17.2 (*Tax gross-up*); or
    - (B) would have been compensated for by an increased payment under Clause 17.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 17.2 (*Tax gross-up*) applied.
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Parent.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 17.3, notify the Agent.

### 17.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part or to that Tax Payment; and
- (b) that Finance Party has obtained, utilised and retained that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

### 17.5 Lender Status Confirmation

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender;
- (b) a Qualifying Lender (other than a Treaty Lender); or
- (c) a Treaty Lender.

If a New Lender fails to indicate its status in accordance with this Clause 17.5 then such New Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which category applies (and the Agent, upon receipt of such notification, shall inform the Company). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Increase Confirmation shall not be invalidated by any failure of a Lender to comply with this Clause 17.5.

### 17.6 Stamp taxes

The Parent shall pay and, within three Business Days of demand, indemnify each Secured Party and Arranger against any cost, loss or liability that Secured Party or Arranger incurs in relation to all stamp duty, registration and other similar Taxes in any jurisdiction payable in respect of any Finance Document.

### 17.7 VAT

- (a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party which (in whole or in part) constitute the consideration for a supply or supplies for VAT purposes shall be deemed to be exclusive of any VAT which is chargeable on such supply or supplies, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of such VAT (and such Finance Party shall promptly provide an appropriate VAT invoice to such Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Subject Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such VAT. The Recipient will promptly pay to the Subject Party an amount equal to any credit or repayment obtained by the Recipient from the relevant tax authority which the Recipient reasonably determines is in respect of such VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

- (d) Any reference in this Clause 17.7 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” to have the same meaning as in the Value Added Tax Act 1994) (or (if applicable) any other comparable meaning in any relevant legislation in any other jurisdiction).

## 18. INCREASED COSTS

### 18.1 Increased costs

- (a) Subject to Clause 18.3 (*Exceptions*) the Parent shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of this Agreement.
- (b) In this Agreement “**Increased Costs**” means:
  - (i) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
  - (ii) an additional or increased cost; or
  - (iii) a reduction of any amount due and payable under any Finance Document,which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment -or funding or performing its obligations under any Finance Document or Letter of Credit.

### 18.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 18.1 (*Increased Costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Parent.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

### 18.3 Exceptions

- (a) Clause 18.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:
  - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
  - (ii) compensated for by Clause 17.3 (*Tax indemnity*) (or would have been compensated for under Clause 17.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 17.3 (*Tax indemnity*) applied);
  - (iii) compensated for by the payment of the Mandatory Cost; or
  - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or

- (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (“Basel II”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

(b) In this Clause 18.3 reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 17.1 (*Definitions*).

## 19. OTHER INDEMNITIES

### 19.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
  - (i) making or filing a claim or proof against that Obligor; or
  - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,that Obligor shall as an independent obligation, within three Business Days of demand, indemnify the Arranger and each other Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.
- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

### 19.2 Other indemnities

- (a) The Parent shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify the Arranger and each other Secured Party against any cost, loss or liability incurred by it as a result of:
  - (i) the occurrence of any Event of Default;
  - (ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);
  - (iii) funding, or making arrangements to fund, its participation in a Utilisation requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);
  - (iv) issuing or making arrangements to issue a Letter of Credit requested by the Parent or a Borrower in a Utilisation Request but not issued by reason of the operation of any one or more of the provisions of this Agreement; or

- (v) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Parent.
- (b) The Parent shall promptly indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate, against any cost, loss or liability incurred by that Finance Party or its Affiliate (or officer or employee of that Finance Party or Affiliate) in connection with or arising out of the Acquisition or the funding of the Acquisition (including but not limited to those incurred in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry concerning the Acquisition), unless such loss or liability is caused by the gross negligence or wilful misconduct of that Finance Party or its Affiliate (or employee or officer of that Finance Party or Affiliate). Any Affiliate or any officer or employee of a Finance Party or its Affiliate may rely on this Clause 19.2 subject to Clause 1.8 (*Third party rights*) and the provisions of the Third Parties Act.

### 19.3 Indemnity to the Agent

The Parent shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default; or
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised.

### 19.4 Indemnity to the Security Agent

- (a) Each Obligor shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:
  - (i) the taking, holding, protection or enforcement of the Transaction Security,
  - (ii) the exercise of any of the rights, powers, discretions and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law; or
  - (iii) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents.
- (b) The Security Agent may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 19.4 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

## 20. MITIGATION BY THE LENDERS

### 20.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Parent, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 10.1 (*Illegality*) (or, in respect of the Issuing Bank, Clause 10.2 (*Illegality in relation to Issuing Bank*)), Clause 17 (*Tax gross-up and indemnities*) or Clause 18 (*Increased Costs*) or paragraph 3 of Schedule 4 (*Mandatory Cost formula*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

## **20.2 Limitation of liability**

- (a) The Parent shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 20.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 20.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

## **21. COSTS AND EXPENSES**

### **21.1 Transaction expenses**

The Parent shall promptly on demand pay the Agent, the Arranger, the Issuing Bank and the Security Agent the amount of all costs and expenses (including legal fees and related VAT and disbursements as (i) set out in paragraph 1 of the Eversheds Fee Estimate emailed to Hugh Brown and John Wilkinson on 3 September 2010 by Paul Castle and (ii) otherwise as agreed by the Company and the Agent) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Finance Documents executed after the date of this Agreement.

### **21.2 Amendment costs**

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 33.10 (*Change of currency*), the Parent shall, within three Business Days of demand, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

### **21.3 Security Agent's ongoing costs**

- (a) In the event of (i) a Default or (ii) the Security Agent considering it necessary or expedient or (iii) the Security Agent being requested by an Obligor or the Majority Lenders to undertake duties which the Security Agent and the Parent agree to be of an exceptional nature and/or outside the scope of the normal duties of the Security Agent under the Finance Documents, the Parent shall pay to the Security Agent any additional remuneration that may be agreed between them.
- (b) If the Security Agent and the Parent fail to agree upon the nature of the duties or upon any additional remuneration, that dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Parent or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Parent) and the determination of any investment bank shall be final and binding upon the parties to this Agreement.



#### **21.4 Enforcement and preservation costs**

The Parent shall, within three Business Days of demand, pay to the Arranger and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

### **22. GUARANTEE AND INDEMNITY**

#### **22.1 Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 22 if the amount claimed had been recoverable on the basis of a guarantee.

#### **22.2 Continuing Guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

#### **22.3 Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 22 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

#### **22.4 Waiver of defences**

The obligations of each Guarantor under this Clause 22 will not be affected by an act, omission, matter or thing which, but for this Clause 22, would reduce, release or prejudice any of its obligations under this Clause 22 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

#### **22.5 Guarantor Intent**

Without prejudice to the generality of Clause 22.4 (*Waiver of Defences*), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### **22.6 Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 22. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

#### **22.7 Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 22.

#### 22.8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 22:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 22.1 (*Guarantee and Indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 33 (*Payment mechanics*).

#### 22.9 Release of Guarantors' right of contribution

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

#### 22.10 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

#### 22.11 Guarantee Limitations — France

- (a) In respect of the obligations of any French Guarantor, the joint and several liability of such French Guarantor expressed to be assumed by it in its capacity as joint and several guarantor shall be limited to, only with respect to obligations of any Obligor which is not a Subsidiary of such French Guarantor, a maximum amount equal to the aggregate of all amounts borrowed by the relevant French Guarantor and, if any, its subsidiaries (i) directly under this Agreement and (ii) indirectly by way of intra group loans made available directly or indirectly by any member of the Group, provided at all times that any French Guarantor's liability under this Agreement shall not in any event exceed 80% of its net assets (*capitaux propres*).
- (b) In accordance with Article L.225-216 of the French Commercial Code, the joint and several liability of any French Guarantor expressed to be assumed by it in its capacity as joint and several guarantor shall not cover any obligation or liability under this Agreement incurred for the purpose of (i) advancing funds, granting loans or consenting to a security interest for the benefit of a third party with an intent to subscribe or purchase the shares of the relevant French Guarantor or (ii) engaging the relevant French Guarantor's assets in an operation bearing on their own capital.

#### 22.12 Guarantee Limitations — The Netherlands

Notwithstanding any other provision of this Clause 22 the guarantee, indemnity and other obligations of any Obligor expressed to be assumed in this Clause 22 shall be deemed not to be assumed by such Obligor to the extent that the same would constitute unlawful financial assistance within the meaning of Article 2:207(c) or 2:98(c) of the Dutch Civil Code or any other applicable financial assistance rules under any relevant jurisdiction (the Netherlands "**Prohibition**") and the provisions of this Agreement and the other Finance Documents shall be construed accordingly. For the avoidance of doubt it is expressly acknowledged that the relevant Obligors will continue to guarantee all such obligations which, if included, do not constitute a violation of the Netherlands Prohibition.

#### 22.13 Guarantee Limitations — Singapore

This guarantee does not apply to any liability to the extent that it would result in this guarantee constituting unlawful financial assistance under any applicable provisions under the laws of Singapore (the "**Singapore Prohibition**"). For the avoidance of doubt it is expressly acknowledged that the relevant Obligors who are providing a guarantee under this Clause 22 will continue to guarantee all such obligations which, if included, do not constitute a violation of the Singapore Prohibition.

#### 22.14 Guarantee limitation — Belgian Guarantor

The total liability of each Belgian Guarantor under this Clause 22, shall at times be limited to an aggregate amount (without double counting) not exceeding the sum of:

- (a) any amounts owed by it or its direct or indirect Subsidiaries, if any, to the Finance Parties under the Finance Documents and the Belgian Guarantor shall guarantee such amounts in full;
- (b) the aggregate of all amounts borrowed by a Belgian Guarantor (or its direct or indirect Subsidiaries) under any intra-group arrangement (regardless of the form thereof) that

have been financed directly or indirectly by borrowing under the Finance Documents (without any reduction for any repayment thereof); and

(c) the higher of:

(i) €9,000,000 (or its equivalent); or

(ii) the aggregate of:

(A) ninety per cent (90%) of such Belgian Guarantor's own funds (*eigen vermogen/capitaux propres*) as referred to in section 88 of the Belgian Royal Decree of 30 January 2001 implementing the Belgian Companies Code, as shown by its most recent audited annual financial statements at the time the relevant demand is made; and

(B) an amount equal to any subordinated debt it may owe at the time a demand for payment under this Clause 22 is made.

The result of the calculation as described in (a), (b) and (c) above shall in relation to any relevant Belgian Guarantor be referred to as the **"Guaranteed Belgian Amount"**.

Each Belgian Guarantor shall provide the Agent with an update on the relevant Guaranteed Belgian Amount upon the request of the Agent, with such information as the Agent may reasonably require, provided that the own funds (*eigen vermogen/capitaux propres*) as specified under (ii) above may be derived from the latest audited financial statements of the respective Belgian Guarantor.

## 23. REPRESENTATIONS

### 23.1 General

Each Obligor (or, where indicated, the Parent or specified Obligor alone) makes the representations and warranties set out in this Clause 23 to each Finance Party.

### 23.2 Status

- (a) It and each of its Subsidiaries is a limited liability corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.
- (c) Neither it nor any of its Subsidiaries has filed a settlement agreement (*minnelijk akkoord/accord amiable*) with two or more of its creditors pursuant to the Belgian Act of 31 January 2009 on the continuity of enterprises.

### 23.3 Binding obligations

Subject to the Legal Reservations and, in the case of any Transaction Security Document, the Perfection Requirements:

- (a) the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction

Security Document purports to create and those security interests are valid and effective.

#### 23.4 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is party and the granting of the Transaction Security does not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents; or
- (c) except as disclosed to the Agent prior to the Signing Date as regards facilities owed by MRC Transmark Pte. Ltd. to DBS Bank Ltd., any agreement or instrument binding upon it or any of its Subsidiaries or any of its or any of its Subsidiaries' assets or constitute a default or termination event (however described) under any such agreement or instrument where such conflict in any such case would, or could reasonably be expected to, have a Material Adverse Effect.

#### 23.5 **Power and authority**

- (a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.
- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.
- (c) In respect of an Australian Obligor only, it is not a trustee of any trust or settlement, and it is not entering into the Finance Documents in its capacity as trustee of any trust or settlement, other than as disclosed to the Agent in writing prior to the date it became an Obligor.

#### 23.6 **Validity and admissibility in evidence**

- (a) All Authorisations required:
  - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
  - (ii) subject to the Legal Reservations and (in relation to the Transaction Security Documents) Perfection Requirements, to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect except any Authorisation referred to in paragraphs (a)-(c) of Clause 23.9 (*No filing or stamp taxes*), which Authorisations will be promptly obtained or effected after the first Utilisation Date.
- (b) All Authorisations necessary for the conduct of its and its Subsidiaries, business, trade and ordinary activities have been obtained or effected and are in full force and effect if failure to obtain or effect those Authorisations has or is reasonably likely to have a Material Adverse Effect.

### 23.7 Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of governing law of the Finance Documents to which it is party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Subject to the Legal Reservations, any judgment obtained in relation to a Finance Document to which it is party in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

### 23.8 Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 27.7 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 27.8 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to it; and none of the circumstances described in Clause 27.6 (*Insolvency*) applies to it.

### 23.9 No filing or stamp taxes

Under the laws of its Relevant Jurisdiction and subject to the Perfection Requirements, it is not necessary that the Finance Documents to which it is party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents to which it is party or the transactions contemplated by such Finance Documents except:

- (a) in respect of the English Obligors, registration of particulars of certain of the Transaction Security Documents at the Companies Registration Office in England and Wales under section 860 of the Companies Act 2006 and payment of associated fees;
  - (b) in respect of the Non-English Obligors, any similar or equivalent registrations required to be made in their respective Relevant Jurisdictions; and
  - (c) any other filing, recording or enrolling or any tax or fee which is referred to in any Legal Opinion,
- each of which will be made or paid promptly and in any event within the period allowed by applicable law or the relevant Finance Document.

### 23.10 Deduction of Tax

To the extent an Obligor is an Original Borrower under this Agreement it is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to which it is party to a Lender which is a Qualifying Lender:

- (a) except where a Direction has been given under section 931 of the ITA in relation to the payment concerned, falling within paragraph (i)(B) of the definition of Qualifying Lender ; or
- (b) subject in the case of a Treaty Lender to the completion of the relevant procedural formalities and, where applicable, the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488).

### 23.11 No default

- (a) No Event of Default and, on the date of this Agreement and on the first Utilisation Date, no Default has occurred and is continuing.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is reasonably likely to have a Material Adverse Effect.

### 23.12 No misleading information

In respect of the Parent only:

- (a) any factual information contained in the Financial Assistance Memo is true and accurate in all material respects; and
- (b) no event or circumstance has occurred or arisen and no information has been omitted from the Financial Assistance Memo and no information has been given or withheld that results in the material factual information contained in the Financial Assistance Memo being untrue or misleading in any material respect.

### 23.13 Original Financial Statements

- (a) Its Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied unless expressly disclosed to the Agent in writing to the contrary.
- (b) The unaudited Original Financial Statements of the Parent fairly represent the financial condition and results of operations of the Group for the relevant month unless expressly disclosed to the Agent in writing to the contrary prior to the date of this Agreement.
- (c) Its audited Original Financial Statements give a true and fair view of its financial condition and results of operations during the relevant financial year unless expressly disclosed to the Agent in writing to the contrary prior to the date of this Agreement.
- (d) There has been no material adverse change in its assets, business or financial conditions or, in respect of the Parent only, the assets, business or financial condition of the Group, since the date of the Original Financial Statements.
- (e) Its most recent financial statements delivered pursuant to Clause 24.1 (*Financial Statements*):
  - (i) have been prepared in accordance with the Accounting Principles as applied in the Original Financial Statements, save to the extent dealt with in accordance with Clause 24.3(c); and
  - (ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.
- (f) In respect of the Parent only, the budgets and forecasts supplied under this Agreement were arrived at after careful consideration and have been prepared in



good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied.

#### **23.14 No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any of its Subsidiaries.

#### **23.15 No breach of laws**

- (a) It has not (and none of its Subsidiaries has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against it or any of its Subsidiaries which have or are reasonably likely to have a Material Adverse Effect.
- (c) In respect of an Australian Obligor only, the execution and performance by it of its obligations under the Finance Documents to which it is expressed to be a party does not breach or directly or indirectly result in a breach of the Corporations Act (including Part 2E or Part 2J of the Corporations Act).

#### **23.16 Environmental laws**

- (a) It and each of its Subsidiaries is in compliance with Clause 26.3 ( *Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance, in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against it or any of its Subsidiaries where that claim has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.
- (c) The cost to it or any of its Subsidiaries of compliance with Environmental Laws (including Environmental Permits) as to the first Utilisation Date is (to the best of its knowledge and belief, having made due and careful enquiry) is adequately provided for in the Budget 2010.

#### **23.17 Taxation**

- (a) It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax of in excess of €1,000,000 (or its equivalent in any other currency) or more.
- (b) No claims or investigations are being made or conducted against it (or any of its Subsidiaries) where such claim or investigation has or is reasonably likely to have a Material Adverse Effect.
- (c) It is resident for Tax purposes only in the jurisdiction of its incorporation.

### 23.18 Security and Financial Indebtedness

- (a) No Security or Quasi-Security exists over all or any of its or its Subsidiaries present or future assets other than as permitted by this Agreement.
- (b) Neither it nor its Subsidiaries have any Financial Indebtedness outstanding other than as permitted by this Agreement.
- (c) It and each of its Subsidiaries is the sole legal and beneficial owner of the respective assets over which it purports to grant Security.

### 23.19 Ranking

Subject to the Legal Reservation and the Perfection Requirements, the Transaction Security granted by it (or to be granted by it) has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents to which it is a party and it is not subject to any prior ranking or *pari passu* ranking Security.

### 23.20 Good title to assets

It and each of its Subsidiaries has a good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted, save where failure to do so could not, or could not reasonably be expected to have, a Material Adverse Effect.

### 23.21 Shares

- (a) The shares of it and any of its Subsidiaries which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights.
- (b) In respect of:
  - (i) all Obligors other than MRC Transmark Pty Ltd ACN 080 156 378, the constitutional documents of it and any of its Subsidiaries do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security; and
  - (ii) MRC Transmark Pty Ltd ACN 080 156 378, its constitutional documents do not and could not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security unless any applicable stamp duty or other taxes of a similar nature on the transfer are payable but unpaid.

### 23.22 Intellectual Property

It and each of its Subsidiaries:

- (a) is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted;
- (b) does not in carrying on its businesses, infringe any Intellectual Property of any third party in any respect which has or is reasonably likely to have a Material Adverse Effect; and
- (c) there has been no material infringement or (so far as it is aware) threatened or suspected infringement of or challenge to the validity of any material Intellectual

Property owned by or licensed to it or any of its Subsidiaries, where such infringement would, or would reasonably be expected to, have a Material Adverse Effect.

### 23.23 Group Structure Chart

In respect of the Parent only the Group Structure Chart delivered to the Agent pursuant to Part I of Schedule 2 ( *Conditions Precedent*) is true, complete and accurate in all material respects and shows the following information

- (a) each member of the Group, including current name and company registration number, its jurisdiction of incorporation and/or establishment and indicating whether a company is a Dormant Subsidiary or is not a company with limited liability; and
- (b) all minority interests in any member of the Group and any person in which any member of the Group holds shares in its issued share capital or equivalent ownership interest of such person.

### 23.24 Accounting reference date

The Accounting Reference Date of it and its Subsidiaries is 31 December.

### 23.25 Centre of main interests and establishments

In respect of Obligors incorporated in the European Union only, for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the “**Regulation**”), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its jurisdiction of incorporation and it has no “establishment” (as that term is used in Article 2(h) of the Regulations) in any other jurisdiction.

### 23.26 No adverse consequences

- (a) It is not necessary under the laws of its Relevant Jurisdictions:
  - (i) in order to enable any Finance Party to enforce its rights under any Finance Document to which that Obligor is a party; or
  - (ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document to which that Obligor is party,that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.
- (b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdictions by reason only of the execution, performance and/or enforcement of any Finance Document to which that Obligor is party.

### 23.27 Dormant Companies

In respect of the Parent only, each company referred to in the definition of “Dormant Subsidiary” is a Dormant Subsidiary.

### 23.28 Pensions

Except for the pension schemes in Belgium and the Netherlands disclosed to the Agent by the Company prior to the Signing Date, neither it nor any of its Subsidiaries is or has at any time been liable in whatever capacity for liabilities under or in respect of a defined benefit pension scheme (or its equivalent in other jurisdictions).

### 23.29 Times when representations made

- (a) All the representations and warranties in this Clause 23 are made by each Original Obligor on the date of this Agreement and on the first Utilisation Date.
- (b) The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request, on each other Utilisation Date and on the first day of each Interest Period.
- (c) All the representations and warranties in this Clause 23 except Clause 23.12 (*No misleading information*), Clause 23.23 (*Group Structure Chart*) and Clause 23.27 (*Dormant Companies*) are deemed to be made by each Additional Obligor on the day on which it becomes (or it is proposed that it becomes) an Additional Obligor.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

### 24. INFORMATION UNDERTAKINGS

The undertakings in this Clause 24 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

In this Clause 24:

**“Annual Financial Statements”** means the financial statements for a Financial Year delivered pursuant to paragraph (a) of Clause 24.1 (*Financial statements*).

**“Quarterly Financial Statements”** means the financial statements delivered pursuant to paragraph (b) of Clause 24.1 (*Financial statements*).

#### 24.1 Financial statements

The Parent shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 180 days after the end of each of its Financial Years:
  - (i) its audited consolidated financial statements for that Financial Year;
  - (ii) the audited financial statements (consolidated if appropriate) of each Obligor for that Financial Year;
  - (iii) if requested by the Agent, a year end stock and debtor report for the Group prepared by the Auditors on terms acceptable to the Agent (acting reasonably).
- (b) as soon as they are available, but in any event within 30 days after the end of each Financial Quarter of each of its Financial Years its consolidated financial statements for that Financial Quarter (including cumulative management accounts for the year to date); and
- (c) promptly following the end of each month, a current asset (broken down for debtors by ageing) and stock report for the Group (in the agreed form), in each case, on a country by country basis.

#### 24.2 Provision and contents of Compliance Certificate

- (a) The Parent shall supply a Compliance Certificate to the Agent with each set of its audited consolidated Annual Financial Statements and each set of the Quarterly Financial Statements.
- (b) The Compliance Certificate shall, amongst other things, set out (in reasonable detail) computations as to compliance with Clause 25 (*Financial Covenants*).
- (c) Each Compliance Certificate shall be signed by two directors of the Parent and, if required to be delivered with the audited consolidated Annual Financial Statements of the Parent and if requested by the Agent shall be reported on by the Auditors, in the form agreed by the Parent and the Agent acting reasonably and in good faith.

#### 24.3 Requirements as to financial statements

- (a) The Parent shall procure that each set of Annual Financial Statements and Quarterly Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition the Parent shall procure that:
  - (i) each set of Annual Financial Statements shall be audited by the Auditors; and
  - (ii) each set of Quarterly Financial Statements includes a cashflow forecast in respect of the Group in respect of the remainder of that Financial Year.
- (b) The Parent shall procure that each set of financial statements delivered pursuant to Clause 24.1 (*Financial statements*):
  - (i) shall give a true and fair view of (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), the financial condition and operations of the relevant Obligor as at the date as at which those financial statements were drawn up and, in the case of the Annual Financial Statements, shall be accompanied by any letter addressed to the management of the relevant company by the Auditors and accompanying those Annual Financial Statements;
  - (ii) in the case of consolidated financial statements of the Group, shall be accompanied by a statement by the Chief Financial Officer of the Parent comparing actual performance for the period to which the financial statements relate to:
    - (A) the projected performance for that period set out in the Budget; and
    - (B) the actual performance for the corresponding period in the preceding Financial Year of the Group; and
  - (iii) in the case of the Quarterly Financial Statements shall be accompanied by a statement by the Chief Financial Officer commenting on the performance of the Group for the month to which the financial statements relate and the Financial Year to date and any material developments or proposals affecting the Group or its business.
- (c) The Parent shall procure that each set of financial statements delivered under Clause 24.1 (*Financial statements*), in the case of any member of the Group (other than an Obligor), shall be prepared in accordance with the Accounting Principles and, in the case of any Obligor, shall be prepared using the Accounting Principles, accounting practices and financial reference periods consistent with those applied in the

preparation of the Original Financial Statements of that Obligor, unless, in relation to any set of financial statements of an Obligor, the Parent notifies the Agent that there has been a change in the Accounting Principles or the accounting practices and delivers to the Agent (together the “**Reconciliation Statement**”):

- (i) a description of any change necessary for those financial statements to reflect the Accounting Principles or accounting practices upon which that Obligor’s Original Financial Statements were prepared; and
- (ii) sufficient information, in such a form and substance as may be reasonably required by the Agent, to enable the Lenders:
  - (A) to determine whether Clause 25 (*Financial covenants*) has been complied with;
  - (B) to determine the Margin as set out in the definition of “Margin”;
  - (C) to make an accurate comparison between the financial position indicated in those financial statements and that Obligor’s Original Financial Statements; and
  - (D) to verify the calculation of Distributable Net Profits is correct in any certificate delivered under paragraph (v) of the definition of Permitted Distribution.
- (d) If the Parent notifies the Agent of any change pursuant to paragraph (c) above the Parent and the Agent (acting on the instructions of the Majority Lenders) shall consult together for not more than 30 days in good faith to agree the changes referred to in paragraph (c) and any other amendments to this Agreement which are necessary as a result of the change so notified. Any changes or amendments so agreed in writing will take effect and be binding on the Parties but until such changes are agreed any reference in this Agreement to any financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.
- (e) The Parent will procure that, if requested by the Agent, the Auditors shall as soon as reasonably possible confirm to the Finance Parties that any Reconciliation Statement complies with the requirements of this Clause 24.3.
- (f) The Parties agree that in the event of a reorganisation or liquidation permitted under paragraph (e) of the definition of Permitted Transaction, the Parent will provide a Reconciliation Statement in relation to the Accounting Principles and accounting practices used in preparing the Original Financial Statements of the Parent and any financial statements of the new Obligor:
  - (i) between UK GAAP, IFRS and Dutch GAAP, if at that time in the reasonable opinion of the Agent:
    - (A) there are material differences between those accounting principles and/or accounting practices or their application or interpretation (and the Parent will procure, if requested by the Agent, the Auditors promptly confirm at that time whether or not such material differences exist); or
    - (B) it is needed to determine Distributable Net Profits of the new Obligor; and
  - (ii) between Dutch GAAP and any other relevant accounting principles other than UK GAAP or IFRS.

- (g) In the event that there is a change in the Accounting Principles used by any member of the Group in relation to the accounting of leases, which has the effect that any lease (each a “**Non-Finance Lease**”) which before such change is not accounted for by a member of the Group under the Accounting Principles as a Finance Lease will, following such change, be accounted for by such member of the Group under the Accounting Principles as a Finance Lease, without prejudice to the obligations of the Obligors under paragraphs (c) and (d) above and subject to any changes as may be agreed (if any) under paragraph (d) above, to the extent that and for so long as such Non-Finance Leases are accounted for under the Accounting Principles at that time as Finance Leases, references in this Agreement to Finance Leases shall exclude any such Non-Finance Leases.

#### **24.4 Budget**

- (a) The Parent shall supply to the Agent in sufficient copies for all the Lenders, as soon as the same become available but in any event within 15 days before the start of each of its Financial Years, an annual Budget for that financial year.
- (b) The Parent shall ensure that each Budget:
- (i) is in a form reasonably acceptable to the Agent and includes a projected consolidated profit and loss, balance sheet and cashflow statement for the Group and projected financial covenant calculations;
  - (ii) is prepared in accordance with the Accounting Principles and the accounting practices and financial reference periods applied to financial statements under Clause 24.1 (*Financial statements*); and
  - (iii) has been approved by the board of directors of the Parent.
- (c) If the Company updates or changes the Budget, it shall promptly deliver to the Agent, in sufficient copies for each of the Lenders, such updated or changed Budget together with a written explanation of the main changes in that Budget.

#### **24.5 Group companies**

The Parent shall, in each Compliance Certificate delivered with the financial statements required to be provided under Clause 24.1(a)(i) (*Financial statements*), report on which of its Subsidiaries are Material Companies and confirm that the aggregate of earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA, as defined in Clause 25 (*Financial Covenants*)) and that the aggregate gross assets, aggregate net assets and aggregate turnover of the Guarantors (calculated on an unconsolidated basis and excluding all intra-group items) exceeds 80% of Consolidated EBITDA (as defined in Clause 25 (*Financial Covenants*)) and the consolidated gross assets, net assets and turnover of the Group.

#### **24.6 Presentations**

Once in every Financial Year, at least two officers of the Parent and the Company (one of whom shall be the chief financial officer) must give a presentation to the Finance Parties about the on-going business and financial performance of the Group.

#### **24.7 Year-end**

The Parent shall procure that each Financial Year-end of each member of the Group falls on 31 December.

#### 24.8 Information: miscellaneous

The Parent shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents dispatched by the Parent to its shareholders generally (or any class of them) or dispatched by the Parent or any Obligors to its creditors generally (or any class of them);
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group, and which, if adversely determined, are reasonably likely to have a Material Adverse Effect or which would involve a liability, or a potential or alleged liability, exceeding €1,000,000 (or its equivalent in other currencies);
- (c) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Transaction Security Documents; and
- (d) promptly on request, such further information regarding the financial condition, assets and operations of the Group and/or any member of the Group as any Finance Party through the Agent may reasonably request including, without limitation, any actuarial report prepared in respect of any pension scheme of a Belgian Obligor as soon as the same is available.

#### 24.9 Notification of default

- (a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Agent, the Parent shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

#### 24.10 “Know your customer” checks

- (a) If:
  - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
  - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any



prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) The Parent shall, by not less than 10 Business Days’ prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to Clause 29 (*Changes to the Obligors*).
- (d) Following the giving of any notice pursuant to paragraph (c) above or at any other time that a person is to become an Additional Obligor, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Parent shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

## 25. FINANCIAL COVENANTS

### 25.1 Financial definitions

In this Agreement:

**“Adjusted EBITDA”** means, in relation to a Relevant Period, Consolidated EBITDA for that Relevant Period adjusted by:

- (a) including the operating profit before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as Consolidated EBITDA) of a member of the Group for the Relevant Period (or attributable to a business or assets acquired during the Relevant Period) prior to its becoming a member of the Group or (as the case may be) prior to the acquisition of the business or assets; and
- (b) excluding operating profit before interest, tax, depreciation, amortisation and impairment charges (calculated on the same basis as Consolidated EBITDA) attributable to any member of the Group (or to any business or assets) disposed of during the Relevant Period.

**“Borrowings”** means, at any time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of any indebtedness of members of the Group for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;

- (b) any acceptances under any acceptance credit or bill discount facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds (but not Trade Instruments), notes, debentures, loan stock or any similar instrument;
- (d) any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument (but not, in any case, Trade Instruments) issued by a bank or financial institution in respect of (i) an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition or (ii) any liabilities of any member of the Group relating to any post-retirement benefit scheme;
- (g) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the Termination Date or are otherwise classified as borrowings under the Accounting Principles;
- (h) any amount of any liability under an advance or deferred purchase agreement if the primary reasons behind the entry into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question and payment is due more than 180 days after the date of supply or is deferred by more than 180 days;
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement, sale and sale back or sale and leaseback agreement) which is classified as borrowings under the Accounting Principles; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above,

but excluding for the avoidance of doubt all pension-related liabilities.

“**Consolidated EBITDA**” means, in respect of any Relevant Period, EBIT for that Relevant Period **after adding back** any amount attributable to amortisation, depreciation or impairment of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in the Relevant Period).

“**EBIT**” means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (including the results from discontinued operations):

- (a) **before deducting** any Finance Charges;
- (b) **not including** any accrued interest owing to any member of the Group;
- (c) before taking into account any Exceptional Items;
- (d) plus or minus the Group’s share of the profits or losses of Non-Group Entities;
- (e) **before taking into account** any unrealised gains or losses on any financial instrument;
- (f) **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset;

- (g) before taking into account any Pension Items; and
- (h) before deducting any Transaction Costs,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

**“Exceptional Items”** means any exceptional, one off, non-recurring or extraordinary items.

**“Finance Charges”** means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings whether paid, payable by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period:

- (a) **excluding** any upfront fees or costs which are included as part of the effective interest rate adjustments;
- (b) **including** the interest (but not the capital) element of payments in respect of Finance Leases;
- (c) **including** any commission, fees, discounts and other finance payments payable by (and deducting any such amounts payable to) any member of the Group under any interest rate hedging arrangement except upon the close out of any interest rate hedging arrangement, in which case any payments or receipts by members of the Group in relation to such hedging arrangements arising only on such close out will be amortised over the period that the interest rate hedging arrangement related to and will constitute Finance Charges in the Relevant Period only to the extent amortised in such Relevant Period;
- (d) **excluding** any Transaction Costs;
- (e) **excluding** any interest cost in relation to any post-employment benefit schemes;
- (f) if a Joint Venture is accounted for on a proportionate consolidation basis, after **adding** the Group's share of the finance costs or interest receivable of the Joint Venture;
- (g) taking no account of any unrealised gains or losses on any financial instruments; and
- (h) **excluding** any capitalised interest,

and so that no amount shall be added (or deducted) more than once.

**“Finance Lease”** means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease.

**“Financial Quarter”** means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

**“Financial Year”** means the annual accounting period of the Group ending on or about 31 December in each year.

**“Interest Cover”** means the ratio of Consolidated EBITDA to Net Finance Charges in respect of any Relevant Period.

**“Leverage”** means, in respect of any Relevant Period, the ratio of Total Net Debt on the last day of that Relevant Period to Adjusted EBITDA in respect of that Relevant Period.

**“Net Finance Charges”** means, for any Relevant Period, the Finance Charges for that Relevant Period after **deducting** any interest payable in that Relevant Period to any member of the Group on any Cash or Cash Equivalent Investment.

**“Non-Group Entity”** means any investment or entity (which is not itself a member of the Group (including associates and Joint Ventures)) in which any member of the Group has an ownership interest.

**“Pension Items”** means any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme.

**“Quarter Date”** means each of 31 March, 30 June, 30 September and 31 December.

**“Relevant Period”** means each period of twelve months ending on or about the last day of the Financial Year and each period of twelve months ending on or about the last day of each Financial Quarter.

**“Total Net Debt”** means, at any time, the aggregate amount of all obligations of members of the Group for or in respect of Borrowings at that time but:

- (a) **excluding** any such obligations to any other member of the Group;
- (b) **excluding** the principal outstanding amount of any Permitted Financial Indebtedness permitted under paragraph (b) of the definition of Permitted Financial Indebtedness;
- (c) **including**, in the case of Finance Leases only, their capitalised value; and
- (d) **deducting** the aggregate amount of Cash and Cash Equivalent Investments held by any **member** of the Group at that time,

and so that no amount shall be included or excluded more than once.

**“Transaction Costs”** means the costs, fees and expenses incurred by the Group in connection with the refinancing of the Existing Facilities and documentation, implementation and funding of the Revolving Facility and the MOF Facility Agreement in the amount specified in the certificate delivered to the Agent under paragraph 5 of Part I of Schedule 2 ( *Conditions Precedent*).

## 25.2 Financial condition

The Parent shall ensure that:

- (a) *Interest Cover*: Interest Cover in respect of any Relevant Period shall not be less than 3.5:1.
- (b) *Leverage*: Leverage in respect of any Relevant Period shall not exceed 2.50:1.

## 25.3 Financial testing

- (a) The financial covenants set out in Clause 25.2 ( *Financial condition* ) shall be calculated in accordance with the Accounting Principles and tested by reference to each of the financial statements delivered pursuant to paragraphs (a)(i) and (b) of Clause 24.1 ( *Financial Statements* ) and/or each Compliance Certificate delivered pursuant to Clause 24.2 ( *Provision and contents of Compliance Certificate* ).

- (b) For the purpose of any calculation in respect of this Clause 25, the exchange rate used to translate any amount not in the Base Currency into the Base Currency for the purpose of calculating:
  - (i) EBIT, Adjusted EBITDA, Consolidated EBITDA and Net Finance Charges shall be, in respect of any component of EBIT, Consolidated EBITDA, Adjusted EBITDA and Net Finance Charges arising in any Relevant Period: (A) subject to paragraph (B) below, the average of the relevant ECB Rates on the last Business Day of each month during the Relevant Period (or if such ECB Rates are not available on that day, on the next Business Day on which such rates are available) and (B) to the extent that the Relevant Period includes any period of a prior Financial Year of the Parent (the “**Preceding Period**”), in respect of any component of EBIT, Consolidated EBITDA, Adjusted EBITDA and Net Finance Charges arising in such Preceding Period, the average of the relevant ECB rates for that Financial Year, as will be or have been used (on a basis consistent with exchange rate calculations in the Original Financial Statements of the Parent) for the purposes of exchange rate calculations in the Annual Financial Statements of the Parent for such Financial Year; and
  - (ii) in respect of any component of Total Net Debt, the relevant ECB Rates on the last Business Day of the Relevant Period, or if such ECB Rates are not available on that day, on the next Business Day on which such rates are available.

## 26. GENERAL UNDERTAKINGS

The undertakings in this Clause 26 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

### 26.1 Authorisations

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) supply, if requested by the Agent in writing, certified copies to the Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable it to perform its obligations under the Finance Documents;
- (ii) ensure (subject to the Legal Reservations and the Perfection Requirements) the legality, validity, enforceability or admissibility in evidence of any Finance Document; and
- (iii) carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### 26.2 Compliance with laws

Each Obligor shall (and the Parent shall ensure that each member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

### 26.3 Environmental compliance

Each Obligor shall (and the Parent shall ensure that each member of the Group will):

- (a) comply with all Environmental Law;
- (b) obtain, maintain and ensure compliance with all Environmental Permits required in connection with its business;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law, where failure to do so has or is reasonably likely to have a Material Adverse Effect.

### 26.4 Environmental claims

Each Obligor shall (through the Parent), promptly upon becoming aware of the same, inform the Agent in writing of:

- (a) any Environmental Claim against any member of the Group which is current, pending or threatened; and
- (b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

### 26.5 Taxation

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
  - (i) such payment is being contested in good faith;
  - (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under Clause 24.1 (*Financial statements*); and
  - (iii) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.
- (b) No member of the Group may change its residence for Tax purposes without the consent of the Majority Lenders (not to be unreasonably withheld or delayed).

### 26.6 Merger

No Obligor shall (and the Parent shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction or with the prior consent of the Majority Lenders (not to be unreasonably withheld or delayed provided that it shall be reasonable for the Majority Lenders not to give their consent to any such step in the event that they are not satisfied that the Finance Parties will enjoy at least the same or equivalent Transaction Security over the same assets and the same or equivalent guarantee in an amount not less than any guarantee provided before such steps, in each case enjoyed by them prior to such steps).

## 26.7 Change of business

The Parent shall procure that no substantial change is made to the general nature of the business of the Group taken as a whole from that carried on by the McJunkin Group at the date of this Agreement.

## 26.8 Acquisitions

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no other member of the Group will):
  - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
  - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any interest in any of them) or the incorporation of a company which is:
  - (i) a Permitted Acquisition; or
  - (ii) a Permitted Transaction.

## 26.9 Joint ventures

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will):
  - (i) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or transfer of assets (or agreement to transfer assets) to a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture:
  - (i) if such transaction has occurred before the date of this Agreement;
  - (ii) in relation to any transfer of assets to a Joint Venture in the ordinary course of trading on arm's length terms for full market value;
  - (iii) if such transaction is a Permitted Acquisition, a Permitted Disposal, a Permitted Loan or a Permitted Joint Venture; or
  - (iv) if such Joint Venture is acquired as part of Permitted Acquisition (save under paragraph (f) of that definition) provided that such Joint Venture is a limited liability entity or held via a limited liability entity.

#### 26.10 Preservation of assets

Each Obligor shall (and the Parent shall ensure that each member of the Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business from time to time.

#### 26.11 *Pari passu* ranking

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party or Hedge Counterparty or MOF Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

#### 26.12 Negative pledge

In this Clause 26.12, “**Quasi-Security**” means an arrangement or transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

- (a) No Obligor shall (and the Parent shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) No Obligor shall (and the Parent shall ensure that no other member of the Group will):
  - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
  - (iv) enter into any other preferential arrangement having a similar effect,in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
  - (i) Permitted Security; or
  - (ii) a Permitted Transaction.

#### 26.13 Disposals

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.



- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is:
  - (i) a Permitted Disposal; or
  - (ii) a Permitted Transaction.

#### **26.14 Arm's length basis**

- (a) Except as permitted by paragraph (b) below, no Obligor shall (and the Parent shall ensure no member of the Group will) enter into any transaction with any person except on arm's length terms and for market value (or on terms that are more favourable to the relevant member of the Group).
- (b) The following transactions shall not be a breach of this Clause 26.14:
  - (i) intra-group loans permitted under Clause 26.15 (*Loans or credit*);
  - (ii) fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or agreed by the Agent;
  - (iii) any arrangement in respect of, or the making of, a Permitted Payment under paragraph (b) of that definition or Permitted Distribution under paragraph (c)(ii) of that definition or any transaction to facilitate the making of the same;
  - (iv) transactions between Obligors or loans by Obligors to members of the Group which are not Obligors to the extent permitted by paragraph (e) of the definition of Permitted Loan or guarantees given by Obligors in respect of the liabilities of non-Obligors to the extent permitted by the definition of Permitted Guarantee;
  - (v) transactions between non-Obligors;
  - (vi) any transaction with any employee or member of management of any member of the Group pursuant to an employee or management participation or incentive scheme; and
  - (vii) loans to or guarantees of indebtedness of directors or employees of members of the Group to the extent permitted under paragraph (f) of the definition of Permitted Loan; and
  - (viii) any Permitted Transaction.

#### **26.15 Loans or credit**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
  - (i) a Permitted Loan; or
  - (ii) a Permitted Transaction.

- (c) No Obligor shall (and the Parent shall procure that no member of the Group will):
  - (i) repay or pay any principal amount (or capitalised interest) outstanding under any Dormant Subsidiary Loan; or
  - (ii) pay any interest or other amount in connection with any Dormant Subsidiary Loan; or
  - (iii) purchase, redeem, defease or discharge any amount outstanding with respect of any Dormant Subsidiary Loan, save as part of a solvent liquidation or reorganisation of such a Dormant Subsidiary permitted under paragraph (b) of the definition of Permitted Transaction provided that all of the proceeds of such payment are distributed from the Dormant Subsidiary to an Obligor on such liquidation or reorganisation occurring.

#### **26.16 No Guarantees or indemnities**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) above does not apply to a guarantee which is:
  - (i) a Permitted Guarantee; or
  - (ii) a Permitted Transaction.

#### **26.17 Dividends and share redemption**

- (a) Except as permitted under paragraph (b) below, the Parent shall not (and will ensure that no other member of the Group will):
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) pay or allow any member of the Group to pay any management, advisory or other fee to, or to the order of, or reimburse or indemnify any costs or expenses of any Holding Company of the Parent or any of its officers or directors;
  - (iii) repay or distribute any dividend or share premium reserve; or
  - (iv) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.
- (b) Paragraph (a) above does not apply to:
  - (i) a Permitted Distribution or;
  - (ii) a Permitted Transaction (other than one referred to in paragraph (c) of the definition of that term); or
  - (iii) a Permitted Payment.

#### **26.18 Financial Indebtedness**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Parent shall ensure that no member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is:
  - (i) Permitted Financial Indebtedness; or
  - (ii) a Permitted Transaction.

#### **26.19 Share capital**

No Obligor shall (and the Parent shall ensure no member of the Group will) issue any shares except pursuant to:

- (a) a Permitted Share Issue; or
- (b) a Permitted Transaction.

#### **26.20 Insurance**

- (a) Each Obligor shall (and the Parent shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) All insurances must be with reputable independent insurance companies or underwriters.

#### **26.21 Intellectual Property**

Each Obligor shall (and the Parent shall procure that each Group member will):

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant Group member;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any member of the Group to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (a) and (b) above, or, in the case of paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

## 26.22 Group bank accounts

The Parent shall ensure that:

- (a) within 6 months of the first Utilisation Date all bank accounts held by members of the Group incorporated in England, Australia, New Zealand and Singapore shall be maintained with HSBC Bank plc or one of its Affiliates and (subject to the Agreed Security Principles) are subject to valid Security under the Transaction Security Documents;
- (b) the balances of the bank accounts of MRC Transmark France EURL shall not at any time in aggregate exceed €200,000 (or its equivalent); and
- (c) all bank accounts of MRC Transmark France EURL are closed:
  - (i) within 90 days of the merger permitted under paragraph (f) of the definition of Permitted Transaction; or
  - (ii) if such merger does not occur by 30 November 2010, within 90 days of such date.

## 26.23 Treasury Transactions

No Obligor shall (and the Parent will procure that no members of the Group will) enter into any Treasury Transaction, other than:

- (a) any hedging transactions documented by the Hedging Agreements;
- (b) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and
- (c) any Treasury Transaction entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Group and not for speculative purposes.

## 26.24 Guarantors

- (a) In this Agreement “**Guarantor Coverage Test**” means the test of whether (and which is passed if):
  - (i) the aggregate earnings before interest, tax, depreciation and amortisation (calculated on the same basis as Consolidated EBITDA) of the members of the Group which are Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) equals or exceeds 80 per cent. of Consolidated EBITDA; and
  - (ii) the aggregate of the turnover of the members of the Group which are Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) equals or exceeds 80 per cent. of the consolidated turnover of the Group; and
  - (iii) the aggregate of the gross assets and net assets of the members of the Group which are Guarantors (calculated on an unconsolidated basis and excluding all intra-group items and investments in Subsidiaries of any member of the Group) equals or exceeds 80 per cent. of the consolidated gross assets and consolidated net assets of the Group.

- (b) The Parent shall ensure that, subject to paragraphs (c), (d) and (e) below the Guarantor Coverage Test is satisfied on the last day of each Financial Year. The Parent shall confirm in each Compliance Certificate delivered under Clause 24.2 (*Provision and contents of Compliance Certificate*) in respect of each set of Annual Financial Statements of the Parent whether on the last day of the relevant Financial Year the Guarantor Coverage Test is satisfied. If any such Compliance Certificate confirms that the Guarantor Coverage Test has not been met then the Parent shall identify in such Compliance Certificate (together with supporting calculations) one or more additional Subsidiaries which will become Additional Guarantor(s) in order to satisfy the Guarantor Coverage Test. The Parent shall ensure that each such additional Subsidiary becomes an Additional Guarantor within (i) 30 days of the delivery of the Agent of the relevant Compliance Certificate if such Subsidiary is incorporated in England and Wales or (ii) 60 days of delivery to the Agent of the relevant Compliance Certificate if such Subsidiary is incorporated in another jurisdiction.
- (c) The Parent shall ensure that each member of the Group which becomes a Material Company will become an Additional Guarantor within (i) 30 days of it becoming a Material Company if it is incorporated in England or within 60 days of it becoming a Material Company if it is incorporated in another jurisdiction.
- (d) The Parent shall ensure that within 30 days of the acquisition of a Subsidiary incorporated in England or the acquisition of a business or undertaking by a Subsidiary incorporated in England which is not a Guarantor and within 60 days of the acquisition of a Subsidiary incorporated in any other jurisdiction or the acquisition of a business or undertaking by a Subsidiary incorporated in another jurisdiction, either:
  - (i) deliver to the Agent a certificate signed by the Chief Financial Officer of the Parent, confirming (together with supporting calculations) that based on the most recent Annual Financial Statements of the Parent (adjusted to include on a proforma basis) the earnings before interest, tax, depreciation and amortisation calculated on the same basis as Consolidated EBITDA of such new Subsidiary or of such acquired business or undertaking, following such acquisition, the Guarantor Coverage Test continues to be met by the existing Guarantors; or
  - (ii) deliver to the Agent a certificate signed by the Chief Financial Officer of the Parent (together with supporting calculations on the basis in paragraph (d)(i) above), identifying one or more additional Subsidiaries which will become Additional Guarantor(s) in order to comply with the Guarantor Coverage Test and ensure that such additional Subsidiaries each become an Additional Guarantor within such period.
- (e) In relation to any calculation of the Guarantor Coverage Test:
  - (i) the aggregate earnings before interest, tax, depreciation and amortisation of all French Guarantors and the aggregate turnover and the aggregate gross assets and net assets of all French Guarantors notwithstanding its actual amount, shall form no more than a maximum of 10% of the aggregate earnings before interest, tax, depreciation and amortisation or aggregate turnover of aggregate gross assets or the aggregate net assets of the Guarantors; and
  - (ii) the aggregate earnings before interest, tax, depreciation and amortisation of all Restricted Obligors and the French Guarantors and the aggregate turnover and the aggregate gross assets and net assets of all Restricted

Obligors and the French Guarantors notwithstanding its actual amount, shall in aggregate form no more than a maximum of 15% of the aggregate earnings before interest, tax, depreciation and amortisation or the aggregate turnover or the aggregate gross assets or the aggregate net assets of the Guarantors.

Where “**Restricted Obligors**” means an Additional Guarantor (other than an Acceding Obligor) in respect of which in the opinion of the Majority Lenders (acting reasonably and ignoring for this purpose the Agreed Security Principles) any guarantee given to the Finance Parties by such Additional Guarantor or any Security under the Transaction Security Documents entered into by such Additional Guarantor is materially limited in relation to its nature, extent, scope or enforceability.

#### 26.25 Pensions

Except for the pension schemes in Belgium and The Netherlands disclosed to the Agent by the Company prior to the Signing Date, neither it nor any of its Subsidiaries shall become liable for or have any obligations under or in respect of a defined benefit pension scheme (or its equivalent in any jurisdiction), save in respect of any such scheme where any unfunded obligations or liabilities at the time it becomes liable for the same (the “**Relevant Time**”) are less than (i) €2,500,000 (or its equivalent) in respect of any such scheme and (ii) €5,000,000 (or its equivalent) when aggregated with all unfunded liabilities and obligations of all members of the Group in respect of any such schemes permitted under this Clause 26.25.

#### 26.26 Further assurance

- (a) Subject to the Agreed Security Principles, each Obligor shall (and the Parent shall procure that each member of the Group shall) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law; and/or
  - (ii) to confer on the Security Agent or on the Finance Parties Security over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Transaction Security Documents; and/or
  - (iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) If any Obligor which has entered into one or more Transaction Security Documents acquires an asset (including any right, account, investment or otherwise) which is either not subject to any such Transaction Security Document, or in relation to which a perfection requirement or other step must be taken in relation to that asset in connection with an existing Transaction Security Document, that Obligor shall (in all cases subject to the Agreed Security Principles) ensure that a Transaction Security

Document is entered into, or as required by the applicable Transaction Security Document that a similar perfection requirement or other step is taken, in each case, in connection with that asset.

- (c) Subject to the Agreed Security Principles each Obligor shall (and the Parent shall procure that each member of the Group shall) take all such action as is reasonably requested of it by the Security Agent (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

#### 26.27 Conditions subsequent

The Parent shall procure that

- (a) by no later than 31 December 2010, in the event that the merger of MRC Transmark France SAS and MRC Transmark France EURL as permitted under paragraph (f) of the definition of Permitted Transaction does not unconditionally complete by 30 November 2010 to the satisfaction of the Agent (acting reasonably), there is delivered to the Agent in a form satisfactory to it (acting reasonably):
  - (i) a financial securities account pledge agreement executed by MRC Transmark France EURL over the financial securities it holds in MRC Transmark France SAS;
  - (ii) a share pledge agreement executed by the Parent over the shares it holds in MRC Transmark France EURL;
  - (iii) such other notices, evidence, authorisations, documents, opinions or assurances as the Agent considers necessary (acting reasonably based on legal advice) in connection with the entry into and performance of the obligations under such documents in (i) and (ii) above or for their validity, enforceability and perfection;
- (b) by no later than the date being 90 days from the first Utilisation Date, there is delivered to the Agent in a form satisfactory to the Agent (acting reasonably):
  - (i) a certified copy of the duly executed discharge relating to the discharge of the Singapore Property from the the Singapore Mortgage by the relevant party thereto (the “**Singapore Mortgage Discharge Document**”);
  - (ii) a duly signed letter from a Director/Attorney of each chargee/mortgagee of the Singapore Mortgage authorising MRC Transmark Pte. Ltd. and/or its legal advisers to file the relevant statement of satisfaction of charge containing particulars relating to the Singapore Mortgage Discharge Document with the relevant government authority; and
- (c) by no later than the date being 28 days from the first Utilisation Date, there is delivered to the Agent in a form satisfactory to the Agent (acting reasonably) a statutory declaration by a duly authorised officer of each Australian Obligor as to the location and value of Charged Property located or taken for stamp duty purposes to be located in Australia.

#### 27. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 27 is an Event of Default (save for Clause 27.17 (*Acceleration*)).

### 27.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
  - (i) administrative or technical error; or
  - (ii) a Disruption Event; and
- (b) payment is made within five Business Days of its due date.

### 27.2 Financial covenants and other obligations

- (a) Any requirement of Clause 25 (*Financial covenants*) is not satisfied or an Obligor does not comply with the provisions of Clause 24 (*Information Undertakings*).
- (b) An Obligor does not comply with any material provision of any Transaction Security Document.

### 27.3 Other obligations

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 27.1 (*Non-payment*) and Clause 27.2 (*Financial covenants and other obligations*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 21 days of the earlier of (i) the Agent giving notice to the Parent or relevant Obligor and (ii) the Parent or an Obligor becoming aware of the failure to comply.

### 27.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made unless the circumstances giving rise to that misrepresentation are capable of remedy and are remedied within 21 days of the earlier of the Agent giving notice to the Obligors' Agent or any relevant Obligor becoming aware of the failure to comply.

### 27.5 Cross default

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).



- (d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 27.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than €5,000,000 (or its equivalent in any other currency or currencies).

#### **27.6 Insolvency**

- (a) Any Material Company is unable or admits inability to pay its debts as they fall due, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) A moratorium is declared in respect of any indebtedness of any Material Company. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

#### **27.7 Insolvency proceedings**

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Material Company;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of any Material Company;
  - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Material Company or any of its assets; or
  - (iv) enforcement of any Security over any assets of any Material Company,
 or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) shall not apply to:
  - (i) any winding-up petition which is frivolous or vexatious or which is being contested in good faith and, in each case, is discharged, stayed or dismissed within 21 days of commencement; or
  - (ii) any step or procedure contemplated by paragraph (b) or (e) of the definition of Permitted Transaction.

#### **27.8 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution (including by way of executory attachment (*executoriaal beslag*) or interlocutory attachment (*conservatoir beslag*) or any analogous process in any jurisdiction affects any asset or assets of any Material Company having an aggregate value of €1,000,000 (or its equivalent in any other currency or currencies) and is not discharged within 21 days.

### **27.9 Unlawfulness and invalidity**

- (a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or is or becomes unlawful.
- (b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.
- (c) Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

### **27.10 Cessation of business**

Any Material Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business except as a result of a Permitted Disposal or a Permitted Transaction.

### **27.11 Change of ownership**

- (a) After the Signing Date, an Obligor (other than the Parent) ceases to be a wholly-owned Subsidiary of the Parent; or
- (b) An Obligor ceases to own at least the same percentage of shares in a Material Company as on the Signing Date, except, in either case, as a result of a disposal which is a Permitted Disposal or a Permitted Transaction.

### **27.12 Audit qualification**

The Auditors of the Group qualify the audited annual consolidated financial statements of the Parent on the basis of non disclosure or an inability to prepare accounts on a going concern basis or otherwise in a manner or to an extent which is materially prejudicial to the interests of the Finance Parties under the Finance Documents.

### **27.13 Expropriation**

The authority or ability of any Material Company or any of its Subsidiaries to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any Material Company or any of its assets or any of its Subsidiaries or any of their assets, which limitation or curtailment (taking into consideration any compensation or payment received in respect thereof) has, or could reasonably be expected to have, a Material Adverse Effect.

### **27.14 Repudiation and rescission of agreements**

An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

### 27.15 Litigation

- (a) Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to or against any Material Company or its assets or any of its Subsidiaries or their assets, which has or if adversely determined is reasonably likely to have, a Material Adverse Effect.
- (b) Any final judgement or decree is awarded against any Material Company or its assets or any of its Subsidiaries or their assets or any Material Company or any of its Subsidiary agrees a settlement in respect of any litigation, arbitration, governmental, regulatory or other investigations, proceedings or dispute against it or its assets in an amount in excess of €10,000,000.

### 27.16 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

### 27.17 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Parent:

- (a) cancel the Total Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (c) declare that all or part of the Utilisations be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders;
- (d) declare that cash cover in respect of each Letter of Credit is immediately due and payable at which time it shall become immediately due and payable;
- (e) declare that cash cover in respect of each Letter of Credit is payable on demand at which time it shall immediately become due and payable on demand by the Agent on the instructions of the Majority Lenders;
- (f) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

## 28. CHANGES TO THE LENDERS

### 28.1 Assignments and transfers by the Lenders

Subject to this Clause 28, a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the “**New Lender**”).

## 28.2 Conditions of assignment or transfer

- (a) Unless the assignment or transfer in accordance with Clause 28.1 (*Assignments and transfers by the Lenders*) is:
- (i) to another Lender or an Affiliate of a Lender;
  - (ii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender; or
  - (iii) made at a time when an Event of Default is continuing,
- an Existing Lender must consult with the Parent for no more than 5 Business Days before it may make an assignment or transfer and such assignment or transfer may only be to a New Lender which:
- (iv) has a rating for its long-term unsecured and non credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency; and
  - (v) is not any person that is (or is an Affiliate or person that is) a competitor of the McJunkin Group in its core activities and which is named on a list of Competitors (if any) agreed from time to time between the Agent and the Company (or each acting reasonable).
- (b) The consent of the Issuing Bank is required for any assignment or transfer by an Existing Lender of any of its rights and/or obligations under the Revolving Facility.
- (c) An assignment will only be effective on:
- (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender; and
  - (ii) the New Lender entering into the documentation required for it to accede as a party to the Security Trust Agreement; and
  - (iii) the performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (d) A transfer will only be effective if the New Lender enters into the documentation required for it to accede as a party to the Security Trust Agreement and if the procedure set out in Clause 28.6 (*Procedure for transfer*) is complied with.
- (e) If:
- (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New

Lender or Lender acting through its new Facility Office under Clause 17 ( *Tax Gross Up and Indemnities*) or Clause 18 ( *Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under that Clause to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

- (f) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.
- (g) In order to comply with the Dutch Financial Supervision Act ( *Wet op het financieel toezicht*) and/or the decrees and regulations prologated thereunder (as amended from time to time), the amount transferred under this Clause 28.2 shall include an outstanding portion of at least €50,000 (or its equivalent in other currencies) per Lender or such other amount as may be required from time to time by the Dutch Financial Supervision Act and decrees or regulations prologated thereunder (as amended or restated from time to time) or if less, the New Lender shall confirm in writing to the Borrowers that it is a professional market party within the meaning of the Dutch Financial Supervision Act.

#### **28.3 Assignment or transfer fee**

Unless the Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, (ii) to a Related Fund or (iii) made in connection with primary syndication of the Facility, the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of €2,000.

#### **28.4 Preservation of Security**

The benefit of the Transaction Security and of the Transaction Security Documents shall automatically transfer to any transferee of part or all of the obligations expressed to be secured by the Transaction Security. Insofar as necessary, the Security Agent, the other Finance Parties and the Obligors hereby expressly reserve for the purpose of Article 1278 and Article 1281 of the Belgian Civil Code (and, to the extent applicable, any similar provisions of foreign law) the preservation of the Transaction Security and of the Transaction Security Documents in case of assignment, novation, amendment or any other transfer or change of the obligations expressed to be secured by the Transaction Security (including, without limitation, an extension of the term or an increase of the amount of such obligations or the granting of additional credit) or of any change of any of the parties to this Agreement or any other Finance Document.

#### **28.5 Limitation of responsibility of Existing Lenders**

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;
  - (ii) the financial condition of any Obligor;

- (iii) the performance and observance by any Obligor or any other member of the Group of its obligations under the Finance Documents or any other documents; or
- (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Transaction Security; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 28; or
  - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

#### **28.6 Procedure for transfer**

- (a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 28.11 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and

in respect of the Transaction Security shall be cancelled (being the “**Discharged Rights and Obligations**”);

- (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
- (iii) the Agent, the Arranger, the Security Agent, the New Lender, the other Lenders and the Issuing Bank shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranger, the Security Agent and the Issuing Bank and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and
- (iv) the New Lender shall become a Party as a “Lender”.

#### 28.7 Procedure for assignment

- (a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 28.11 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
  - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 28.7 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 28.6 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they

comply with the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*).

#### 28.8 **Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Parent**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or an Increase Confirmation, send to the Parent a copy of that Transfer Certificate, Assignment Agreement or Increase Confirmation.

#### 28.9 **Accession of Hedge Counterparties and MOF Lenders**

Any person which becomes a party to the Security Trust Agreement as a Hedge Counterparty or MOF Lender shall, at the same time, become a Party to this Agreement as a Hedge Counterparty and MOF Lender in accordance with Clause 13.5 (*Creditor/Agent Accession Undertaking*) of the Security Trust Agreement.

#### 28.10 **Security over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 28, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

#### 28.11 **Pro rata interest settlement**

If the Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 28.6 (*Procedure for transfer*) or any assignment pursuant to Clause 28.7 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

- (a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and



- (b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
  - (i) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and
  - (ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 28.11, have been payable to it on that date, but after deduction of the Accrued Amounts.

## 29. CHANGES TO THE OBLIGORS

### 29.1 Assignment and transfers by Obligors

No Obligor or any other member of the Group may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

### 29.2 Additional Borrowers

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 24.10 (*"Know your customer" checks*), the Parent may request that any of its wholly owned Subsidiaries which is not a Dormant Subsidiary becomes a Borrower. That Subsidiary shall become a Borrower if:
  - (i) it is incorporated in the same jurisdiction as an existing Borrower or in a European Union country and the Majority Lenders approve (acting reasonably) the addition of that Subsidiary or otherwise if all the Lenders approve (acting reasonably) the addition of that Subsidiary;
  - (ii) the Parent and that Subsidiary deliver to the Agent a duly completed and executed Accession Deed;
  - (iii) the Subsidiary is (or becomes) a Guarantor prior to becoming a Borrower;
  - (iv) the Parent confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and
  - (v) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent.
- (b) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent*).

### 29.3 Resignation of a Borrower

- (a) In this Clause 29.3 (*Resignation of a Borrower*), Clause 29.5 (*Resignation of a Guarantor*) and Clause 29.7 (*Resignation and release of Security on disposal*), "**Third Party Disposal**" means the disposal of an Obligor to a person which is not a member of the Group where that disposal is permitted under Clause 26.13 (*Disposals*) or made with the approval of the Majority Lenders (and the Parent has confirmed this is the case).
- (b) If a Borrower is the subject of a Third Party Disposal, the Parent may request that such Borrower (other than the Parent or the Company) ceases to be a Borrower by delivering to the Agent a Resignation Letter.

- (c) The Agent shall accept a Resignation Letter and notify the Parent and the other Finance Parties of its acceptance if:
  - (i) the Parent has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
  - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents;
  - (iii) where the Borrower is also a Guarantor (unless its resignation has been accepted in accordance with Clause 29.5 (*Resignation of a Guarantor*)), its obligations in its capacity as Guarantor continue to be legal, valid, binding and enforceable and in full force and effect (subject to the Legal Reservations) and the amount guaranteed by it as a Guarantor is not decreased (and the Parent has confirmed this is the case); and
  - (iv) the Parent has confirmed that it shall ensure that any relevant Disposal Proceeds will be applied in accordance with Clause 11.2 (*Disposal and Insurance Proceeds*).
- (d) Upon notification by the Agent to the Parent of its acceptance of the resignation of a Borrower, that company shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents as a Borrower except that the resignation shall not take effect (and the Borrower will continue to have rights and obligations under the Finance Documents) until the date on which the Third Party Disposal takes effect.
- (e) The Agent may, at the cost and expense of the Parent, require a legal opinion from counsel to the Agent confirming the matters set out in paragraph (c)(iii) above and the Agent shall be under no obligation to accept a Resignation Letter until it has obtained such opinion in form and substance satisfactory to it.

#### 29.4 Additional Guarantors

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 24.10 (*"Know your customer" checks*), the Parent may request that any of its wholly owned Subsidiaries become a Guarantor.
- (b) A member of the Group shall become an Additional Guarantor if (subject to the Agreed Security Principles):
  - (i) the Parent and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Deed; and
  - (ii) other than in respect of an Acceding Obligor, the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.
- (c) The Agent shall notify the Parent and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent*).

#### 29.5 Resignation of a Guarantor

- (a) The Parent may request that a Guarantor (other than the Parent or the Company) ceases to be a Guarantor by delivering to the Agent a Resignation Letter if:
  - (i) that Guarantor is being disposed of by way of a Third Party Disposal (as defined in Clause 29.3 (*Resignation of a Borrower*)) and the Parent has confirmed this is the case; or
  - (ii) all the Lenders have consented to the resignation of that Guarantor.
- (b) The Agent shall accept a Resignation Letter and notify the Parent and the Lenders of its acceptance if:
  - (i) the Parent has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
  - (ii) no payment is due from the Guarantor under Clause 22.1 (*Guarantee and indemnity*);
  - (iii) where the Guarantor is also a Borrower, it is under no actual or contingent obligations as a Borrower and has resigned and ceased to be a Borrower under Clause 29.3 (*Resignation of a Borrower*); and
  - (iv) the Parent has confirmed that it shall ensure that the Disposal Proceeds will be applied in accordance with Clause 11.2 (*Disposal and Insurance Proceeds*).
- (c) The resignation of that Guarantor shall not be effective until the date of the relevant Third Party Disposal at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

#### 29.6 Repetition of Representations

Delivery of an Accession Deed constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in paragraph (c) of Clause 23.29 (*Times when representations made*) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

#### 29.7 Resignation and release of security on disposal

If a Borrower or Guarantor is or is proposed to be the subject of a Third Party Disposal then:

- (a) where that Borrower or Guarantor created Transaction Security over any of its assets or business in favour of the Security Agent, or Transaction Security in favour of the Security Agent was created over the shares (or equivalent) of that Borrower or Guarantor, the Security Agent may, at the cost and request of the Parent, release those assets, business or shares (or equivalent) and issue certificates of non-crystallisation;
- (b) the resignation of that Borrower or Guarantor and related release of Transaction Security referred to in paragraph (a) above shall not become effective until the date of that disposal; and
- (c) if the disposal of that Borrower or Guarantor is not made, the Resignation Letter of that Borrower or Guarantor and the related release of Transaction Security referred to in paragraph (a) above shall have no effect and the obligations of the Borrower or

Guarantor and the Transaction Security created or intended to be created by or over that Borrower or Guarantor shall continue in such force and effect as if that release had not been effected.

### **30. ROLE OF THE AGENT, THE ARRANGER, THE ISSUING BANK AND OTHERS**

#### **30.1 Appointment of the Agent**

- (a) Each of the Arranger, the Lenders and the Issuing Bank appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger, the Lenders and the Issuing Bank authorises the Agent to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

#### **30.2 Duties of the Agent**

- (a) Subject to paragraph (b) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (b) Without prejudice to Clause 28.8 (*Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Parent*) and paragraph (e) of Clause 7.4 (*Cash Collateral by Non-Acceptable L/C Lender*), paragraph (a) above shall not apply to any Transfer Certificate, any Assignment Agreement or any Increase Confirmation.
- (c) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (e) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (f) The Agent shall provide to the Parent, within ten Business Days of a request by the Parent (but no more frequently than once per calendar month), a list (which may be in electronic form) setting out the names of the Lenders as at the date of that request, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.
- (g) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

### 30.3 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

### 30.4 No fiduciary duties

- (a) Nothing in this Agreement constitutes the Agent, the Arranger and/or the Issuing Bank as a trustee or fiduciary of any other person.
- (b) None of the Agent, the Security Agent, the Arranger or the Issuing Bank shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

### 30.5 Business with the Group

The Agent, the Security Agent, the Arranger and the Issuing Bank may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

### 30.6 Rights and discretions

- (a) The Agent and the Issuing Bank may rely on:
  - (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and
  - (ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
  - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 27.1 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
  - (iii) any notice or request made by the Parent (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.
- (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) The Agent may act in relation to the Finance Documents through its personnel and agents.
- (e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Parent and shall disclose the same upon the written request of the Parent or the Majority Lenders.

- (g) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent, the Arranger or the Issuing Bank is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (h) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of paragraph (a)(ii) of Clause 15.2 (*Market Disruption*).

### 30.7 Majority Lenders' instructions

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties other than the Security Agent.
- (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders, (or, if appropriate, the Lenders) the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (e) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

### 30.8 Responsibility for documentation

None of the Agent, the Arranger or the Issuing Bank:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, the Arranger, the Issuing Bank, an Obligor or any other person given in or in connection with any Finance Document or the Information Memorandum or the Reports or the transactions contemplated in the Finance Documents;
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document or the Transaction Security; or
- (c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

### 30.9 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 33.11 (*Disruption to Payment Systems etc.*)), none of the Agent, the Issuing Bank will be liable including, without limitation, for negligence or any other category of liability whatsoever for any action taken by it under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party (other than the Agent or the Issuing Bank (as applicable)) may take any proceedings against any officer, employee or agent of the Agent or the Issuing Bank in respect of any claim it might have against the Agent or the Issuing Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Finance Document and any officer, employee or agent of the Agent or the Issuing Bank may rely on this Clause subject to Clause 1.8 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out any “know your customer” or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

### 30.10 Lenders' indemnity to the Agent

Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability including, without limitation, for negligence or any other category of liability whatsoever incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*Disruption to Payment Systems etc.*), notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent in acting as Agent under the Finance Documents), unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document.

### 30.11 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving notice to the Lenders and the Parent.
- (b) Alternatively the Agent may resign by giving 30 days notice to the Lenders and the Parent, in which case the Majority Lenders (after consultation with the Parent) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Parent) may appoint a successor Agent (acting through an office in the United Kingdom).

- (d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 30 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the normal range of fee rates of UK and European clearing banks in relation to borrower and facilities of a similar size and nature and those amendments will bind the Parties.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 30. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

#### **30.12 Replacement of the Agent**

- (a) After consultation with the Parent, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in the United Kingdom).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 30 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

#### **30.13 Confidentiality**

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.



- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.

#### 30.14 Relationship with the Lenders

- (a) Subject to Clause 28.11 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
  - (i) entitled to or liable for any payment due under any Finance Document on that day; and
  - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,
 unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.
- (b) Each Lender shall supply the Agent with any information required by the Agent in order to calculate the Mandatory Cost in accordance with Schedule 4 (*Mandatory Cost Formula*).
- (c) Each Lender shall supply the Agent with any information that the Security Agent may reasonably specify (through the Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Lender shall deal with the Security Agent exclusively through the Agent and shall not deal directly with the Security Agent.
- (d) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 35.6 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 35.2 (*Addresses*) and paragraph (a)(iii) of Clause 35.6 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

#### 30.15 Credit appraisal by the Lenders and Issuing Bank

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender and Issuing Bank confirms to the Agent, the Arranger and the Issuing Bank that it has been, and will continue to be, solely

responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (d) the adequacy, accuracy and/or completeness of the Information Memorandum, the Reports and any other information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

#### **30.16 Base Reference Banks**

If a Base Reference Bank (or, if a Base Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Parent) appoint another Lender or an Affiliate of a Lender to replace that Base Reference Bank.

#### **30.17 Agent's management time**

Any amount payable to the Agent under Clause 19.3 (*Indemnity to the Agent*), Clause 21 (*Costs and expenses*) and Clause 30.10 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Parent and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 16 (*Fees*).

#### **30.18 Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

### 31. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

### 32. SHARING AMONG THE FINANCE PARTIES

#### 32.1 Payments to Finance Parties

- (a) Subject to paragraph (b) below, if a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 33 (*Payment mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:
  - (i) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;
  - (ii) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 33 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
  - (iii) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 33.6 (*Partial payments*).
- (b) Paragraph (a) above shall not apply to any amount received or recovered by an Issuing Bank in respect of any cash cover provided for the benefit of that Issuing Bank.

#### 32.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 33.6 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

#### 32.3 Recovering Finance Party's rights

On a distribution by the Agent under Clause 32.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

#### 32.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and
- (b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

#### 32.5 Exceptions

- (a) This Clause 32 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause 32, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
  - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

### 33. PAYMENT MECHANICS

#### 33.1 Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in a Participating Member State or London) with such bank as the Agent specifies.

#### 33.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (*Distributions to an Obligor*) and Clause 33.4 (*Clawback*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London).

### 33.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 34 ( *Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

### 33.4 Clawback

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

### 33.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 33.1 ( *Payments to the Agent*) may instead either pay that amount direct to the required recipient or pay that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of “ **Acceptable Bank**” and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account pro rata to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 33.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 30.12 ( *Replacement of the Agent*), each Party which has made a payment to a trust account in accordance with this Clause 33.5 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution in accordance with Clause 33.2 ( *Distributions by the Agent*).

### 33.6 Partial payments

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that

payment towards the obligations of that Obligor under those Finance Documents in the following order:

- (i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Agent, the Issuing Bank and the Security Agent under those Finance Documents;
  - (ii) **secondly**, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under those Finance Documents;
  - (iii) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under those Finance Documents and any amount due but unpaid under Clause 7.2 (*Claims under a Letter of Credit*) and Clause 7.3 (*Indemnities*); and
  - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

### 33.7 **Set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### 33.8 **Business Days**

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### 33.9 **Currency of account**

- (a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

### 33.10 Change of currency

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Parent); and
  - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Parent) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

### 33.11 Disruption to Payment Systems etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Parent that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Parent, consult with the Parent with a view to agreeing with the Parent such changes to the operation or administration of the Facility as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Parent in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Parent shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 39 (*Amendments and Waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 33.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

### 34. SET-OFF

Following the occurrence of an Event of Default which is continuing a Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent

beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

## **35. NOTICES**

### **35.1 Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

### **35.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is in the case of any Party which is party to this Agreement on the Signing Date, that identified with its name below or in the case of each person becoming a Party after the Signing Date, that notified in writing to the Agent on or prior to the date on which it becomes a Party and any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

### **35.3 Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of fax, when received in legible form; or
  - (ii) if by way of letter, when it has been left at the relevant address or [five] Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 35.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Parent in accordance with this Clause 35.3 will be deemed to have been made or delivered to each of the Obligors.

### **35.4 Notification of address and fax number**

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 35.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.



### 35.5 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

### 35.6 Electronic communication

(a) Any communication to be made between the Agent or the Security Agent and a Lender or the Agent, the Security Agent and the Obligors' Agent, under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the relevant Parties:

- (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
- (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
- (iii) notify each other of any change to their address or any other such information supplied by them.

Any such communication from the Obligor's Agent to the Agent or the Security Agent under the Finance Documents will only be treated as being received on receipt by the Obligor's Agent of an e-mail from the Agent or the Security Agent (as applicable) confirming receipt of such email from the Obligor's Agent.

(b) Any electronic communication made between the Parties noted above will be effective only when actually received in readable form and in the case of any electronic communication made by a Lender to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.

### 35.7 Use of websites

(a) The Parent may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the "**Website Lenders**") who accept this method of communication by posting this information onto an electronic website designated by the Parent and the Agent (the "**Designated Website**") if:

- (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
- (ii) both the Parent and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
- (iii) the information is in a format previously agreed between the Parent and the Agent.

If any Lender (a "**Paper Form Lender**") does not agree to the delivery of information electronically then the Agent shall notify the Parent accordingly and the Parent shall at its own cost supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Parent shall at its own cost supply the

Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Parent and the Agent.
- (c) The Parent shall promptly upon becoming aware of its occurrence notify the Agent if:
  - (i) the Designated Website cannot be accessed due to technical failure;
  - (ii) the password specifications for the Designated Website change;
  - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
  - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
  - (v) the Parent becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Parent notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Parent under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Parent shall at its own cost comply with any such request within ten Business Days.

#### **35.8 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

### **36. CALCULATIONS AND CERTIFICATES**

#### **36.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

### 36.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

### 36.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

## 37. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

## 38. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

## 39. AMENDMENTS AND WAIVERS

### 39.1 Required consents

- (a) Subject to Clause 39.2 (*Exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Parent and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 39.
- (c) Each Obligor agrees to any such amendment or waiver permitted by this Clause 39 which is agreed to by the Parent. This includes any amendment or waiver which would, but for this paragraph (c), require the consent of all of the Guarantors.

### 39.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
  - (i) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
  - (ii) an extension to the date of payment of any amount under the Finance Documents (other than in relation to Clause 11 (*Mandatory Prepayment*));
  - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
  - (iv) a change in currency of payment of any amount under the Finance Documents;

- (v) an increase in or an extension of any Commitment or the Total Commitments;
- (vi) a change to the Borrowers or Guarantors other than in accordance with Clause 29 (*Changes to the Obligors*);
- (vii) any provision which expressly requires the consent of all the Lenders;
- (viii) Clause 2.3 (*Finance Parties' rights and obligations*), Clause 28 (*Changes to the Lenders*) or this Clause 39;
- (ix) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:
  - (A) the guarantee and indemnity granted under Clause 22 (*Guarantee and Indemnity*);
  - (B) the Charged Property; or
  - (C) the manner in which the proceeds of enforcement of the Transaction Security are distributed,
 

(except in the case of paragraph (B) and paragraph (C) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);
- (x) the release of any guarantee and indemnity granted under Clause 22 (*Guarantee and Indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made without the prior consent of all the Lenders.

- (b) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger, the Issuing Bank, the Security Agent or any Hedge Counterparty or any MOF Lender (each in their capacity as such) may not be effected without the consent of the Agent, the Arranger, the Issuing Bank, the Security Agent, that Hedge Counterparty and that MOF Lender.
- (c) If any Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any of the terms of any Finance Document or other vote of Lenders under the terms of this Agreement within 15 Business Days (unless the Parent and the Agent agree to a longer time period in relation to any request) of that request being made, its Commitment and/or participation shall not be included for the purpose of calculating the Total Commitments or participations under the relevant Facility/ies when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments and/or participations has been obtained to approve that request.

### 39.3 Replacement of Lender

- (a) If at any time:
  - (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or

- (ii) an Obligor becomes obliged to repay any amount in accordance with Clause 10.1 (*Illegality*) or to pay additional amounts pursuant to Clause 18.1 (*Increased Costs*) or Clause 17.2 (*Tax gross-up*) to any Lender in excess of amounts payable to the other Lenders generally,

then the Parent may, on 14 Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 28 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Parent, and which is acceptable to the Agent (acting reasonably) and (in the case of any transfer of a Revolving Facility Commitment), the Issuing Bank, which confirms its willingness to assume and does assume all the obligations of the transferring Lender (including the assumption of the transferring Lender's participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) The replacement of a Lender pursuant to this Clause shall be subject to the following conditions:
  - (i) the Parent shall have no right to replace the Agent or Security Agent;
  - (ii) neither the Agent nor the Lender shall have any obligation to the Parent to find a Replacement Lender;
  - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 45 days after the date the Non-Consenting Lender notifies the Parent and the Agent of its failure or refusal to give a consent in relation to, or agree to any waiver or amendment to the Finance Documents requested by the Parent; and
  - (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents.
- (c) In the event that:
  - (i) the Parent or the Agent (at the request of the Parent) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
  - (ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and
  - (iii) the Majority Lenders have consented or agreed to such waiver or amendment,

then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a "**Non-Consenting Lender**".

#### 39.4 Disenfranchisement of Defaulting Lenders

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments or Total Revolving Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote

under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments.

(b) For the purposes of this Clause 39.4, the Agent may assume that the following Lenders are Defaulting Lenders:

- (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
- (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of "**Defaulting Lender**" has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

### 39.5 Replacement of a Defaulting Lender

(a) The Parent may, at any time a Lender has become and continues to be a Defaulting Lender, by giving five Business Days' prior written notice to the Agent and such Lender:

- (i) replace such Lender by requiring such Lender to (and such Lender shall) transfer pursuant to Clause 28 ( *Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement;
- (ii) require such Lender to (and such Lender shall) transfer pursuant to Clause 28 ( *Changes to the Lenders*) all (and not part only) of the undrawn Revolving Commitment of the Lender; or
- (iii) require such Lender to (and such Lender shall) transfer pursuant to Clause 28 ( *Changes to the Lenders*) all (and not part only) of its rights and obligations in respect of the Revolving Facility,

to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Parent, and which (unless the Agent is an Impaired Agent) is acceptable to the Agent (acting reasonably) and (in the case of any transfer of a Revolving Facility Commitment) to the Issuing Bank, which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender (including the assumption of the transferring Lender's participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 39 shall be subject to the following conditions:

- (i) the Parent shall have no right to replace the Agent or Security Agent;
- (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Parent to find a Replacement Lender;
- (iii) the transfer must take place no later than 90 days after the notice referred to in paragraph (a) above; and

- (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

#### 40. **CONFIDENTIALITY**

##### 40.1 **Confidential Information**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 40.2 (*Disclosure of Confidential Information*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

##### 40.2 **Disclosure of Confidential Information**

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
  - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
  - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (d) of Clause 30.14 (*Relationship with the Lenders*));
  - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
  - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

- (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 28.10 (*Security over Lenders' rights*);
- (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (viii) who is a Party; or
- (ix) with the consent of the Parent;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
  - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
  - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Parent and the relevant Finance Party;
  - (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.



#### 40.3 Entire agreement

This Clause 40 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

#### 40.4 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

#### 40.5 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Parent:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 40.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 40 (*Confidentiality*).

#### 40.6 Continuing obligations

The obligations in this Clause 40 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

#### 41. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

#### 42. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

#### 43. ENFORCEMENT

##### 43.1 Jurisdiction of English courts

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence,

validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).

- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 43.1 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

#### **43.2 Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
  - (i) irrevocably appoints the Company as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document (and the Company by its execution of this Agreement, accepts that appointment); and
  - (ii) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Parent (on behalf of all the Obligors) must immediately (and in any event within 2 Business Days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.
- (c) The Parent expressly agrees and consents to the provisions of this Clause 43 and Clause 42 ( *Governing law* ).

This Agreement has been entered into in England on the date stated at the beginning of this Agreement.

## **SIGNATURES**

### **THE PARENT**

MRC TRANSMARK GROUP B.V.

By: /s/ Neil P. Wagstaff

Address: Heaton House, Riverside Drive, Hunsworth Lane, Bradford, BD19 4DH

Fax: +44 (0)1274 700166

### **THE COMPANY**

MRC TRANSMARK HOLDINGS UK LIMITED

By: /s/ Neil P. Wagstaff

Address: Heaton House, Riverside Drive, Hunsworth Lane, Bradford, BD19 4DH

Fax: +44 (0)1274 700166

### **THE ORIGINAL BORROWER**

MRC TRANSMARK HOLDINGS UK LIMITED

By: /s/ Neil P. Wagstaff

Address: Heaton House, Riverside Drive, Hunsworth Lane, Bradford, BD19 4DH

Fax: +44 (0)1274 700166

### **THE ORIGINAL GUARANTORS**

MRC TRANSMARK GROUP B.V.

By: /s/ Neil P. Wagstaff

Address: Heaton House, Riverside Drive, Hunsworth Lane, Bradford, BD19 4DH

Fax: +44 (0)1274 700166

MRC TRANSMARK HOLDINGS UK LIMITED

By: /s/ Neil P. Wagstaff

Address: Heaton House, Riverside Drive, Hunsworth Lane, Bradford, BD19 4DH

Fax: +44 (0)1274 700166

**THE ARRANGER**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

**THE AGENT**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

**THE SECURITY AGENT**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

**THE ISSUING BANK**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

**THE ORIGINAL LENDER**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

**THE ORIGINAL MOF LENDER**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

**THE ORIGINAL HEDGE COUNTERPARTY**

HSBC BANK PLC

By: /s/ Peter Helliwell

Address: 4th Floor, City Point, 29 King Street, Leeds LS1 2HL

Fax: 0845 879 452

Attention: Peter Helliwell

McJunkin Red Man Holding Corporation  
835 Hillcrest Drive  
Charleston, WV 25311

February 23, 2011

Andrew Lane  
62 The Oval Street  
Sugar Land, Texas 77479

Dear Andrew:

This letter agreement memorializes our mutual understanding that the employment agreement entered into between you and McJunkin Red Man Holding Corporation (the "Company") on September 10, 2008 (the "Employment Agreement") shall be amended as follows.

1. Annual Bonus. For the fiscal year commencing on January 1, 2011, your target annual bonus shall be sixty-seven percent (67%) of your base salary as in effect at the beginning of such fiscal year with the actual annual bonus to be based upon such individual and/or Company performance criteria established for each such fiscal year by the board of directors of the Company in consultation with you.
2. Good Reason Consent. You hereby agree that the decrease in your target annual bonus for 2011 as set forth in this letter agreement does not constitute "Good Reason" pursuant to the Employment Agreement.
3. Governing Law. This letter agreement shall be construed and enforced in accordance with, and the rights and obligations of the parties hereto shall be governed by, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.
4. Confirmation of Employment Agreement. In all other respects the Employment Agreement shall remain in effect and is hereby confirmed by the parties.

If the foregoing terms and conditions accurately reflect your understanding, please sign this letter agreement below and return a copy to me.

[signature page follows]

---

Very truly yours,

McJUNKIN RED MAN HOLDING CORPORATION

/s/ Stephen W. Lake

By: Stephen W. Lake

Title: Executive Vice President and General Counsel

ACCEPTED AND AGREED:

/s/ Andrew Lane

Andrew Lane

[Signature Page to Andrew Lane Letter Agreement]



AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT

AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated as of December 31, 2009 (this "Amended Employment Agreement"), by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), and James Underhill (the "Executive").

WHEREAS, on December 4, 2006, PVF Holdings LLC, a Delaware limited liability company (" PVF"), McJunkin Red Man Corporation, a West Virginia corporation, and the Executive entered into an Employment Agreement (the "Employment Agreement");

WHEREAS, the parties desire to extend the term of the Employment Agreement and to make certain other changes to the Employment Agreement; and

WHEREAS, the Employment Agreement is hereby superseded by this Amended Employment Agreement, which reflects the current terms of the Executive's employment.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valid consideration, the sufficiency of which is acknowledged, the parties hereto agree as follows:

Section 1. Employment.

1.1. Term. The Company agree to continue to employ the Executive, and the Executive agrees to continue to be employed by the Company, in each case pursuant to this Amended Employment Agreement, for a period ending on the earlier to occur of (i) January 31, 2012 and (ii) the termination of the Executive's employment in accordance with Section 3 hereof (the "Term").

1.2. Duties. During the Term, the Executive shall serve as the Company's Executive Vice President and Chief Financial Officer and such other positions as an officer or director of the Company and such affiliates of the Company as the Executive and the board of directors of the Company (the "Board") shall mutually agree from time to time. In such positions, the Executive shall perform such duties, functions and responsibilities during the Term commensurate with the Executive's positions as reasonably directed by the Chief Executive Officer of the Company (the "CEO").

1.3. Exclusivity. During the Term, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote his full time and attention to the business and affairs of the Company, shall faithfully serve the Company, and shall in all material respects conform to and comply with the lawful and reasonable directions and instructions given to him by the CEO, consistent with Section 1.2 hereof. During the Term, the Executive shall use his best efforts to promote and serve the interests of the Company and shall not engage in any other business activity, whether or not such activity shall be engaged in for pecuniary profit; provided, however, that it shall not be a

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violation of this Amended Employment Agreement for the Executive to engage in other outside business activities with the Board's prior written consent.

## Section 2. Compensation.

2.1. Salary. As compensation for the performance of the Executive's services hereunder, during the Term, the Company shall pay to the Executive a salary at an annual rate of five hundred thousand dollars (\$500,000), payable in accordance with the Company's standard payroll policies (the "Base Salary"). The Base Salary will be reviewed annually and may be adjusted upward by the Board (or a committee thereof) in its discretion, based on competitive data and the Executive's performance. No increase in Base Salary shall limit or reduce any other right or obligation to the Executive under this Amended Employment Agreement and the Base Salary shall not be reduced at any time (including after any such increase).

2.2. Annual Bonus. For each completed fiscal year occurring during the Term, the Executive shall be eligible to receive additional cash incentive compensation (the "Annual Bonus"). The target Annual Bonus shall be 100% of the Executive's Base Salary as in effect at the beginning of such fiscal year, with the actual Annual Bonus to be based upon such individual and/or Company performance criteria established for each such fiscal year by the Board in consultation with the CEO.

2.3. Employee Benefits. During the Term, the Executive shall be eligible to participate in such health and other group insurance and other employee benefit plans and programs of the Company as in effect from time to time on the same basis as other senior executives of the Company.

2.4. Vacation. During the Term, the Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time.

2.5. Business Expenses. The Company shall pay or reimburse the Executive for all commercially reasonable business out-of-pocket expenses that the Executive incurs during the Term in performing his duties under this Amended Employment Agreement upon presentation of documentation and in accordance with the expense reimbursement policy of the Company as approved by the Board (or a committee thereof) and in effect from time to time.

## Section 3. Employment Termination.

3.1. Termination of Employment. The Company may terminate the Executive's employment for any reason during the Term, and the Executive may voluntarily terminate his employment for any reason during the Term, in each case (other than a termination by the Company for Cause) at any time upon not less than thirty (30) days' notice to the other party. Upon the termination of the Executive's employment with the Company for any reason, the Executive shall be entitled to any Base Salary earned but unpaid through the date of termination, any earned but unpaid Annual Bonus for completed fiscal years, and any unreimbursed expenses in accordance with Section 2.5 hereof and, to the extent not theretofore paid or provided, any other amounts or benefits required to be paid or provided under any plan,

program, policy or practice or other contract or agreement of the Company and its affiliated companies through the date of termination of employment (collectively, the "Accrued Amounts").

### 3.2. Certain Terminations.

(a) Termination by the Company other than for Cause or Disability; Termination by the Executive for Good Reason. If the Executive's employment is terminated during the Term (i) by the Company other than for Cause or Disability or (ii) by the Executive for Good Reason, in addition to the Accrued Amounts the Executive shall be entitled to the following payments and benefits: (x) the continuation of his Base Salary at the rate in effect immediately prior to the date of termination for a period of twelve (12) months, (y) the continuation on the same terms as an active senior executive of medical benefits the Executive would otherwise be eligible to receive as an active senior executive of the Company for twelve (12) months or until such earlier time as the Executive becomes eligible for medical benefits from a subsequent employer and (z) a pro rata Annual Bonus for the fiscal year in which the termination occurs (the "Pro Rata Annual Bonus Payment"), based on the Company's actual performance through the end of such fiscal year and the number of days the Executive was employed during such fiscal year (such payments and benefits, the "Severance Payments"). The Company's obligations to make the Severance Payments shall be conditioned upon: (i) the Executive's continued compliance with his obligations under Section 4 of this Amended Employment Agreement and (ii) the Executive's execution, delivery and non-revocation of a valid and enforceable general release of claims (the "Release") in the form attached hereto as Exhibit A. In the event that the Executive breaches any of the covenants set forth in Section 4 of this Amended Employment Agreement, the Executive will immediately return to the Company any portion of the Severance Payments that have been paid to the Executive pursuant to this Section 3.2(a). Subject to Section 3.2(d), the Severance Payments (with the exception of the Pro Rata Annual Bonus Payment) will commence to be paid to the Executive on the sixtieth (60<sup>th</sup>) day following the termination of the Executive's employment, provided that the Release has been executed, delivered and has become irrevocable as of such date. The Pro Rata Annual Bonus Payment will be paid at the time the Company ordinarily pays incentive bonuses to its executives.

(b) Termination upon Death or Disability. If the Executive's employment is terminated due to the Executive's death or Disability, in addition to the Accrued Amounts, the Executive (or the Executive's estate, if applicable) shall be entitled to receive a pro-rated portion of the Annual Bonus based on the Company's performance for the full fiscal year in which termination occurs and the number of days the Executive was employed by the Company during such fiscal year.

(c) Definitions. For purposes of this Section 3.2, the following terms shall have the following meanings:

(1) "Cause" shall mean the Executive's (i) continuing failure, for more than 10 days after the Company's written notice to the Executive thereof, to perform such duties as are reasonably requested by the Company; (ii) failure to observe material policies generally applicable to officers or employees of the Company unless such failure is

capable of being cured and is cured within 10 days of the Executive receiving written notice of such failure; (iii) failure to cooperate with any internal investigation of the Company; (iv) commission of any act of fraud, theft or financial dishonesty with respect to the Company or indictment or conviction of any felony; (v) material violation of the provisions of this Amended Employment Agreement unless such violation is capable of being cured and is cured within 10 days of the Executive receiving written notice of such violation; (vi) chronic absenteeism; or (vii) abuse of alcohol or another controlled substance.

(2) “Disability” shall mean the Executive is entitled to receive long-term disability benefits under the long-term disability plan of the Company in which Executive participates, or, if there is no such plan, the Executive’s inability, due to physical or mental ill health, to perform the essential functions of the Executive’s job, with or without a reasonable accommodation, for 180 days during any 365 day period irrespective of whether such days are consecutive.

(3) “Good Reason” shall mean (i) a material and adverse change in the Executive’s duties or responsibilities, or (ii) a reduction in the Executive’s Base Salary or target Annual Bonus.

(d) Section 409A Specified Employee. If the Executive is a “specified employee” for purposes of Section 409A of the United States Internal Revenue Code of 1986, as amended (the “Code”), and the regulations thereunder, to the extent required to comply with Section 409A of the Code, any Severance Payments required to be made pursuant to Section 3.2(a) which are subject to Section 409A of the Code shall not commence until one day after the day which is six (6) months from the date of termination, with the first payment equaling six (6) months of his Base Salary at the rate in effect immediately prior to the date of termination. For purposes of this Amended Employment Agreement, the Executive’s employment with the Company shall be considered to have terminated when the Executive incurs a “separation from service” with the Company within the meaning of Section 409A(a)(2)(A)(i) of the Code, and applicable administrative guidance issued thereunder.

3.3. Exclusive Remedy. The foregoing payments upon termination of the Executive’s employment shall constitute the exclusive severance payments due the Executive upon a termination of his employment under this Amended Employment Agreement.

3.4. Resignation from All Positions. Upon the termination of the Executive’s employment with the Company for any reason, the Executive shall be deemed to have resigned, as of the date of such termination, from all positions he then holds as an officer, director, employee and member of the Board (and any committee thereof) and the board of directors (and any committee thereof) of any of the Company’s affiliates.

3.5. Cooperation. Following the termination of the Executive’s employment with the Company for any reason, the Executive agrees to reasonably cooperate with the Company upon reasonable request of the Board and to be reasonably available to the Company with respect to matters arising out of the Executive’s services to the Company and its subsidiaries. The Company shall pay the Executive a reasonable fee for any such services and

promptly reimburse the Executive for expenses reasonably incurred in connection with such matters.

Section 4. Unauthorized Disclosure; Non-Competition; Non-Solicitation; Interference with Business Relationships; Proprietary Rights.

4.1. Unauthorized Disclosure. The Executive agrees and understands that in the Executive's position with the Company, the Executive has been and will be exposed to and has and will receive information relating to the confidential affairs of the Company and its affiliates, including, without limitation, technical information, intellectual property, business and marketing plans, strategies, customer information, software, other information concerning the products, promotions, development, financing, expansion plans, business policies and practices of the Company and its affiliates and other forms of information considered by the Company and its affiliates to be confidential or in the nature of trade secrets (including, without limitation, ideas, research and development, know-how, formulas, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals) (collectively, the "Confidential Information"). The Executive agrees that at all times during the Executive's employment with the Company and thereafter, the Executive shall not disclose such Confidential Information, either directly or indirectly, to any individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof (each a "Person") other than in connection with the Executive's employment with the Company without the prior written consent of the Company and shall not use or attempt to use any such information in any manner other than in connection with his employment with the Company, unless required by law to disclose such information, in which case the Executive shall provide the Company with written notice of such requirement as far in advance of such anticipated disclosure as possible. This confidentiality covenant has no temporal, geographical or territorial restriction. Upon termination of the Executive's employment with the Company, the Executive shall promptly supply to the Company all property, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data and any other tangible product or document which has been produced by, received by or otherwise submitted to the Executive during the Executive's employment with the Company, and any copies thereof in his (or capable of being reduced to his) possession; provided, however, that the Executive may retain his full rolodex or similar address and telephone directories.

4.2. Non-Competition. By and in consideration of the Company's entering into this Amended Employment Agreement and the payments to be made and the benefits to be provided hereunder and in further consideration of the Executive's exposure to the Confidential Information of the Company and its affiliates, the Executive agrees that the Executive shall not, during the Executive's employment with the Company (whether during the Term or thereafter) and for a period of twelve (12) months thereafter (the "Restriction Period"), directly or indirectly, own, manage, operate, join, control, be employed by, or participate in the ownership, management, operation or control of, or be connected in any manner with, including, without limitation, holding any position as a stockholder, director, officer, consultant, independent contractor, employee, partner, or investor in, any Restricted Enterprise (as defined

below) and in connection with the Executive's association directly or indirectly engage in any activity that is similar to any activity that the Executive was engaged in with the Company during the 12 months preceding the date of termination; provided, that in no event shall ownership of one percent (1%) or less of the outstanding securities of any class of any issuer whose securities are registered under the Securities Exchange Act of 1934, as amended, standing alone, be prohibited by this Section 4.2, so long as the Executive does not have, or exercise, any rights to manage or operate the business of such issuer other than rights as a stockholder thereof. For purposes of this paragraph, "Restricted Enterprise" shall mean (i) any Person that is actively engaged in any geographic area in any business which materially competes with the Company or any of its subsidiaries' or affiliates' business of the distribution of industrial pipe, valves and fittings or any other business which is material to the Company or any of its subsidiaries or affiliates (a "Material Business") or (ii) any Person who within a two (2) year period following termination of the Executive's employment is reasonably expected to materially compete with a Material Business or have revenue in excess of \$100,000,000 derived from a business that is competitive with a Material Business. During the Restriction Period, upon request of the Company, the Executive shall notify the Company of the Executive's then-current employment status.

4.3. Non-Solicitation of Employees. During the Restriction Period, the Executive shall not directly or indirectly contact, induce or solicit (or assist any Person to contact, induce or solicit) for employment any person who is, or within twelve (12) months prior to the date of such solicitation was, an employee of the Company or any of its affiliates.

4.4. Interference with Business Relationships. During the Restriction Period (other than in connection with carrying out his responsibilities for the Company and its affiliates), the Executive shall not directly or indirectly contact, induce or solicit (or assist any Person to contact, induce or solicit) any customer or client of the Company or its subsidiaries to terminate its relationship or otherwise cease doing business in whole or in part with the Company or its subsidiaries, or directly or indirectly interfere with (or assist any Person to interfere with) any material relationship between the Company or its subsidiaries and any of its or their customers or clients so as to cause harm to the Company or its affiliates.

4.5. Extension of Restriction Period. The Restriction Period shall be tolled for any period during which the Executive is in breach of any of Sections 4.2, 4.3 or 4.4 hereof.

4.6. Proprietary Rights. The Executive shall disclose promptly to the Company any and all inventions, discoveries, and improvements (whether or not patentable or registrable under copyright or similar statutes), and all patentable or copyrightable works, initiated, conceived, discovered, reduced to practice, or made by him, either alone or in conjunction with others, during the Executive's employment with the Company and related to the business or activities of the Company and its affiliates (the "Developments"). Except to the extent any rights in any Developments constitute a work made for hire under the U.S. Copyright Act, 17 U.S.C. § 101 et seq. that are owned ab initio by the Company and/or its applicable affiliate, the Executive assigns all of his right, title and interest in all Developments (including all intellectual property rights therein) to the Company or its nominee without further compensation,

including all rights or benefits therefor, including without limitation the right to sue and recover for past and future infringement. The Executive acknowledges that any rights in any Developments constituting a work made for hire under the U.S. Copyright Act, 17 U.S.C § 101 et seq. are owned upon creation by the Company and/or its applicable affiliate as the Executive's employer. Whenever requested to do so by the Company, the Executive shall execute any and all applications, assignments or other instruments which the Company shall deem necessary to apply for and obtain trademarks, patents or copyrights of the United States or any foreign country or otherwise protect the interests of the Company and its affiliates therein. These obligations shall continue beyond the end of the Executive's employment with the Company with respect to inventions, discoveries, improvements or copyrightable works initiated, conceived or made by the Executive while employed by the Company, and shall be binding upon the Executive's employers, assigns, executors, administrators and other legal representatives. In connection with his execution of this Amended Employment Agreement, the Executive has informed the Company in writing of any interest in any inventions or intellectual property rights that he holds as of the date hereof as set forth on Exhibit B hereto (the "Existing Inventions"). Notwithstanding anything to the contrary herein, the Developments shall not include any Existing Inventions. If the Company is unable for any reason, after reasonable effort, to obtain the Executive's signature on any document needed in connection with the actions described in this Section 4.6, the Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Executive's agent and attorney in fact to act for and on the Executive's behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 4.6 with the same legal force and effect as if executed by the Executive.

4.7. Confidentiality of Agreement. Other than with respect to information required to be disclosed by applicable law, the parties hereto agree not to disclose the terms of this Amended Employment Agreement to any Person; provided the Executive may disclose this Amended Employment Agreement and/or any of its terms to the Executive's immediate family, financial advisors and attorneys, so long as the Executive instructs every such Person to whom the Executive makes such disclosure not to disclose the terms of this Amended Employment Agreement further.

4.8. Remedies. The Executive agrees that any breach of the terms of this Section 4 would result in irreparable injury and damage to the Company for which the Company would have no adequate remedy at law; the Executive therefore also agrees that in the event of said breach or any threat of breach, the Company shall be entitled to an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach by the Executive and/or any and all Persons acting for and/or with the Executive, without having to prove damages, in addition to any other remedies to which the Company may be entitled at law or in equity, including, without limitation, the obligation of the Executive to return any Severance Payments made by the Company to the Company. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including, without limitation, the recovery of damages from the Executive. The Executive and the Company further agree that the provisions of the covenants contained in this Section 4 are reasonable and necessary to protect the businesses of

the Company and its affiliates because of the Executive's access to Confidential Information and his material participation in the operation of such businesses.

#### Section 5. Representation.

The Executive and the Company each represents and warrants that (i) he or it is not subject to any contract, arrangement, policy or understanding, or to any statute, governmental rule or regulation, that in any way limits his or its ability to enter into and fully perform his or its obligations under this Amended Employment Agreement and (ii) he or it is not otherwise unable to enter into and fully perform his or its obligations under this Amended Employment Agreement.

#### Section 6. Non-Disparagement.

The Executive agrees not to make any statement (other than statements made in connection with carrying out his responsibilities for the Company and its affiliates) that is intended to become public, or that should reasonably be expected to become public, and that criticizes, ridicules, disparages or is otherwise derogatory of the Company or any of its subsidiaries, affiliates, employees, officers, directors or stockholders. The Company and its subsidiaries and affiliates shall advise their officers and directors not to make any such statement regarding the Executive.

#### Section 7. Withholding.

The Company may withhold from any amounts payable under this Amended Employment Agreement such Federal, state local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation. The Executive shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder.

#### Section 8. Miscellaneous.

8.1. Indemnification. The Company shall indemnify the Executive to the fullest extent provided under the Company's By-Laws. The Company shall also maintain director and officer liability insurance in such amounts and subject to such limitations as the Board shall, in good faith, deem appropriate for coverage of directors and officers of the Company.

8.2. Amendments and Waivers. This Amended Employment Agreement and any of the provisions hereof may be amended, waived (either generally or in a particular instance and either retroactively or prospectively), modified or supplemented, in whole or in part, only by written agreement signed by the parties hereto; provided, that the observance of any provision of this Amended Employment Agreement may be waived in writing by the party that will lose the benefit of such provision as a result of such waiver. The waiver by any party hereto of a breach of any provision of this Amended Employment Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach, except as otherwise explicitly provided for in such waiver. Except



as otherwise expressly provided herein, no failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

8.3. Assignment; No Third-Party Beneficiaries. This Amended Employment Agreement, and the Executive's rights and obligations hereunder, may not be assigned by the Executive, and any purported assignment by the Executive in violation hereof shall be null and void. Nothing in this Amended Employment Agreement shall confer upon any Person not a party to this Amended Employment Agreement, or the legal representatives of such Person, any rights or remedies of any nature or kind whatsoever under or by reason of this Amended Employment Agreement.

8.4. Notices. Unless otherwise provided herein, all notices, requests, demands, claims and other communications provided for under the terms of this Amended Employment Agreement shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be sent by (i) personal delivery (including receipted courier service) or overnight delivery service, (ii) facsimile during normal business hours, with confirmation of receipt, to the number indicated, (iii) reputable commercial overnight delivery service courier or (iv) registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

If to the Company:                   McJunkin Corporation  
8023 E. 63<sup>rd</sup> Place, Suite 800  
Tulsa, OK 74133  
Attention: General Counsel  
Facsimile: 866- 815-5063

with a copy to:                   GS Capital Partners V Fund, L.P.  
85 Broad Street  
New York, NY 10004  
Attention: Henry Cornell  
Facsimile: 212-357-5505

and

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, NY 10004  
Attention: Robert C. Schwenkel, Esq.  
Facsimile: 212-859-4000

If to the Executive:               James Underhill, at his principal office  
at the Company (during the Term), and

at all times to his principal residence as reflected in the records of the Company.

All such notices, requests, consents and other communications shall be deemed to have been given when received. Either party may change its facsimile number or its address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties hereto notice in the manner then set forth.

8.5. Governing Law. This Amended Employment Agreement shall be construed and enforced in accordance with, and the rights and obligations of the parties hereto shall be governed by, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

8.6. Severability. Whenever possible, each provision or portion of any provision of this Amended Employment Agreement, including those contained in Section 4 hereof, will be interpreted in such manner as to be effective and valid under applicable law but the invalidity or unenforceability of any provision or portion of any provision of this Amended Employment Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Amended Employment Agreement in that jurisdiction or the validity or enforceability of this Amended Employment Agreement, including that provision or portion of any provision, in any other jurisdiction. In addition, should a court or arbitrator determine that any provision or portion of any provision of this Amended Employment Agreement, including those contained in Section 4 hereof, is not reasonable or valid, either in period of time, geographical area, or otherwise, the parties hereto agree that such provision should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable or valid.

8.7. Entire Agreement. From and after the date herof, this Amended Employment Agreement shall constitute the entire agreement between the parties hereto, and supersede all prior representations, agreements and understandings (including any prior course of dealings), both written and oral, between the parties hereto with respect to the subject matter hereof.

8.8. Counterparts. This Amended Employment Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

8.9. Binding Effect. This Amended Employment Agreement shall inure to the benefit of, and be binding on, the successors of each of the parties, including, without limitation, the Executive's heirs and the personal representatives of the Executive's estate and any successor to all or substantially all of the business and/or assets of the Company.

8.10. General Interpretive Principles. The name assigned this Amended Employment Agreement and headings of the sections, paragraphs, subparagraphs, clauses and subclauses of this Amended Employment Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of any of the provisions hereof. Words of inclusion shall not be construed as terms of limitation herein, so that references to "include",

“includes” and “including” shall not be limiting and shall be regarded as references to non-exclusive and non-characterizing illustrations.

8.11. Mitigation. Notwithstanding any other provision of this Amended Employment Agreement, (i) the Executive will have no obligation to mitigate damages for any breach or termination of this Amended Employment Agreement by the Company, whether by seeking employment or otherwise and (ii) the amount of any payment or benefit due the Executive after the date of such breach or termination will not be reduced or offset by any payment or benefit that the Executive may receive from any other source.

8.12 Section 409A Compliance. This Amended Employment Agreement is intended to comply with Section 409A of the Code (to the extent applicable) and, to the extent it would not adversely impact the Company, the Company agrees to interpret, apply and administer this Amended Employment Agreement in the least restrictive manner necessary to comply with such requirements and without resulting in any diminution in the value of payments or benefits to the Executive.

IN WITNESS WHEREOF, the parties have executed this Amended Employment Agreement as of the date first written above.

McJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Andrew R. Lane

Name: Andrew R. Lane

Title: Chairman, President & CEO

/s/ James Underhill

James Underhill

[Amended Employment Agreement with J. Underhill]

McJunkin Red Man Holding Corporation  
835 Hillcrest Drive  
Charleston, WV 25311

February 23, 2011

James F. Underhill  
17 Foxchase Road  
Charleston, WV 25304

Dear Jim:

This letter agreement memorializes our mutual understanding that the amended and restated employment agreement entered into between you and McJunkin Red Man Holding Corporation (the "Company") on December 31, 2009 (the "Employment Agreement") shall be amended as follows.

1. Annual Bonus. For the fiscal year commencing on January 1, 2011, your target annual bonus shall be sixty-seven percent (67%) of your base salary as in effect at the beginning of such fiscal year with the actual annual bonus to be based upon such individual and/or Company performance criteria established for each such fiscal year by the board of directors of the Company in consultation with the chief executive officer.
2. Change in Duties. Effective as of January 1, 2011, your responsibilities shall be limited to finance and accounting, and shall no longer include information technology or corporate services.
3. Good Reason Consent. You hereby agree that the neither (a) the change in your duties nor (b) the decrease in your target annual bonus for 2011, each as set forth in this letter agreement, constitutes "Good Reason" pursuant to the Employment Agreement.
4. Governing Law. This letter agreement shall be construed and enforced in accordance with, and the rights and obligations of the parties hereto shall be governed by, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.
5. Confirmation of Employment Agreement. In all other respects the Employment Agreement shall remain in effect and is hereby confirmed by the parties.

If the foregoing terms and conditions accurately reflect your understanding, please sign this letter agreement below and return a copy to me.

[signature page follows]

---

Very truly yours,

McJUNKIN RED MAN HOLDING CORPORATION

/s/ Andrew R. Lane

By: Andrew R. Lane

Title: Chairman, President and Chief Executive Officer

ACCEPTED AND AGREED:

/s/ James F. Underhill

James F. Underhill

[Signature Page to James F. Underhill Letter Agreement]

**MCJUNKIN RED MAN HOLDING CORPORATION  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this “Agreement”), is made effective as of [\_\_\_\_\_, 200\_\_] (the “Date of Grant”), between McJunkin Red Man Holding Corporation, a Delaware corporation (the “Company”), PVF Holdings LLC, a Delaware limited liability company (“PVF Holdings LLC”) (solely for purposes of Section 16 hereof), and [\_\_\_\_\_] (the “Participant”).

**R E C I T A L S:**

WHEREAS, the Company has adopted the McJ Holding Corporation 2007 Stock Option Plan (the “Plan”), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant an Option to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the Participant’s services and of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Participant the right and option (the “Option”) to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of [\_\_\_\_\_] Shares, subject to adjustment as set forth in the Plan. The Option Price shall be \$ [\_\_\_\_\_] USD, which the Company and the Participant agree is not less than the Fair Market Value of the Shares as of the date hereof.

2. Vesting; Period of Exercise.

(a) Subject to the earlier termination or cancellation of the Option as set forth herein, the Option shall vest and become exercisable as follows:

(i) Prior to the second (2<sup>nd</sup>) anniversary of the Date of Grant, no portion of the Option shall vest or be exercisable;

(ii) On and after the second (2<sup>nd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-fourth (1/4) of the Shares originally subject to the Option, provided that the Participant’s Employment with the Company or any of its Affiliates has not terminated as of such anniversary;

(iii) On and after the third (3<sup>rd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-half (1/2) of the Shares originally subject to the Option, provided that the Participant’s Employment with the Company or any of its Affiliates has not terminated as of such anniversary;

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(iv) On and after the fourth (4<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of three-fourths (3/4) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary; and

(v) On and after the fifth (5<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one hundred percent of the Shares originally subject to the Option provided, that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary.

(vi) Notwithstanding the foregoing, in the event of (x) the Participant's death or Disability or (y) the occurrence of a Transaction, the Option shall, to the extent not then vested, automatically become fully vested and exercisable.

The portion of the Option which has become vested and exercisable as described herein is hereinafter referred to as the "Vested Portion."

(b) If the Participant's Employment is terminated by the Company or an Affiliate for Cause, the Option shall, whether or not vested, be automatically canceled without payment of consideration therefor.

(c) If the Participant's Employment with the Company or any of its Affiliates terminates for any reason other than (x) Cause or (y) the Participant's death or Disability, the Option shall, to the extent not previously vested, be automatically canceled by the Company without payment of consideration therefor, and the Vested Portion of the Option shall remain exercisable for the period set forth in Section 2(d).

(d) Subject to the provisions of the Plan and this Agreement, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten-year anniversary of the Date of Grant and (ii) 90 days following the date of the Participant's termination of Employment (other than a termination of Employment due to the Participant's death or Disability).

(e) Notwithstanding the foregoing, upon termination of Employment due to the Participant's death or Disability, the Participant or the Participant's executor or administrator, or the person or persons to whom the Participant's right under this Agreement shall pass by will or by the laws of descent and distribution as the case may be may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten-year anniversary of the Date of Grant and (ii) twenty-four months following such termination of Employment.

(f) Unless the Option is exercised on the day the Option expires or within a period of five (5) business days in advance of the day the Option expires, the Participant is not permitted to exercise the Option while having inside information ( *voorwetenschap* ) as defined in Section 5:53 of the Dutch Act on the Financial Supervision, to the extent that Dutch law is applicable.



### 3. Method of Exercise.

(a) The Vested Portion of the Option may be exercised by delivering to the Company at its principal office written notice of intent so to exercise. Such notice shall specify the number of Shares for which the Option is being exercised (the “Purchased Shares”) and shall be accompanied by payment in full of the Option Price in cash or by check or wire transfer; provided, however, that with the written consent of the Committee (which consent may be withheld for any or no reason), payment of such aggregate exercise price may instead be made, in whole or in part, by (A) the delivery to the Company of a certificate or certificates representing Shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price, duly endorsed or accompanied by a duly executed stock power, which delivery effectively transfers to the Company good and valid title to such shares, free and clear of any pledge, commitment, lien, claim or other encumbrance (such shares to be valued on the basis of the aggregate Fair Market Value thereof on the date of such exercise), or (B) by a reduction in the number of Purchased Shares to be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price in respect of the Purchased Shares, provided that the Company is not then prohibited from purchasing or acquiring such Shares. The Participant shall not have any rights to dividends or other rights of a stockholder with respect to Shares subject to the Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee or pursuant to the Plan or this Agreement.

(b) Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Option may not be exercised prior to the completion of any registration or qualification of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange (collectively, the “Legal Requirements”) that the Committee shall in its sole discretion determine to be necessary or advisable, unless an exemption to such registration or qualification is available and satisfied. The Committee may establish additional procedures as it deems necessary or desirable in connection with the exercise of the Option or the issuance of any Shares upon such exercise to comply with any Legal Requirements. Such procedures may include but are not limited to the establishment of limited periods during which the Option may be exercised or that following receipt of the notice of exercise and prior to the completion of the exercise, the Participant will be required to affirm the exercise of the Option following receipt of any disclosure deemed necessary or desirable by the Committee.

(c) Upon the Company’s determination that the Option has been validly exercised as to any of the Shares, the Company shall issue certificates in the Participant’s name for such Shares. Such certificates will be held by the Company on behalf of the Participant until such time as the Shares represented by such certificates are transferred as permitted by the Stockholders Agreement.

(d) In the event of the Participant’s death or Disability, the Option shall remain exercisable by the Participant’s executor or administrator, or the person or persons to whom the Participant’s rights under this Agreement shall pass by will or by the laws of descent and distribution as the case may be, for the period set forth in Section 2(e) (and the term

“Participant” shall be deemed to include such heir or legatee). Any such heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(e) In consideration of the grant of this Option, the Participant agrees that, as a condition to the exercise of any option to purchase Shares (whether this Option or any other option), the Participant shall, with respect to such Shares, have become a party to the Stockholders Agreement.

#### 4. Sale of Shares.

(a) To the extent that Dutch law is applicable, the Shares acquired upon the exercise of the Option, may only be sold by the Participant if he or she is not in the possession of inside information as defined in Section 5:53 of the Dutch Act on the Financial Supervision, unless:

(i) the Option is exercised on the day the Option expires or within a period of five business days in advance of the day the Option expires, and

(ii) the Participant has given written notice to the Company of his intention to sell the Shares acquired upon the exercise of the Option in accordance with (i) at least four months before the day the Option expires.

After the Participant has notified the Company as stated under (i), the Participant is obliged to sell the Shares within the period mentioned under (ii).

(b) To the extent that Dutch law is applicable, and the Shares are not sold within the period specified above under (a), the Shares acquired upon the exercise of the Option, may only be sold by the Participant if he or she is not in the possession of inside information as defined in Section 5:53 of the Dutch Act on the Financial Supervision.

5. No Right to Continued Employment. The granting of the Option evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Company’s or its Affiliates’ right to terminate the Employment of such Participant.

6. Legend on Certificates. The certificates representing the Shares purchased by exercise of the Option shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

7. Transferability. Unless otherwise determined by the Committee, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or

encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Participant's lifetime, the Option is exercisable only by the Participant.

8. Withholding. The Participant shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under, or with respect to, the Option and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Participant shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder.

9. Securities Laws. Upon the acquisition of any Shares pursuant to the exercise of the Option, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

10. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Participant's legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be binding upon the Participant's heirs, executors, administrators and successors.

11. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Participant, the Participant's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

12. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party hereto at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

13. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, without regard to principles of conflicts of laws.

14. Option Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Option is subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or

provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan, as applicable, will govern and prevail.

15. Accredited Investor Status Representation of Participant. Please check the box next to any of the following statements that apply:

- ☐ Your individual net worth, or joint net worth with your spouse, as of the date hereof, exceeds \$1,000,000;
- ☐ You had individual income in excess of \$200,000 in each of the two most recent years, or joint income with your spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year; or
- ☐ None of the statements above apply.

16. Adoption of Stockholders Agreement. The parties hereto agree that, upon the grant of the Option hereunder, the Participant shall be made a party to the Management Stockholders Agreement among PVF LLC (formerly known as McJ Holding LLC), the Company, and the other parties thereto (the “Stockholders Agreement”) as an “Executive” (as defined in the Stockholders Agreement) with the rights and obligations of holders of “Stock” (as defined in the Stockholders Agreement) and the Participant hereby agrees to become a party to the Stockholders Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Stockholders Agreement that are applicable to an Executive with such rights and obligations. Execution and delivery of this Agreement by the Participant shall also constitute execution and delivery by the Participant of the Stockholders Agreement, without further action of any party. A copy of the Stockholders Agreement is attached hereto as Exhibit A. In addition to the representations and warranties in the Stockholders Agreement that Participant makes as an Executive, the Participant represents and warrants to the Company that (a) the Participant has carefully reviewed the Stockholders Agreement and has also reviewed all other documents the Participant deems necessary or desirable in order for the Participant to become a party to the Stockholders Agreement (by executing this Agreement); (b) the Participant has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Stockholders Agreement and the terms and conditions thereof that the Participant deems necessary; and (c) this Agreement (and by executing this Agreement, the Stockholders Agreement) has been duly executed and delivered by Participant and constitutes a valid and binding agreement of Participant enforceable against the Participant in accordance with its terms and the terms of the Stockholders Agreement.

17. Complete Agreement. The Plan and this Agreement shall constitute the entire agreement between the parties with respect to the Option.

18. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the Date of Grant.

MCJUNKIN RED MAN HOLDING CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

PVF HOLDINGS LLC (for purposes of Section 16 only)

By: \_\_\_\_\_  
Name:  
Title:

PARTICIPANT

By: \_\_\_\_\_  
Name:

**MCJUNKIN RED MAN HOLDING CORPORATION  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this “Agreement”), is made effective as of [\_\_\_\_\_, 200\_\_] (the “Date of Grant”), between McJunkin Red Man Holding Corporation, a Delaware corporation (the “Company”), PVF Holdings LLC, a Delaware limited liability company (“PVF Holdings LLC”) (solely for purposes of Section 15 hereof), and [\_\_\_\_\_] (the “Participant”).

**R E C I T A L S:**

WHEREAS, the Company has adopted the McJ Holding Corporation 2007 Stock Option Plan (the “Plan”), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant an Option to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the Participant’s services and of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Participant the right and option (the “Option”) to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of [\_\_\_\_\_] Shares, subject to adjustment as set forth in the Plan. The Option Price shall be \$ [\_\_\_\_\_] USD, which the Company and the Participant agree is not less than the Fair Market Value of the Shares as of the date hereof.

2. Vesting; Period of Exercise.

(a) Subject to the earlier termination or cancellation of the Option as set forth herein, the Option shall vest and become exercisable as follows:

(i) Prior to the second (2<sup>nd</sup>) anniversary of the Date of Grant, no portion of the Option shall vest or be exercisable;

(ii) On and after the second (2<sup>nd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-fourth (1/4) of the Shares originally subject to the Option, provided that the Participant’s Employment with the Company or any of its Affiliates has not terminated as of such anniversary;

(iii) On and after the third (3<sup>rd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-half (1/2) of the Shares originally subject to the Option, provided that the Participant’s Employment with the Company or any of its Affiliates has not terminated as of such anniversary;

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(iv) On and after the fourth (4<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of three-fourths (3/4) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary; and

(v) On and after the fifth (5<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one hundred percent of the Shares originally subject to the Option provided, that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary.

(vi) Notwithstanding the foregoing, in the event of (x) the Participant's death or Disability or (y) the occurrence of a Transaction, the Option shall, to the extent not then vested, automatically become fully vested and exercisable.

The portion of the Option which has become vested and exercisable as described herein is hereinafter referred to as the "Vested Portion."

(b) If the Participant's Employment is terminated by the Company or an Affiliate for Cause, the Option shall, whether or not vested, be automatically canceled without payment of consideration therefor.

(c) If the Participant's Employment with the Company or any of its Affiliates terminates for any reason other than (x) Cause or (y) the Participant's death or Disability, the Option shall, to the extent not previously vested, be automatically canceled by the Company without payment of consideration therefor, and the Vested Portion of the Option shall remain exercisable for the period set forth in Section 2(d).

(d) Subject to the provisions of the Plan and this Agreement, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten-year anniversary of the Date of Grant and (ii) 90 days following the date of the Participant's termination of Employment (other than a termination of Employment due to the Participant's death or Disability).

(e) Notwithstanding the foregoing, upon termination of Employment due to the Participant's death or Disability, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten-year anniversary of the Date of Grant and (ii) twenty-four months following such termination of Employment.

### 3. Method of Exercise.

(a) The Vested Portion of the Option may be exercised by delivering to the Company at its principal office written notice of intent so to exercise. Such notice shall specify the number of Shares for which the Option is being exercised (the "Purchased Shares") and shall be accompanied by payment in full of the Option Price in cash or by check or wire transfer; provided, however, that with the written consent of the Committee (which consent may be withheld for any or no reason), payment of such aggregate exercise price may instead be made, in whole or in part, by (A) the delivery to the Company of a certificate or certificates

representing Shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price, duly endorsed or accompanied by a duly executed stock power, which delivery effectively transfers to the Company good and valid title to such shares, free and clear of any pledge, commitment, lien, claim or other encumbrance (such shares to be valued on the basis of the aggregate Fair Market Value thereof on the date of such exercise), or (B) by a reduction in the number of Purchased Shares to be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price in respect of the Purchased Shares, provided that the Company is not then prohibited from purchasing or acquiring such Shares. The Participant shall not have any rights to dividends or other rights of a stockholder with respect to Shares subject to the Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee or pursuant to the Plan or this Agreement.

(b) Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Option may not be exercised prior to the completion of any registration or qualification of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange (collectively, the "Legal Requirements") that the Committee shall in its sole discretion determine to be necessary or advisable, unless an exemption to such registration or qualification is available and satisfied. The Committee may establish additional procedures as it deems necessary or desirable in connection with the exercise of the Option or the issuance of any Shares upon such exercise to comply with any Legal Requirements. Such procedures may include but are not limited to the establishment of limited periods during which the Option may be exercised or that following receipt of the notice of exercise and prior to the completion of the exercise, the Participant will be required to affirm the exercise of the Option following receipt of any disclosure deemed necessary or desirable by the Committee.

(c) Upon the Company's determination that the Option has been validly exercised as to any of the Shares, the Company shall issue certificates in the Participant's name for such Shares. Such certificates will be held by the Company on behalf of the Participant until such time as the Shares represented by such certificates are transferred as permitted by the Stockholders Agreement.

(d) In the event of the Participant's death or Disability, the Option shall remain exercisable by the Participant's executor or administrator, or the person or persons to whom the Participant's rights under this Agreement shall pass by will or by the laws of descent and distribution as the case may be, for the period set forth in Section 2(e) (and the term "Participant" shall be deemed to include such heir or legatee). Any such heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(e) In consideration of the grant of this Option, the Participant agrees that, as a condition to the exercise of any option to purchase Shares (whether this Option or any other option), the Participant shall, with respect to such Shares, have become a party to the Stockholders Agreement.

4. No Right to Continued Employment. The granting of the Option evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to



continue the Employment of the Participant and shall not lessen or affect the Company's or its Affiliates' right to terminate the Employment of such Participant.

5. Legend on Certificates. The certificates representing the Shares purchased by exercise of the Option shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

6. Transferability. Unless otherwise determined by the Committee, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Participant's lifetime, the Option is exercisable only by the Participant.

7. Withholding. The Participant shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under, or with respect to, the Option and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Participant shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder.

8. Securities Laws. Upon the acquisition of any Shares pursuant to the exercise of the Option, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Participant's legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be binding upon the Participant's heirs, executors, administrators and successors.

10. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Participant, the Participant's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

11. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party hereto at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, without regard to principles of conflicts of laws.

13. Option Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Option is subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan, as applicable, will govern and prevail.

14. Accredited Investor Status Representation of Participant. Please check the box next to any of the following statements that apply:

- ☐ Your individual net worth, or joint net worth with your spouse, as of the date hereof, exceeds \$1,000,000;
- ☐ You had individual income in excess of \$200,000 in each of the two most recent years, or joint income with your spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year; or
- ☐ None of the statements above apply.

15. Adoption of Stockholders Agreement. The parties hereto agree that, upon the grant of the Option hereunder, the Participant shall be made a party to the Management Stockholders Agreement among PVF LLC (formerly known as McJ Holding LLC), the Company, and the other parties thereto (the “Stockholders Agreement”) as an “Executive” (as defined in the Stockholders Agreement) with the rights and obligations of holders of “Stock” (as defined in the Stockholders Agreement) and the Participant hereby agrees to become a party to the Stockholders Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Stockholders Agreement that are applicable to an Executive with such rights and obligations. Execution and delivery of this Agreement by the Participant shall also constitute execution and delivery by the Participant of the Stockholders Agreement, without further action of any party. A copy of the Stockholders Agreement is attached hereto as Exhibit A. In addition to the representations and warranties in the Stockholders Agreement that Participant makes as an Executive, the Participant represents and warrants to the Company that (a) the Participant has carefully reviewed the Stockholders Agreement and has also reviewed all other documents the Participant deems necessary or desirable in order for the Participant to become a party to the Stockholders Agreement (by executing this Agreement); (b) the Participant has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Stockholders

Agreement and the terms and conditions thereof that the Participant deems necessary; and (c) this Agreement (and by executing this Agreement, the Stockholders Agreement) has been duly executed and delivered by Participant and constitutes a valid and binding agreement of Participant enforceable against the Participant in accordance with its terms and the terms of the Stockholders Agreement.

16. Complete Agreement. The Plan and this Agreement shall constitute the entire agreement between the parties with respect to the Option.

17. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the Date of Grant.

MCJUNKIN RED MAN HOLDING CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

PVF HOLDINGS LLC (for purposes of Section 15 only)

By: \_\_\_\_\_  
Name:  
Title:

PARTICIPANT

By: \_\_\_\_\_  
Name:

## **EMPLOYMENT AGREEMENT**

EMPLOYMENT AGREEMENT, dated as of September 10, 2009 (this “Agreement”), by and between Transmark Fcx Limited, a company incorporated in England (Company Registration Number 03471259) (the “Employer”), and Neil Philip Wagstaff (the “Executive”) (each of the Employer and the Executive a “Party” and, collectively, the “Parties”).

WHEREAS, pursuant to the Stock Purchase Agreement, dated as of September 10, 2009 (the “Stock Purchase Agreement”), by and among Transmark FCX Group B.V., Buyer (as defined in the Stock Purchase Agreement), PVF Holdings LLC and the shareholders listed on Schedule 1 thereto, Buyer will acquire all of the issued and outstanding capital stock of Transmark FCX Group B.V. on the Closing Date (as defined in the Stock Purchase Agreement);

WHEREAS, on May 1, 2000, the Employer (formerly known as Transmark Heaton Valves Limited) and the Executive entered into a Service Agreement (the “Previous Agreement”); and

WHEREAS, the Previous Agreement is hereby superseded by this Agreement, which reflects the terms and conditions of the Executive’s employment with the Employer as of the Effective Date (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valid consideration, the sufficiency of which is acknowledged, the Parties agree as follows:

### 1. Employment

- 1.1. Term. The Employer agrees to employ the Executive, and the Executive agrees to be employed by the Employer pursuant to this Agreement, for a period commencing on the Closing Date (such date, the “Effective Date”) and ending on the earlier of (i) the fifth (5<sup>th</sup>) anniversary of the Effective Date and (ii) the termination of the Executive’s employment in accordance with Section 3 hereof (the “Term”).
  - 1.2. Duties. During the Term, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall hold the title of Executive Vice President of McJunkin Red Man Holding Corporation, a Delaware corporation (“Holdco”) and such other positions as an officer or director of the Employer, PVF Holdings LLC, a Delaware limited liability company (“PVF”), or their respective subsidiaries (the Employer, PVF and each of their subsidiaries, shall be referred to as the “Group”) as the Executive and the Chief Executive Officer of McJunkin Red Man Corporation, a Delaware corporation, (the “CEO”), or such other person designated by the CEO (the “CEO’s Designee”), shall mutually agree from time to time. From the Effective Date through December 31, 2010, the Executive shall also retain the title of Chief Executive Office of the Employer. The Executive shall perform such duties, functions and responsibilities commensurate with the Executive’s positions as reasonably directed by the CEO or the CEO’s Designee.
-

- 1.3. Exclusivity. During the Term, the Executive shall devote his full time and attention to the business and affairs of the Group, shall faithfully serve the Group, and shall in all material respects conform to and comply with the lawful and reasonable directions and instructions given to him by the CEO or the CEO's Designee, consistent with Section 1.2 hereof. During the Term, the Executive shall use his best efforts to promote and serve the interests of the Group and shall not engage in any other business activity, whether or not such activity shall be engaged in for pecuniary profit, except that the Executive may sit on the boards of other companies with the consent of the CEO or the CEO's Designee, which shall not be unreasonably withheld.
  - 1.4. Compliance with Group Policies and Restrictions on Interests. During the Term, the Executive (i) shall comply with Group policies in force from time to time including those in relation to the disclosure of interests and (ii) shall not, directly or indirectly, own, manage, operate, join, control, be employed by, or participate in the ownership, management, operation or control of, or be connected in any manner with, including, without limitation, holding any position as a stockholder, director, officer, consultant, independent contractor, employee, partner, or investor in, any Restricted Enterprise (as defined in Section 8.4); provided, that in no event shall ownership of one percent (1%) or less of the outstanding securities of any class of any issuer whose securities are registered under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), or traded on the London Stock Exchange or any other internationally recognized stock exchange, standing alone, be prohibited by this Section 1.4 so long as the Executive does not have, or exercise, any rights to manage or operate the business of such issuer other than rights as a stockholder thereof.
2. Compensation
- 2.1. Salary. As compensation for the performance of the Executive's services hereunder, during the Term, the Employer shall pay to the Executive a salary at an annual rate of £212,500 (the "Base Salary"), payable in monthly instalments on or about the last Thursday of each month. The Base Salary shall be reviewed annually and may be adjusted upward by the Board of Directors of Holdco (the "Board") (or a committee thereof), in its discretion, based on competitive data and the Executive's performance. No increase in Base Salary shall limit or reduce any other right or obligation to the Executive under this Agreement and the Base Salary shall not be reduced at any time (including after any such increase).
  - 2.2. Annual Bonus. Beginning with the fiscal year that commences on January 1, 2010, for each completed fiscal year during the Term, the Executive shall be eligible to receive additional cash incentive compensation pursuant to the annual bonus plan of Holdco in effect at such time (the "Annual Bonus"). The target Annual Bonus shall be one hundred percent (100%) of the Executive's Base Salary as in effect at the beginning of such fiscal year with the actual Annual Bonus to be based upon such individual and/or Employer and/or Group performance criteria established for each such fiscal year by the Board. In respect

of fiscal year 2009, the Executive shall be entitled to receive a bonus on the basis determined by the Employer prior to the Effective Time and as set forth in Exhibit A.

- 2.3. Equity. The Executive shall be granted stock options to purchase shares of common stock of Holdco as determined by the Board from time to time, with the terms of such stock options to be determined by the Board in its discretion.
  - 2.4. Employee Benefits. From the Effective Date through December 31, 2011, the Executive shall participate in the same employee benefit plans and programs in which he participates as of the Effective Date. Thereafter during the Term, the Executive shall be eligible to participate in such health and other group insurance and other employee benefit plans and programs of the Employer as in effect from time to time on a substantially similar basis as other senior executives of Holdco.
  - 2.5. Vacation. During the Term, the Executive shall be entitled to paid vacation in accordance with the Employer's vacation policy as in effect from time to time. Notwithstanding the foregoing, the Executive shall be entitled to all statutory and other customary holidays in England and Wales, and to twenty five (25) days holiday per calendar year to be taken at such times as may be approved by the CEO or the CEO's Designee. Such entitlement shall accrue from day to day. No more than five (5) days of holiday to which the Executive was entitled in the previous year but which he did not take during such previous year may be carried forward to any subsequent year without the consent of the CEO or the CEO's Designee. If the Executive has on the termination of his employment hereunder, howsoever caused, any unused holiday entitlement, he shall be entitled to payment in lieu thereof. If, on termination, he has taken holiday in excess of such entitlement, there shall be deducted from any final payment due to him a sum in respect of each such day taken. For the purpose of this section, the formula for calculating any payment or repayment will be 1/260 of the Executive's basic annual salary for each relevant holiday day.
  - 2.6. Business Expenses. The Employer shall pay or reimburse the Executive for all commercially reasonable business out-of-pocket expenses that the Executive incurs during the Term in performing his duties under this Agreement upon presentation of documentation and in accordance with the expense reimbursement policy of the Employer as approved by the CEO or the CEO's Designee and in effect from time to time.
3. Termination of Employment
- 3.1. Generally. The Employer may terminate the Executive's employment for any reason during the Term, and the Executive may voluntarily terminate his employment for any reason during the Term, in each case (other than a termination by the Employer for Cause (as defined in Section 8.1)) at any time upon not less than thirty (30) days' notice to the other Party or in the case of notice to be given by the Employer, such longer period as may be required to be

given under the provisions of the Employment Rights Act 1996. Upon the termination of the Executive's employment with the Employer for any reason, the Executive shall be entitled to any Base Salary earned but unpaid through the date of termination, any earned but unpaid Annual Bonus for completed fiscal years, any unreimbursed expenses in accordance with Section 2.6 hereof and, to the extent not theretofore paid or provided, any other amounts or benefits required to be paid or provided under any plan, program, policy or practice or other contract or agreement of the Employer and its affiliates through the date of termination of employment (collectively, the "Accrued Amounts").

### 3.2. Certain Terminations

- a) Termination by the Employer other than for Cause or Disability; Termination by the Executive for Good Reason. If the Executive's employment is terminated during the Term by the Employer other than for Cause or Disability (as defined in Section 8.2), or by the Executive for Good Reason (as defined in Section 8.3), the Executive shall be entitled to: (i) the Accrued Amounts, (ii) a pro-rata bonus for the fiscal year of termination, based on actual performance through the end of the applicable fiscal year and the number of days that have elapsed in the fiscal year through the date of termination (a "Pro-Rata Bonus"), (iii) payment of an amount equal to the sum of one-twelfth (1/12) of Base Salary and one-twelfth (1/12) of the target Annual Bonus each month for eighteen (18) months following termination (the "Severance Payments") and (iv) continuation of private medical benefits on the same terms as active senior executives for eighteen (18) months following termination ("Medical Continuation"). The Severance Payments and Medical Continuation shall be reduced by any period of notice given to the Executive that exceeds thirty (30) days where that additional period of notice is served by the Executive. The Employer's obligations to make the Severance Payments and to provide Medical Continuation shall be conditioned on: (i) the Executive's continued compliance with his obligations under Section 4 of this Agreement and (ii) the Executive's execution, delivery and non-revocation of a valid and enforceable general release of claims (the "Release") in substantially the form attached hereto as Exhibit B. In the event that the Executive breaches any of the covenants set forth in Section 4 of this Agreement, the Executive shall immediately return to the Employer any portion of the Severance Payments that have been paid to the Executive pursuant to this Section 3.2(a), and the Medical Continuation shall immediately terminate. Subject to Section 3.2(c), the Employer will commence payment of the Severance Payments as soon as practicable following the effectiveness of the Release. Any Pro-Rata Bonus will be paid at the time Holdco ordinarily pays incentive bonuses to its executives with respect to the fiscal year in which the termination occurs.



- b) Termination upon Death or Disability. If the Executive's employment is terminated due to the Executive's death or Disability, the Executive (or the Executive's estate, if applicable) will receive (i) the Accrued Amounts, and (ii) a Pro-Rata Bonus.
  - c) Exclusive Remedy. The foregoing payments upon termination of the Executive's employment shall constitute the exclusive severance payments due the Executive upon a termination of his employment under this Agreement.
- 3.3. Resignation from All Positions. Upon the termination of the Executive's employment with the Employer for any reason, the Executive shall be deemed to have resigned, as of the date of such termination, from all positions he then holds as an officer, director, employee and member of the Board (and any committee thereof) and the board of directors (and any committee thereof) of any member of the Group or from any officer or directorship which he holds by virtue of the employment. The Executive shall cooperate with the Employer in effecting any removal or resignation and shall execute any document or do anything which is necessary to give effect thereto. By entering into this Agreement the Executive irrevocably appoints the Employer as his attorney to act on his behalf to execute any document or do anything in his name necessary to effect his resignation in accordance with this Section 3.3. If there is any doubt as to whether such execution (or other thing) has been carried out within the authority conferred by this Section 3.3 a certificate in writing (signed by any director of the Employer) will be sufficient to prove that the act or thing falls within that authority.
- 3.4. Cooperation. Following the termination of the Executive's employment with the Employer for any reason, the Executive agrees to reasonably cooperate with the Group upon reasonable request of the CEO or the CEO's Designee and to be reasonably available to the Group with respect to matters arising out of the Executive's services to the Employer and other members of the Group. The Employer shall pay the Executive a reasonable fee for any such services and promptly reimburse the Executive for expenses reasonably incurred in connection with such matters.
4. Unauthorized Disclosure; Non-Competition; Non-Solicitation; Interference with Business Relationships; Proprietary Rights
- 4.1. Unauthorized Disclosure. The Executive agrees and understands that in the Executive's position with the Employer, the Executive will be exposed to and will receive information relating to the confidential affairs of the Group, including, without limitation, technical information, intellectual property, business and marketing plans, strategies, customer information, software, other information concerning the products, promotions, development, financing, expansion plans, business policies and practices of the Employer and other members of the Group and other forms of information considered by the Group to be confidential or in the nature of trade secrets (including, without limitation, ideas, research and

development, know-how, formulas, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals) (collectively, the “Confidential Information”). The Executive agrees that at all times during the Executive’s employment with the Employer and thereafter, the Executive shall not disclose such Confidential Information, either directly or indirectly, to any individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof (each a “Person”) other than in connection with the Executive’s employment with the Employer without the prior written consent of the Employer and shall not use or attempt to use any such information in any manner other than in connection with his employment with the Employer, unless required by law to disclose such information, in which case the Executive shall provide the Employer with written notice of such requirement as far in advance of such anticipated disclosure as possible. This confidentiality covenant has no temporal, geographical or territorial restriction.

No provision of this Section 4.1 shall prevent the Executive from making a protected disclosure in accordance with the provisions of the Employment Rights Act 1996.

Upon termination of the Executive’s employment with the Employer, the Executive shall promptly supply to the Employer all property, keys, notes, memoranda, writings, lists, files, reports, customer lists, correspondence, tapes, disks, cards, surveys, maps, logs, machines, technical data and any other tangible product or document which has been produced by, received by or otherwise submitted to the Executive during the Executive’s employment with the Employer, and any copies thereof in his (or capable of being reduced to his) possession; provided, however, that the Executive may retain his full rolodex or similar address and telephone directories.

- 4.2. Non-Competition. By and in consideration of the Employer entering into this Agreement and the payments made and the benefits provided hereunder, and in further consideration of the Executive’s exposure to the Confidential Information of the Employer and other members of the Group, the Executive agrees that the Executive shall not for eighteen (18) months after termination of his employment (the “Restriction Period”), directly or indirectly, own, manage, operate, join, control, be employed by, or participate in the ownership, management, operation or control of, or be connected in any manner with, including, without limitation, holding any position as a stockholder, director, officer, consultant, independent contractor, employee, partner, or investor in, any Restricted Enterprise (as defined in Section 8.5); provided, that in no event shall ownership of one percent (1%) or less of the outstanding securities of any class of any issuer whose securities are registered under the Exchange Act or traded on the London Stock Exchange or any other internationally recognized stock exchange, standing alone, be prohibited by this Section 4.2, so long as the Executive does not have, or exercise, any rights to manage or operate the business of such issuer other than rights as a stockholder

thereof. During the Restriction Period, upon request of the Employer, the Executive shall notify the Employer of the Executive's then-current employment status.

- 4.3. Non-Solicitation of Employees. During the Restriction Period, the Executive shall not directly or indirectly contact, induce or solicit (or assist any Person to contact, induce or solicit) for employment any person who is, or within twelve (12) months prior to the date of such solicitation was, an employee or consultant of the Employer or any other member of the Group where such employee or consultant was a person who immediately prior to the end of the Executive's employment (the "Termination Date") or in the six (6) months prior thereto reported directly to the Executive or to a person who reported directly to the Executive or with whom the Executive worked closely at any time during the period of six (6) months prior to the Termination Date.
- 4.4. Interference with Business Relationships. During the Restriction Period the Executive shall not directly or indirectly contact, induce or solicit (or assist any Person to contact, induce or solicit) any customer or client of the Employer or any other member of the Group, in respect of whom the Executive had access to confidential information or with whose custom or business the Executive or employees reporting to him were personally concerned, to terminate its relationship or otherwise cease doing business in whole or in part with the Employer or its subsidiaries or affiliates, or directly or indirectly interfere with (or assist any Person to interfere with) any material relationship between the Employer or any other member of the Group and any of its or their customers or clients so as to cause harm to the Employer or the relevant member of the Group.
- 4.5. Intellectual Property Rights.
- a) The Executive may make or create Intellectual Property Rights (as defined in Section 8.4) in the course of his duties performed pursuant to the Agreement and he agrees that he has a special obligation to further the interests of the Employer and those of other members of the Group in relation to their business in this respect.
  - b) Where the Executive makes or creates any Intellectual Property Rights which may be of benefit to the Employer or any other member of the Group, he shall inform the Employer in writing and such Intellectual Property Rights shall be owned absolutely by the Employer to the extent permitted by law. The Executive shall enter into all documents and do all things necessary to ensure such ownership. The Executive waives all moral rights therein.
  - c) Rights and obligations under this Section 4.5 will continue after the termination of this Agreement in respect of all Intellectual Property Rights made or obtained during the Executive's employment with the Employer and will be binding on the personal representatives of the Executive.

- d) The Executive agrees that he will not by his acts or omissions do anything which would or might prejudice the rights of the Employer under this Section 4.5.
  - e) By entering into this Agreement the Executive irrevocably appoints the Employer to act on his behalf to execute any document and do anything in his name for the purpose of giving the Employer (or its nominee) the full benefit of the provisions of this Section 4.5 or the Employer's entitlement under statute. If there is any doubt as to whether such execution (or other thing) has been carried out within the authority conferred by this Section 4.5, a certificate in writing (signed by any director or the secretary of the Employer) will be sufficient to prove that the act or thing falls within that authority.
- 4.6. Confidentiality of Agreement. Other than with respect to information required to be disclosed by applicable law, the Parties agree not to disclose the terms of this Agreement to any Person; provided that the Executive may disclose this Agreement and/or any of its terms to the Executive's immediate family, financial advisors and attorneys, so long as the Executive instructs every such Person to whom the Executive makes such disclosure not to disclose the terms of this Agreement further.
- 4.7. Remedies. The Executive agrees that any breach of the terms of this Section 4 would result in irreparable injury and damage to the Employer for which the Employer would have no adequate remedy at law; the Executive therefore also agrees that in the event of said breach or any threat of breach, the Employer shall be entitled to an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach by the Executive and/or any and all Persons acting for and/or with the Executive, without having to prove damages, in addition to any other remedies to which the Employer may be entitled at law or in equity, including, without limitation, the obligation of the Executive to return any Severance Payments made by the Employer to the Executive. The terms of this Section 4.7 shall not prevent the Employer from pursuing any other available remedies for any breach or threatened breach hereof, including, without limitation, the recovery of damages from the Executive. The Executive and the Employer further agree that the provisions of the covenants contained in this Section 4 are reasonable and necessary to protect the businesses of the Employer and its affiliates because of the Executive's access to Confidential Information and his material participation in the operation of such businesses.
5. Representation. The Executive and the Employer each represents and warrants that (i) he or it is not subject to any contract, arrangement, policy or understanding, or to any statute, governmental rule or regulation, that in any way limits his or its ability to enter into and fully perform his or its obligations under this Agreement and (ii) he or it is not otherwise unable to enter into and fully perform his or its obligations under this Agreement.

6. Non-Disparagement. From and after the Effective Date and following termination of the Executive's employment with the Employer, the Executive agrees not to make any statement (other than statements made in connection with carrying out his responsibilities for the Employer and its subsidiaries and affiliates) that is intended to become public, or that should reasonably be expected to become public, and that criticizes, ridicules, disparages or is otherwise derogatory of the Employer or any of its subsidiaries, affiliates, employees, officers, directors or stockholders.
  7. Withholding and Deductions. The Employer will withhold from any amounts payable under this Agreement such deductions as it is required to make pursuant to any applicable law or regulation and any amount which the Executive owes to the Employer or any other member of the Group and the Executive hereby consents to such deduction.
  8. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:
    - 8.1. "Cause" shall mean the Executive's (i) continuing failure, for more than ten (10) days after the Employer's written notice to the Executive thereof, to perform such duties as are reasonably requested by the Employer; (ii) failure to observe material policies generally applicable to officers or employees of the Employer unless such failure is capable of being cured and is cured within ten (10) days of the Executive receiving written notice of such failure; (iii) failure to cooperate with any internal investigation of the Employer or any other member of the Group; (iv) commission of any act of fraud, theft or financial dishonesty with respect to the Employer or any other member of the Group or being charged with or convicted of any arrestable criminal offence (other than an offence under road traffic legislation for which a fine or non-custodial penalty is imposed); or (v) material violation of the provisions of this Agreement unless such violation is capable of being cured and is cured within ten (10) days of the Executive receiving written notice of such violation.
    - 8.2. "Disability" shall mean the Executive is entitled to receive long-term disability benefits under the long-term disability plan of the Employer or its affiliates in which Executive participates, or, if there is no such plan, the Executive's inability, due to physical or mental ill health, to perform the essential functions of the Executive's job, with or without a reasonable accommodation, for 180 days during any 365-day period irrespective of whether such days are consecutive.
    - 8.3. "Good Reason" shall mean (i) a material and adverse change in the Executive's duties or responsibilities; (ii) a reduction in the Executive's Base Salary or target Annual Bonus; or (iii) breach by the Employer of any material provision of this Agreement; provided, that the Executive must give notice of termination for Good Reason within sixty (60) days of the occurrence of the first event giving rise to Good Reason.
    - 8.4. "Intellectual Property Rights" means patents, copyrights, database rights, registered and unregistered design rights, utility models, trade marks, and any
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other intellectual property rights throughout the world, applications for registration of any of the same, confidential information and knowhow, whether in each case registered or unregistered.

- 8.5. “Restricted Enterprise” shall mean any Person that is actively engaged in any geographic area in any business which is either (i) in competition with the business of the Employer or any other member of the Group or (ii) proposed to be conducted by the Employer or any other member of the Group in their respective business plans as in effect at that time.

9. Miscellaneous.

- 9.1. Indemnification. The Employer shall indemnify the Executive to the fullest extent provided under the Employer’s Articles of Association. The Employer and other members of the Group shall also maintain director and officer liability insurance in such amounts and subject to such limitations as the CEO, CEO’s Designee or Board shall, in good faith, deem appropriate for coverage of directors and officers of the Employer and Group.
- 9.2. Amendments and Waivers. This Agreement and any of the provisions hereof may be amended, waived (either generally or in a particular instance and either retroactively or prospectively), modified or supplemented, in whole or in part, only by written agreement signed by the Parties; provided, that, the observance of any provision of this Agreement may be waived in writing by the Party that will lose the benefit of such provision as a result of such waiver. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach, except as otherwise explicitly provided for in such waiver. Except as otherwise expressly provided herein, no failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.
- 9.3. Assignment; No Third-Party Beneficiaries. This Agreement, and the Executive’s rights and obligations hereunder, may not be assigned by the Executive, and any purported assignment by the Executive in violation hereof shall be null and void. To the extent permitted by law, no person other than the Parties and other members of the Group shall have the right to enforce any term of this Agreement under the Contracts (Rights of Third Parties) Act 1999 although this does not affect any other right or remedy of any third party which exists or is available other than under that Act.
- 9.4. UK Statutory Information. Exhibit C to this Agreement contains the information required to be given for the purposes of the Employment Rights Act 1996.

9.5. Data Protection Act 1998. For the purposes of the Data Protection Act 1998 (the “DPA”) the Executive gives his consent to the holding, processing and disclosure of personal data (including sensitive data within the meaning of the DPA) provided by the Executive to the Employer and Group for all purposes relating to the performance of this Agreement including, but not limited to:

- a) administering and maintaining personnel records;
- b) administering and maintaining personnel records;
- c) paying and reviewing salary and other remuneration and benefits;
- d) providing and administering benefits (including if relevant, pension, life assurance, permanent health insurance and medical insurance);
- e) undertaking performance appraisals and reviews;
- f) maintaining sickness and other absence records;
- g) taking decisions as to the Executive’s fitness for work;
- h) providing references and information to future employers, and if necessary, governmental and quasi-governmental bodies for social security and other purposes, the Inland Revenue and the Contributions Agency;
- i) providing information to future purchasers of the Employer or of the business in which the Executive works; and
- j) transferring information concerning the Executive to a country or territory outside the European Economic Area.

The Executive will comply with the Employer’s policies on data protection matters.

9.6. Notices. Unless otherwise provided herein, all notices, requests, demands, claims and other communications provided for under the terms of this Agreement shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be sent by (i) personal delivery (including receipted courier service) or overnight delivery service, (ii) facsimile during normal business hours, with confirmation of receipt, to the number indicated, (iii) reputable commercial overnight delivery service courier or (iv) registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

If to the Employer:        Transmark Fcx Limited  
                                      Heaton House  
                                      Riverside Drive  
                                      Cleckheaton  
                                      West Yorkshire BD19 4DH

copy to:                   McJunkin Red Man Holding Corporation  
8023 E. 63rd Place  
Tulsa, OK 74133  
Attention: General Counsel  
Facsimile: 001 866-815-5063

and

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, NY 10004  
Attention: Robert C. Schwenkel, Esq.  
Facsimile: 001 212-859-4000

If to the Executive:       at his principal office at the Employer  
(during the Term), and at all times to his  
principal residence as reflected in the records  
of the Employer.

All such notices, requests, consents and other communications shall be deemed to have been given when received. Either Party may change its facsimile number or its address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner then set forth.

- 9.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights and obligations of the Parties shall be governed by, the laws of England.
- 9.8. Power of Attorney. The Executive hereby appoints the Employer to act as his attorney with authority in his name and on his behalf to execute any deed or instrument and generally to use his name for the purposes set out in Sections 3.3 and 4.5. The Executive hereby declares that this power of attorney is given to secure his obligations under Sections 3.3 and 4.5 of this Agreement and shall be irrevocable in accordance with Section 4 of the Powers of Attorney Act 1971.
- 9.9. Severability. Whenever possible, each provision or portion of any provision of this Agreement, including those contained in Section 4 hereof, will be interpreted in such manner as to be effective and valid under applicable law but the invalidity or unenforceability of any provision or portion of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this



Agreement, including that provision or portion of any provision, in any other jurisdiction. In addition, should a court or arbitrator determine that any provision or portion of any provision of this Agreement, including those contained in Section 4 hereof, is not reasonable or valid, either in period of time, geographical area, or otherwise, the Parties agree that such provision should be interpreted and enforced to the maximum extent which such court or arbitrator deems reasonable or valid.

- 9.10. Entire Agreement. From and after the Effective Date this Agreement shall constitute the entire agreement between the Parties, and supersede all prior representations, agreements and understandings (including any prior course of dealings), both written and oral, between the Parties with respect to the subject matter hereof.
- 9.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.
- 9.12. Binding Effect. This Agreement shall inure to the benefit of, and be binding on, the successors of each of the Parties, including, without limitation, the Executive's heirs and the personal representatives of the Executive's estate and any successor to all or substantially all of the business and/or assets of the Employer.
- 9.13. General Interpretive Principles. The name assigned this Agreement and headings of the sections, paragraphs, subparagraphs, clauses and subclauses of this Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of any of the provisions hereof. Words of inclusion shall not be construed as terms of limitation herein, so that references to "include," "includes" and "including" shall not be limiting and shall be regarded as references to non-exclusive and non-characterizing illustrations.
- 9.14. Mitigation. Notwithstanding any other provision of this Agreement, (i) the Executive will have no obligation to mitigate damages for any breach or termination of this Agreement by the Employer, whether by seeking employment or otherwise and (ii) the amount of any payment or benefit due the Executive after the date of such breach or termination will not be reduced or offset by any payment or benefit that the Executive may receive from any other source.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

TRANSMARK FCX LIMITED

By: /s/ G.P. Krans  
Name: G.P. Krans  
Title: Authorized Representative

Executed as a Deed

EXECUTIVE

/s/ Neil Philip Wagstaff  
Neil Philip Wagstaff

in the presence of

/s/ W.A. Harrison  
Witness signature

Name: W.A. Harrison

Occupation: Solicitor

MRC Transmark Limited  
Heaton House  
Riverside Drive  
Cleckheaton  
West Yorkshire BD19 4DH

February 23, 2011

Neil Philip Wagstaff  
Heaton House  
Riverside Drive  
Cleckheaton  
West Yorkshire BD19 4DH

Dear Neil:

This letter agreement memorializes our mutual understanding that the employment agreement entered into between you and MRC Transmark Limited (formerly known as Transmark Fcx Limited) on September 10, 2009 (the "Employment Agreement") shall be amended as follows. Terms used in this letter agreement that are not defined herein shall have the meanings given to such terms in the Employment Agreement.

1. Annual Bonus. For the fiscal year commencing on January 1, 2011, your target annual bonus shall be sixty-seven percent (67%) of your base salary as in effect at the beginning of such fiscal year with the actual annual bonus to be based upon such individual and/or Employer and/or Group performance criteria established for each such fiscal year by the Board.
2. Good Reason Consent. You hereby agree that notwithstanding the terms of the Employment Agreement the decrease in your target annual bonus for 2011 as set forth in this letter agreement does not constitute "Good Reason" pursuant to the Employment Agreement.
3. Governing Law. This letter agreement shall be construed and enforced in accordance with, and the rights and obligations of the parties hereto shall be governed by, the laws of England.
4. Confirmation of Employment Agreement. In all other respects the Employment Agreement shall remain in effect and is hereby confirmed by the parties.

If the foregoing terms and conditions accurately reflect your understanding, please sign this letter agreement below and return a copy to me.

[signature page follows]

---

Very truly yours,

MRC TRANSMARK LIMITED

/s/ Andrew R. Lane

By: Andrew R. Lane

Title:

ACCEPTED AND AGREED:

/s/ Neil Philip Wagstaff

Neil Philip Wagstaff

[Signature Page to Neil Philip Wagstaff Agreement]

McJunkin Red Man Holding Corporation  
835 Hillcrest Drive  
Charleston, WV 25311

December 22, 2008

Craig Ketchum 8311 S.  
67<sup>th</sup> E. Ave.  
Tulsa, OK 74136

Dear Craig:

This letter agreement memorializes our mutual understanding that the amended and restated employment agreement entered into between you and McJunkin Red Man Holding Corporation (the "Company") on September 24, 2008 (the "Employment Agreement") shall be terminated in accordance with this letter agreement.

1. Payment. In consideration of the termination of the Employment Agreement and of the covenants set forth below, you shall be paid a lump sum payment equal to \$2,442,752.61 (the "Agreed Amount"). This payment represents the value of all amounts to which you would have become entitled during the remaining term of the Employment Agreement pursuant to Sections 2.1. 2.2 and 2.4 thereof, based on your continued service during such remaining term. The Agreed Amount (subject to all required withholdings) shall be paid to you in a lump sum on January 5, 2009, provided that the release attached hereto as Appendix A has been executed, delivered and has become irrevocable. It is understood and agreed that the Agreed Amount does not include any amounts accrued prior to the date hereof and payable pursuant to the terms of any of the company's employee benefit plans, any such amounts to be paid in accordance with the terms of such plans and, if applicable, in compliance with Section 409A of the Internal Revenue Code and the regulations issued thereunder. Upon payment of the Agreed Amount, the Employment Agreement shall terminate and be of no further force and effect.
  2. Profits Units. On December 21, 2007, pursuant to the Limited Liability Company Agreement of McJ Holding LLC dated as of December 4, 2006 (the "LLC Agreement"), you were granted 381.3098 Profits Units (as defined in the LLC Agreement). Notwithstanding Section 7.2(a) of the LLC Agreement, in the event of the termination of your service as chairman of the board of directors of the Company and as a member of the board of directors of the Company at any time for any reason, zero percent (0%) of your Profits Units shall be subject to forfeiture.
  3. Unauthorized Disclosure; Non-Competition; Non-Solicitation; Interference with Business Relationships. In consideration of your receipt of the Agreed Amount and other such
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consideration provided for herein, you agree to be bound by the covenants set forth in Appendix B to this letter agreement, which Appendix B shall be deemed to be incorporated in, and be a part of, this letter agreement.

4. Governing Law. This letter agreement shall be construed and enforced in accordance with, and the rights and obligations of the parties hereto shall be governed by, the laws of the State of New York, without giving effect to the conflicts of law principles thereof.

If the foregoing terms and conditions are consistent with your understanding, please sign this letter agreement below and return a copy to me.

Very truly yours,

McJUNKIN RED MAN HOLDING CORPORATION

/s/ Stephen W. Lake

By: Stephen W. Lake

Title: Executive Vice President, General  
Counsel & Corporate Secretary

ACCEPTED AND AGREED:

/s/ Craig Ketchum

Craig Ketchum

[Signature Page to Craig Ketchum -Letter Agreement]

**MCJ HOLDING CORPORATION**  
**2007 STOCK OPTION PLAN**

**1. Purpose of the Plan**

The purpose of the Plan is to aid the Company and its Affiliates in recruiting and retaining key employees, directors and consultants of outstanding ability and to motivate such key employees, directors and consultants to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Options. The Company expects that it will benefit from the added interest which such key employees, directors or consultants will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

**2. Definitions**

The following capitalized terms used in the Plan or in an Option agreement have the respective meanings set forth in this Section:

- (a) Affiliate: With respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.
  - (b) Board: The Board of Directors of the Company.
  - (c) Cause: With respect to a Participant's termination of Employment, (a) if the Participant is at the time of termination a party to an employment or retention agreement that defines such term, the meaning given therein, and (b) in all other cases, the Participant's (i) continuing failure, for more than 10 days after the Company's written notice to the Participant thereof, to perform such duties as are reasonably requested by the Company; (ii) failure to observe material policies generally applicable to officers or employees of the Company unless such failure is capable of being cured and is cured within 10 days of the Participant receiving written notice of such failure; (iii) failure to cooperate with any internal investigation of the Company; (iv) commission of any act of fraud, theft or financial dishonesty with
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respect to the Company or indictment or conviction of any felony; (v) chronic absenteeism; or (vi) abuse of alcohol or another controlled substance.

- (d) Code: The Internal Revenue Code of 1986, as amended, or any successor thereto.
  - (e) Committee: The Board or such committee of the Board as may be designated from time to time to administer the Plan.
  - (f) Company: McJ Holding Corporation, a Delaware corporation, and any successor thereto by merger, consolidation or otherwise.
  - (g) Company Group: Collectively, the Company, its subsidiaries and its or their respective successors and assigns.
  - (h) Disability: (a) if the Participant is at the time of termination a party to an employment or retention agreement that defines such term, the meaning given therein, and (b) in all other cases, the Participant is unable to perform his duties or obligations to the Company by reason of physical or mental incapacity for a period of one hundred twenty (120) consecutive calendar days or a total period of two hundred ten (210) calendar days in any three hundred sixty (360) calendar day period.
  - (i) Effective Date: March 27, 2007.
  - (j) Employment: The term "Employment" as used herein shall be deemed to refer to (i) a Participant's employment if the Participant is an employee of the Company Group, (ii) a Participant's services as a consultant, if the Participant is a consultant to the Company Group and (iii) a Participant's services as a non-employee director, if the Participant is a non-employee member of the Board.
  - (k) Fair Market Value: On a given date, (i) if there should be a public market for the Shares on such date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the
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composite tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on any national securities exchange, the arithmetic mean of the per-Share closing bid price and per-Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted) (the “Nasdaq”), or, if no sale of Shares shall have been reported on the composite tape of any national securities exchange or quoted on the Nasdaq on such date, the arithmetic mean of the per-Share closing bid price and per-Share closing asked price on the immediately preceding date on which sales of the Shares have been so reported or quoted, and (ii) if there is not a public market for the Shares on such date, the value established by the Committee in good faith, which in the context of a Transaction shall be the price paid per Share.

- (l) McJ Holding LLC: McJ Holding LLC, a Delaware limited liability company.
  - (m) McJ Holding LLC Agreement: The limited liability company agreement of McJ Holding LLC, dated as of December 4, 2006.
  - (n) McJunkin: McJunkin Corporation, a West Virginia corporation and wholly owned subsidiary of the Company.
  - (o) Option: A stock option granted pursuant to Section 6 of the Plan.
  - (p) Option Price: The purchase price per Share of an Option, as determined pursuant to Section 6(a) of the Plan.
  - (q) Participant: An employee, director or consultant who is selected by the Committee to participate in the Plan.
  - (r) Person: Any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivisions thereof.
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- (s) Plan: This McJ Holding Corporation 2007 Stock Option Plan.
  - (t) Shares: Shares of common stock of the Company and any other securities into which such shares of common stock are changed or for which such shares of common stock are exchanged.
  - (u) Stockholders Agreement: The Management Stockholders Agreement dated as of March 27, 2007 (as amended and restated from time to time) by and among the Company, McJ Holding LLC and such other Persons who are or become parties thereto.
  - (v) Transaction: (i) Any event which results in the GSCP Members (as defined in the McJ Holding LLC Agreement) and its or their Affiliates ceasing to directly or indirectly beneficially own, in the aggregate, at least 35% of the equity interests of McJunkin that they beneficially owned directly or indirectly as of the Effective Time (as defined in the McJ Holding LLC Agreement); or (ii) in a single transaction or a series of related transactions, the occurrence of the following event: a majority of the outstanding voting power of McJ Holding LLC, the Company or McJunkin, or substantially all of the assets of McJunkin, shall have been acquired or otherwise become beneficially owned, directly or indirectly, by any Person (other than any Member (as defined in the McJ Holding LLC Agreement) as of December 4, 2006 or any of its or their Affiliates, or the McJ Holding LLC or any of its Affiliates) or any two or more Persons (other than any Member as of December 4, 2006 or any of its or their Affiliates, or McJ Holding LLC or any of its Affiliates) acting as a partnership, limited partnership, syndicate or other group, entity or association acting in concert for the purpose of voting, acquiring, holding or disposing of the voting power of the McJ Holding LLC, the Company, or McJunkin; it being understood that, for this purpose, the acquisition or beneficial ownership of voting securities by the public shall not be an acquisition or constitute beneficial ownership by any Person or Persons acting in concert. For purposes of this definition, neither McJ Holding LLC nor any Person controlled by McJ Holding LLC shall be deemed to be an Affiliate of any Member.
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### **3. Shares Subject to the Plan**

The total number of Shares which may be issued under the Plan is 4,715.4509, subject to adjustment pursuant to Section 7 hereof. The Shares may consist, in whole or in part, of unissued Shares or treasury Shares. The issuance of Shares upon the exercise of an Option or in consideration of the cancellation or termination of an Option shall reduce the total number of Shares available under the Plan, as applicable. Shares which are subject to Options which terminate or lapse without the payment of consideration may again be the subject of Options granted under the Plan.

### **4. Administration**

The Plan shall be administered by the Committee. Subject to the express limitations of the Plan, the Committee shall have authority in its discretion to determine the employees, consultants or directors of the Company and its Affiliates to whom, and the time or times at which, Options may be granted, the number of Shares subject to each Option, the Option Price of an Option, the time or times at which an Option will become vested and any other conditions of an Option. Options may, in the discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its Affiliates or by a company acquired by the Company or with which the Company combines. The number of Shares underlying such substitute awards shall be counted against the aggregate number of Shares available for Options under the Plan. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may amend the terms of any Option agreement, provided that no such amendment shall be made without the consent of a Participant, if such action would diminish any of the rights of such Participant under such Option agreement. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, except as otherwise provided herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, without limitation, Participants and their beneficiaries or successors). The Committee shall have the full power and authority to establish the terms and conditions of any Option consistent with the provisions of the Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Committee shall require Participants to make arrangements

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which are satisfactory to it to pay any amounts it may determine are required to be withheld for federal, state, local or other taxes in connection with an Option.

## **5. Limitations**

No Option may be granted under the Plan after the tenth anniversary of the Effective Date, but Options theretofore granted may extend beyond that date.

## **6. Terms and Conditions of Options**

Options granted under the Plan shall be non-qualified stock options and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine and set forth in the applicable Option agreement:

- (a) Option Price. The Option Price shall be determined by the Committee, provided that the Option Price may not be less than the Fair Market Value of a Share on the date the Option is granted.
  - (b) Exercisability. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.
  - (c) Exercise of Options. Except as otherwise provided in the Plan or in an Option agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Section 6 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to the following sentence. The Option Price for the Shares as to which an Option is exercised and any applicable withholding taxes shall be paid to the Company in full at the time of exercise at the election of the Participant, in cash or by check or wire transfer, or by such other means as are permitted by the Committee. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the
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Participant has given written notice of exercise of the Option, has paid in full for such Shares, satisfied any applicable withholding requirements and, if applicable, has satisfied any other conditions imposed by the Committee or pursuant to the Plan or the applicable Option agreement.

- (d) Unless the Committee determines otherwise, exercise of an Option shall be conditioned upon the execution by the Participant of the Stockholders Agreement, if such agreement remains in effect at the time of such exercise.

## **7. Adjustments Upon Certain Events**

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Options granted under the Plan:

- (a) Generally. In the event of any extraordinary cash or Share dividend, or Share split, reverse split, reorganization, reclassification, recapitalization, repurchase, issuance of warrants, rights or debentures, merger, consolidation, spin-off, split-up, combination or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares or any transaction similar to the foregoing, the Committee, without liability to any person, shall take such equitable actions as are appropriate in its reasonable judgment to preserve the economic rights of the Participant, whether by adjusting the terms of the Option or such other means as the Committee shall determine.
  - (b) Transaction. The Committee may provide in the applicable Option agreement or otherwise that, in the event of a Transaction, (i) any outstanding Options then held by Participants which are unexercisable or otherwise unvested shall automatically be deemed exercisable or otherwise vested upon the consummation of such Transaction, and (ii) the Committee may either (A) cancel all Options and make payment in connection with such cancellation equal to the excess, if any, of the Fair Market Value of the Shares subject to such Options over the aggregate Option Price of such Options or (B) provide for the issuance of substitute options or other awards that will preserve, as
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nearly as practicable, the economic terms of Options previously granted hereunder, in each case as determined by the Committee in good faith.

#### **8. No Right to Employment or Options**

The granting of an Option under the Plan shall impose no obligation on the Company or any Affiliate of the Company to continue the Employment of a Participant and shall not lessen or affect the Company's or such Affiliate's right to terminate the Employment of such Participant. No Participant or other Person shall have any claim to be granted any Option, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Options. The terms and conditions of Options and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

#### **9. Successors and Assigns**

The rights and obligations under the Plan shall be binding on and inure to all predecessors, successors and assigns of the Company and any Participant, including, without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

#### **10. Nontransferability of Options**

Unless otherwise determined by the Committee, an Option shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. An Option exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant.

#### **11. Amendments or Termination**

The Board may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made without the consent of a Participant, if such action would diminish any of the rights of such Participant under any Option theretofore granted to such Participant under the Plan; provided, however, that the Committee may

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amend the Plan in such manner as it deems necessary to permit the granting of Options meeting the requirements of the Code or other applicable laws.

#### **12. Compliance with Law**

No Option shall be granted under the Plan, and no Shares shall be issued and delivered upon exercise of an Option, unless and until the Company and/or the Participant shall have complied with all applicable federal or state registration, listing and/or qualification requirements and all other applicable requirements of law or of any regulatory agencies having jurisdiction.

The Committee in its discretion may, as a condition to the exercise of any Option, require each Participant (a) to represent in writing that the Shares received upon exercise of an Option are being acquired for investment and not with a view to distribution and (b) to make such other representations and warranties as are deemed reasonably appropriate by the Committee. Stock certificates representing Shares acquired upon the exercise of any Option that have not been registered under the Securities Act of 1933, as amended, shall, if required by the Committee, bear the legends as may be required by the Stockholders Agreement or by the Option agreement evidencing a particular Option. Without in any way limiting the provisions set forth above, no Participant shall make any disposition of all or any portion of Shares acquired or to be acquired pursuant to an Option, except in compliance with all applicable federal and state securities laws and the provisions of the Stockholders Agreement.

#### **13. International Participants**

With respect to Options which may be subject to the laws of jurisdictions outside the United States of America, the Committee may, in its sole discretion, amend the terms of the Plan or Options with respect to such Participants in order to conform such terms with the requirements of such local law.

#### **14. Choice of Law**

The Plan shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws.

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**15. Effectiveness of the Plan**

The Plan shall be effective as of the Effective Date.



**MCJ HOLDING CORPORATION****2007 RESTRICTED STOCK PLAN**

1. Purpose. The purpose of the McJ Holding Corporation 2007 Restricted Stock Plan is to aid the Company and its Affiliates in recruiting and retaining key employees, directors and consultants of outstanding ability and to motivate such key employees, directors and consultants to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Restricted Stock. The Company expects that it will benefit from the added interest which such key employees, directors or consultants will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. Definitions. The following capitalized terms used in the Plan or in an Agreement have the respective meanings set forth in this Section.

- a. Affiliate: With respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person.
  - b. Agreement: The written agreement setting forth the terms and conditions of Restricted Stock.
  - c. Board: The Board of Directors of the Company.
  - d. Cause: With respect to the Grantee's termination of employment, (a) if the Grantee is at the time of termination a party to an employment or retention agreement that defines such term, the meaning given therein, and (b) in all other cases, the Grantee's (i) continuing failure, for more than 10 days after the Company's written notice to the Grantee thereof, to perform such duties as are reasonably requested by the Company; (ii) failure to observe material policies generally applicable to officers or employees of the Company unless such failure is capable of being cured and is cured within 10 days of the Grantee receiving written notice of such failure; (iii) failure to cooperate with any internal investigation of the Company; (iv) commission of any act of fraud, theft or financial dishonesty with respect to the Company or indictment or conviction of any felony; (v) chronic absenteeism; or (vi) abuse of alcohol or another controlled substance.
  - e. Committee: The Board or such committee of the Board as may be designated from time to time to administer the Plan.
  - f. Company: McJ Holding Corporation, a Delaware corporation, and any successor thereto by merger, consolidation or otherwise.
  - g. Disability: (a) if the Grantee is at the time of termination a party to an employment or retention agreement that defines such term, the meaning given therein, and (b) in all other cases, the Grantee is unable to perform his duties or obligations to the Company by reason of physical or mental incapacity for a
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period of one hundred twenty (120) consecutive calendar days or a total period of two hundred ten (210) calendar days in any three hundred sixty (360) calendar day period.

- h. Effective Date: March 27, 2007.
- i. Grantee: An employee, director or consultant who is selected by the Committee to participate in the Plan.
- j. LLC Agreement: The Limited Liability Company Agreement of McJ Holding LLC, dated as of December 4, 2006 (as amended and restated from time to time).
- k. McJ Holding LLC: McJ Holding LLC, a Delaware limited liability company and parent of the Company.
- l. McJunkin: McJunkin Corporation, a West Virginia corporation and wholly owned subsidiary of the Company.
- m. Person: Any individual, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government, or any agency or political subdivisions thereof.
- n. Plan: This McJunkin Corporation 2007 Restricted Stock Plan.
- o. Restricted Stock: Restricted common stock of the Company, granted on the terms and conditions as set forth in an Agreement.
- p. Shares: Shares of common stock of the Company and any other securities into which such shares of common stock are changed or for which such shares of common stock are exchanged.
- q. Stockholders Agreement: The Management Stockholders Agreement dated as of March 27, 2007 (as amended and restated from time to time) by and among the Company, McJ Holding LLC and such other Persons who are or become parties thereto.
- r. Transaction: (i) Any event which results in the GSCP Members (as defined in the LLC Agreement) and its or their Affiliates ceasing to directly or indirectly beneficially own, in the aggregate, at least 35% of the equity interests of McJunkin that they beneficially owned directly or indirectly as of the Effective Time (as defined in the LLC Agreement); or (ii) in a single transaction or a series of related transactions, the occurrence of the following event: a majority of the outstanding voting power of McJ Holding LLC, the Company or McJunkin, or substantially all of the assets of McJunkin, shall have been acquired or otherwise become beneficially owned, directly or indirectly, by any Person (other than any Member (as defined in the LLC Agreement) as of December 4, 2006 or any of its or their Affiliates, or the McJ Holding LLC or any of its Affiliates) or any two or more Persons (other than any Member as of December 4, 2006 or any of its or

their Affiliates, or McJ Holding LLC or any of its Affiliates) acting as a partnership, limited partnership, syndicate or other group, entity or association acting in concert for the purpose of voting, acquiring, holding or disposing of the voting power of the McJ Holding LLC, the Company, or McJunkin; it being understood that, for this purpose, the acquisition or beneficial ownership of voting securities by the public shall not be an acquisition or constitute beneficial ownership by any Person or Persons acting in concert. For purposes of this definition, neither McJ Holding LLC nor any Person controlled by McJ Holding LLC shall be deemed to be an Affiliate of any Member.

3. Administration. The Plan shall be administered by the Committee. Subject to the express limitations of the Plan, the Committee shall have authority in its discretion to determine the employees, consultants or directors of the Company and its Affiliates to whom, and the time or times at which, Restricted Stock may be granted, the time or times at which such Restricted Stock will become vested and any other conditions of such Restricted Stock.

4. Shares Subject to the Plan. The total number of shares of Restricted Stock which may be issued under the Plan is 500. The shares of Restricted Stock may consist, in whole or in part, of unissued Shares or treasury Shares. The issuance of shares of Restricted Stock shall reduce the total number of shares of Restricted Stock available under the Plan. Shares which are subject to Restricted Stock which terminate or lapse without the payment of consideration may again be the subject of Restricted Stock granted under the Plan. In the event of any extraordinary cash or Share dividend, or Share split, reverse split, reorganization, reclassification, recapitalization, repurchase, issuance of warrants, rights or debentures, merger, consolidation, spin-off, split-up, combination or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares or any transaction similar to the foregoing, the Committee, without liability to any person, shall take such equitable actions as are appropriate in its reasonable judgment to preserve the economic rights of the Participant by such means as the Committee shall determine.

5. Terms and Conditions of Restricted Stock. Restricted Stock granted under the Plan shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions as the Committee shall determine and set forth in the applicable Agreement.

6. No Right to Continued Employment. Nothing in this Plan or in an Agreement shall interfere with or limit in any way the right of the Company or its subsidiaries to terminate the Grantee's employment, nor confer upon the Grantee any right to continuance of employment by the Company or any of its subsidiaries or continuance of service as a Board member.

7. Withholding of Taxes. Prior to the delivery to the Grantee (or the Grantee's estate, if applicable) of evidence of book-entry shares with respect to shares of Restricted Stock in respect of which all restrictions have lapsed, the Grantee (or the Grantee's estate) shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of such Restricted Stock, or any payment or transfer under, or with respect to, such Restricted Stock, and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations

AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
PVF HOLDINGS LLC

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AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF  
PVF HOLDINGS LLC

This Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC (the “**Company**”) (f/k/a McJ Holding LLC), is dated as of October 31, 2007, among the entities listed under the headings “GSCP Members,” “McJ Members” and “RM Members” on Schedule A hereto (each, respectively, a “**GSCP Member**,” a “**McJ Member**” or a “**RM Member**”) and the Persons listed from time to time as a “Member” on Schedule A hereto. Any capitalized term used herein without definition shall have the meaning set forth in Article XV.

W I T N E S S E T H :

WHEREAS, on December 4, 2006, McJunkin Corporation, a West Virginia corporation (whose name will be changed to McJunkin Redman Corporation) (“**MRM**”), McJ Holding Corporation, a Delaware corporation and a wholly-owned subsidiary of the Company (whose name will be changed to McJunkin Redman Holding Corporation) (“**Parent**”), and Hg Acquisition Corp., a West Virginia corporation and a wholly-owned subsidiary of Parent (“**Merger Sub**”), entered into an Agreement and Plan of Merger pursuant to which, on January 31, 2007, Merger Sub merged with and into MRM with MRM surviving the merger (as amended and in effect from time to time, the “**Merger Agreement**”);

WHEREAS, on December 4, 2006, the Company, the GSCP Members and the McJ Parties (as defined therein) entered into an agreement establishing and setting forth their agreement with respect to certain rights and obligations associated with their interests in the Company (as amended, the “**Original Agreement**”);

WHEREAS, on July 6, 2007, Red Man Pipe & Supply Co., an Oklahoma corporation (“**Red Man**”), West Oklahoma PVF Company (“**West Oklahoma**”) (a newly formed wholly owned subsidiary of MRM), the Company (for purposes of Sections 2.3(c) and 10.4 thereof only) and the holders of 100% of the outstanding shares of common stock of Red Man (“**Red Man Shares**”) executed a stock purchase agreement (the “**RM Purchase Agreement**”) pursuant to which, on the date hereof, West Oklahoma acquired all of the Red Man Shares for cash (other than shares of Red Man acquired by the Company in exchange for Common Units) (the “**Red Man Transaction**”);

WHEREAS, pursuant to a Certificate of Amendment to the Certificate of Formation filed with the Secretary of State of the State of Delaware on the date hereof, the name of the Company was changed from “McJ Holding LLC” to “PVF Holdings LLC”; and

WHEREAS, the amendments to the Original Agreement as reflected in this agreement were approved in accordance with Section 14.12 of the Original Agreement.

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NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto hereby agree to amend and restate the Original Agreement in its entirety as follows:

## ARTICLE I

### FORMATION OF THE COMPANY

Section 1.1 Formation. The Company was formed upon the filing of the Certificate with the Secretary of State of the State of Delaware on November 20, 2006.

Section 1.2 Company Name. The name of the Company is PVF Holdings LLC. The business of the Company may be conducted under such other names as the Board may from time to time designate, provided that the Company complies with all relevant state laws relating to the use of fictitious and assumed names.

Section 1.3 The Certificate, etc. Each GSCP Director is hereby authorized to execute, deliver, file and record all such other certificates and documents, including amendments to or restatements of the Certificate, and to do such other acts as may be appropriate to comply with all requirements for the formation, continuation and operation of a limited liability company, the ownership of property, and the conduct of business under the laws of the State of Delaware and any other jurisdiction in which the Company may own property or conduct business.

Section 1.4 Term of Company. The term of the Company commenced on the date of the initial filing of the Certificate with the Secretary of State of the State of Delaware. The Company may be terminated in accordance with the terms and provisions hereof, and shall continue unless and until dissolved as provided in Article XIII. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate as provided in the Delaware Act.

Section 1.5 Registered Agent and Office. The Company's registered agent and office in the State of Delaware is The Corporation Trust Company, located at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The Board may designate another registered agent and/or registered office from time to time in accordance with the then applicable provisions of the Delaware Act and any other applicable laws.

Section 1.6 Principal Places of Business. The principal places of business of the Company are located at 835 Hillcrest Drive, Charleston, West Virginia 25311 and 8023 East 63<sup>rd</sup> Place, Suite 800, Tulsa, Oklahoma 74133. The location of the Company's principal places of business may be changed by the Board from time to time in accordance with the then applicable provisions of the Delaware Act and any other applicable laws.

Section 1.7 Qualification in Other Jurisdictions. Any authorized person of the Company shall execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

Section 1.8 Fiscal Year. The fiscal year of the Company for financial accounting purposes shall end on December 31.

## ARTICLE II

### PURPOSE AND POWERS OF THE COMPANY

Section 2.1 Purpose. The purposes of the Company are, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Delaware Act and engaging in all acts or activities as the Company deems necessary, advisable or incidental to the furtherance of the foregoing.

Section 2.2 Powers of the Company. The Company shall have the power and authority to take any and all actions that are necessary, appropriate, advisable, convenient or incidental to or for the furtherance of the purposes set forth in Section 2.1; provided that without the consent of the GSCP Members, the Company shall not have the power or authority to take any action that would result in any Member of the Company having (a) “unrelated business taxable income” (as that term is defined in Section 512(a) of the Code) or (b) income which is “effectively connected with the conduct of a trade or business within the United States” (within the meaning of the Code).

Section 2.3 Certain Tax Matters. The Company shall not elect, and the Board shall not permit the Company to elect, to be treated as an association taxable as a corporation for U.S. federal, state or local income tax purposes under Treasury Regulations section 301.7701-3 or under any corresponding provision of state or local law. The Company and the Board shall not permit the registration or listing of the Interests on an “established securities market,” as such term is used in Treasury Regulations section 1.7704-1.

## ARTICLE III

### MEMBERS AND INTERESTS GENERALLY

Section 3.1 Powers of Members. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the Delaware Act and the express terms of this Agreement. The approval or consent of the Members shall not be required in order to authorize the taking of any action by the Company unless and then only to the extent that (a) this Agreement shall expressly provide therefor, (b) such approval or consent shall be required by non-waivable provisions of the Delaware Act or (c) the Board shall have determined in its sole discretion that obtaining such approval or consent would be appropriate or desirable. The Members, as such, shall have no power to bind the Company.

Section 3.2 Interests Generally. As of the date hereof, the Company has two authorized classes of Interests: Common Units and Profits Units. Subject to the terms of this Agreement, additional classes of Interests denominated in the form of Units may be authorized from time to time by the Board without obtaining the consent of any Member or class of

Members. Except as otherwise provided in this Article III, Units in a particular class may be issued from time to time, at such prices and on such terms as the Board may determine, without obtaining the consent of any Member or class of Members.

(a) Common Units. The holders of Common Units will have voting rights with respect to their Common Units as provided in Section 3.3(d) and shall have the rights with respect to profits and losses of the Company and distributions from the Company as are set forth herein. The number of Common Units (including the number of Restricted Common Units) of each Member as of any given time shall be set forth on Schedule A, as it may be updated from time to time in accordance with this Agreement.

(b) Profits Units. The holders of Profits Units will have no voting rights with respect to their Profits Units as provided in Section 3.3(d) and shall have the rights with respect to profits and losses of the Company and distributions from the Company as are set forth herein; provided that additional terms and conditions applicable to a Profits Unit may be established by the Board in connection with the issuance of any such Profits Unit to a person who becomes a Management Member at any time after December 4, 2006 in accordance with Section 3.9 hereof. The number of Profits Units issued to a Management Member as of any given time shall be set forth on Schedule A, as it may be updated from time to time in accordance with this Agreement. The holders of Profits Units are not required to make any Capital Contribution to the Company in exchange for their Profits Units, it being recognized that such Units shall be issued only to Management Members who own Common Units and who agree to provide services to the Company pursuant to Section 5.2.

#### Section 3.3 Meetings of Members.

(a) Meetings; Notice of Meetings. Meetings of the Members may be called by the Board from time to time. Notice of any such meeting shall be given to all Members entitled to vote at such meeting not less than two nor more than 60 days prior to the date of such meeting and shall state the location, date and hour of the meeting and, in the case of a special meeting, the nature of the business to be transacted. Meetings shall be held at the location (within or without the State of Delaware) at the date and hour set forth in the notice of the meeting.

(b) Waiver of Notice. No notice of any meeting of Members need be given to any Member who submits a signed waiver of notice, whether before or after the meeting. Neither the business to be transacted at, nor the purpose of, any meeting of the Members need be specified in a written waiver of notice. The attendance of any Member at a meeting of Members shall constitute a waiver of notice of such meeting, except when the Member attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Quorum. Except as otherwise required by applicable law or by this Agreement, the presence in person or by proxy of the holders of record of a Majority in Interest shall constitute a quorum for the transaction of business at such meeting.

(d) Voting. If the Board has fixed a record date, every holder of record of Common Units shall be entitled to vote at a meeting of Members or to consent in writing in lieu of a meeting of Members as of such date and shall be entitled to one vote for each Common Unit outstanding in such Member's name at the close of business on such record date. Holders of record of Profits Units shall have no voting rights with respect to such Units, including, without limitation, on any matters under this Agreement or under the Delaware Act. If no record date has been so fixed, then every holder of record of such Common Units entitled to vote at a meeting of Members or to consent in writing in lieu of a meeting of Members shall be entitled to one vote for each such Unit outstanding in such Member's name at the close of business on the day next preceding the day on which notice of the meeting is given or the first consent in respect of the applicable action is executed and delivered to the Company, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by applicable law or this Agreement, the vote of a Majority in Interest at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting.

(e) Proxies. Each Member may authorize any Person to act for such Member by proxy on all matters in which a Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member or such Member's attorney-in-fact. No proxy shall be valid after the expiration of three years from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it unless otherwise provided in such proxy, provided that such right to revocation shall not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(f) Organization. Each meeting of Members shall be conducted by such Person as the Board may designate.

(g) Action Without a Meeting. Unless otherwise provided in this Agreement, any action which may be taken at any meeting of the Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by Members holding not less than the minimum number of Common Units necessary to authorize or take such action at a meeting at which the Members holding all Common Units entitled to vote thereon were present and voted. Prompt notice of the taking of action without a meeting by less than unanimous written consent shall be given to those Members who have not consented in writing.

Section 3.4 Business Transactions of a Member with the Company. A Member may lend money to, borrow money from, act as surety or endorser for, guarantee or assume one or more specific obligations of, provide collateral for, or transact any other business with the Company or any of its Subsidiaries, provided that any such transaction shall require the approval of the Board.

Section 3.5 No Cessation of Membership upon Bankruptcy. A Person shall not cease to be a Member of the Company upon the happening, with respect to such Person, of any of the events specified in Section 18-304 of the Delaware Act.

Section 3.6 Confidentiality. Without the prior written consent of the Board, except (a) to the extent required by law, rule, regulation or court order, (b) for disclosure made by a Member to any Person who is an officer, director, employee or agent of such Member or counsel to, accountants of, consultants to or other advisors for, such Member, and (c) for disclosure to the shareholders, limited partners, partners or members of a GSCP Member and their respective advisors; provided any disclosure pursuant to this clause (c) is generally consistent with the scope and nature of disclosure made by such GSCP Member to such Persons in respect of such GSCP Member's other investments, no Member shall disclose any trade secrets, customer lists, drawings, designs, information regarding product development, marketing plans, sales plans, management organization information (including data and other information relating to members of the Board or management), operating policies or manuals, business plans, financial records, packaging design or other financial, commercial, business or technical information relating to the Company or any of its Subsidiaries or information designated as confidential or proprietary that the Company or any of its Subsidiaries may receive belonging to suppliers, customers or others who do business with the Company or any of its Subsidiaries (collectively, "**Confidential Information**") to any third Person unless such Confidential Information has been previously disclosed to the public by the Company or any of its Subsidiaries or is in the public domain (other than by reason of such Member's breach of this Section 3.6).

Section 3.7 **[Intentionally Omitted]**

Section 3.8 Other Business for GSCP Members. The Company and each of the Members agrees and acknowledges that the GSCP Members or any of their respective Affiliates, or any of their respective partners, officers, members, shareholders, subsidiaries, directors, employees, agents, consultants, or legal or other advisors may at any time possess or acquire knowledge of a potential transaction or matter which may be a Competitive Opportunity and may exploit a Competitive Opportunity or engage in, or hold interests in, one or more businesses that may compete with a business of the Company or any of its Subsidiaries. The Company and each of the Members agrees and acknowledges that neither the Company nor any of its Subsidiaries shall have an interest in, or expectation that, such Competitive Opportunity be offered to it, any such interest or expectation being hereby renounced so that the GSCP Members and their respective Affiliates, and their respective partners, officers, members, shareholders, directors, employees, agents, consultants, or legal or other advisors (i) shall have no duty to communicate or present such Competitive Opportunity to the Company or any of its Subsidiaries, (ii) shall have the right to hold any such Competitive Opportunity for their own account, or to recommend, assign or otherwise transfer such Competitive Opportunity to Persons other than the Company or any of its Subsidiaries and (iii) shall not be liable to the Company or any of its Subsidiaries or their respective members or shareholders by reason of the fact that they pursue or acquire such Competitive Opportunity for themselves, direct, sell, assign or otherwise transfer such Competitive Opportunity to another Person, do not communicate information regarding such Competitive Opportunity to the Company or any of its Subsidiaries, engage in, or hold any interest in, any business that competes with any business of the Company or any of its Subsidiaries.

Section 3.9 Additional Members.

(a) Admission Generally. Upon the approval of the Board, the Company may admit one or more additional Members (each an “ **Additional Member**”), to be treated as a “Member” or one of the “Members” for all purposes hereunder. The Board may designate any such Additional Member as an “Investor Member” or a “Management Member” hereunder.

(b) Rights of Additional Members. Prior to the admission of an Additional Member, the Board shall determine:

- (i) the Capital Contribution (if any) of such Additional Member;
- (ii) the rights, if any, of such Additional Member to appoint Directors to the Board;
- (iii) the number of Units to be granted to such Additional Member and whether such Units shall be Common Units, Profits Units or Units of an additional class of Interests authorized by the Board; and in the case of Common Units, the price to be paid therefor; and
- (iv) whether such Additional Member will be a Management Member (including whether such Management Member will be a Coinvest Management Member) or an Investor Member.

(c) Admission Procedure. Each Person shall be admitted as an Additional Member at the time such Person (i) executes a joinder agreement to this Agreement, (ii) makes Capital Contributions (if any) to the Company in an amount to be determined by the Board, (iii) complies with the applicable Board resolution, if any, with respect to such admission, (iv) is issued Units by the Company or otherwise becomes a holder of Units in accordance with this Agreement and (v) is named as a Member in Schedule A. The Board is authorized to amend Schedule A to reflect any issuance of Units and any such admission and any actions pursuant to this Section 3.9.

Section 3.10 Preemptive Rights.

(a) Preemptive Rights. Except as otherwise provided in Section 3.10(h), prior to a Qualified IPO, the Company shall not issue or sell Equity Securities (each a “Preemptive Issuance”) to any Person (other than to the Company or any of its Subsidiaries), except in compliance with the provisions of this Section 3.10.

(b) Participation Notice. Not fewer than fifteen (15) business days prior to the consummation of the Preemptive Issuance, the Company shall provide a written notice (the “Participation Notice”) to each Member (other than each Coinvest Management Member) who holds Common Units or Eligible Profits Units and who is an “accredited investor” (as defined in Rule 501(a) under the Securities Act as of the date of such issuance) (the “ Eligible Members”). The Participation Notice shall include, to the extent known:

(i) the material terms of the proposed Preemptive Issuance, including (A) the amount and kind of Equity Securities to be included in the Preemptive Issuance, (B) the price per unit of the Equity Securities (or, if such consideration is not cash, the Fair Market Value of such unit), (C) the portion of the Preemptive Issuance equal to the aggregate number of Common Units and/or Eligible Profits Units held by such Eligible Member immediately prior to such Preemptive Issuance divided by the aggregate number of Common Units and Eligible Profits Units outstanding immediately prior to such Preemptive Issuance (with respect to each Eligible Member, its “Participation Portion”) and (D) the name (if known) of each Person to whom the Equity Securities are proposed to be issued (each a “Preemptive Transferee”); and

(ii) an offer by the Company to issue to each Eligible Member such Eligible Member’s Participation Portion, on the same terms and conditions as the issuance to each of the Preemptive Transferees.

(c) Election to Participate. Within fifteen (15) business days after the delivery of the Participation Notice, each Eligible Member desiring to accept the offer pursuant to Section 3.10(b)(ii) shall send an irrevocable commitment (each a “Participation Commitment”) to the Company specifying the amount or proportion of his, her or its Participation Portion which such Eligible Member desires to be issued to him, her or it (each a “Participating Buyer”). The acceptance of each Participating Buyer shall be irrevocable except as hereinafter provided and so long as the terms and conditions applicable to the Preemptive Issuance remain as stated in the Participation Notice, each such Participating Buyer shall be obligated to acquire in the Preemptive Issuance on the same terms and conditions, with respect to each Equity Security issued, as the Preemptive Transferees such amount or proportion of his, her or its Participation Portion as such Participating Buyer shall have specified in such Participating Buyer’s Participation Commitment. Each Eligible Member that does not accept such offer (or accepts such offer in an amount or proportion less than his, her or its Participation Portion) shall be deemed to have waived all (or the portion of the Participation Portion as to which such Eligible Member did not accept the offer) of his, her or its rights under this Section 3.10 with respect to the Preemptive Issuance specified in the Participation Notice, and the Company shall thereafter be free to issue Equity Securities in such Preemptive Issuance to the Preemptive Transferee and any Participating Buyers, at a price not less than the price set forth in the Participation Notice and on other terms not materially more favorable in the aggregate to the Preemptive Transferee and any Participating Buyers than those set forth in the Participation Notice. If the principal terms of such proposed Preemptive Issuance change such that they are materially more favorable in the aggregate to the Preemptive Transferee and the Participating Buyers than those set forth in the Participation Notice, it shall be necessary for a separate Participation Notice to be furnished, and the terms and provisions of this Section 3.10 separately complied with, in order to consummate such Preemptive Issuance. In addition to any other rights the Company may have, in the event a Participating Buyer breaches his, her or its obligation to purchase such Equity Securities after delivering a Participation Commitment, such Member shall be deemed to have waived all of such holder’s rights under this Section 3.10 with respect to such Preemptive Issuance and all future Preemptive Issuances.

(d) Expiration of Commitment. If, after one hundred eighty (180) days following the delivery of the Participation Notice to the Eligible Members, the Company has not completed the



Preemptive Issuance on the terms and conditions specified in such Participation Notice, each Participating Buyer shall be released from his, her or its obligations under such Participating Buyer's Participation Commitment, the Participation Notice shall be null and void, and it shall be necessary for a separate Participation Notice to be furnished, and the terms and provisions of this Section 3.10 separately complied with, in order to consummate such Preemptive Issuance.

(e) Cooperation. Each Participating Buyer shall take or cause to be taken all such reasonable actions, consistent with the provisions of this Agreement, as may be necessary or appropriate in order expeditiously to consummate each Preemptive Issuance to such Participating Buyer pursuant to this Section 3.10 and any related transactions. Without limiting the generality of the foregoing, each Participating Buyer agrees to execute and deliver the same subscription and other agreements to which the Preemptive Transferee will be party, as the case may be, as may be specified by the Board.

(f) Closing. All issuances of Equity Securities pursuant to the Preemptive Issuance shall be consummated contemporaneously at the offices of the Company on the closing date for the Preemptive Issuance set forth in the Participation Notice or at such other time and/or place as the Board shall specify by notice to each Participating Buyer, which such notice shall be delivered at least fifteen (15) business days prior to the proposed closing date. The delivery of the certificates or other instruments, if any, evidencing the Equity Securities to be issued to such Participating Buyer, registered in the name of such Participating Buyer, free and clear of any liens or encumbrances, with any transfer tax stamps affixed, shall be made on such date against payment of the subscription price for such Equity Securities in the form specified in the Participation Notice.

(g) Retroactive Compliance. Notwithstanding the notice requirements of Section 3.10(b), the Company may proceed with any Preemptive Issuance prior to having complied with the provisions of Section 3.10; provided that:

(i) the Board shall have determined that the Preemptive Issuance will not adversely affect any Eligible Member so long as such Eligible Members are given retroactive opportunity to participate in accordance with Section 3.10(g)(ii); and

(ii) the Company shall, within fifteen (15) business days of the consummation of such Preemptive Issuance (and in any event prior to making any distribution in respect of Equity Securities issued in connection therewith):

(A) provide to each Eligible Member who would have been entitled to receive a Participation Notice in connection with such Preemptive Issuance (1) notice of such Preemptive Issuance and (2) the Participation Notice described in Section 3.10(b) in which the actual price per share of Equity Securities shall be set forth, and permit each such Eligible Member to exercise his, her or its participation rights under this Section 3.10 with respect thereto; and

(B) (1) include in the subscription (or similar) agreement with the purchaser(s) of the Equity Securities a provision permitting the Company to repurchase

such securities in an amount necessary to satisfy the provisions of Section 3.10(c) in response to the Participation Notice furnished pursuant to clause (A) above or (2) cause the issuance of additional Equity Securities in an amount necessary to permit each requesting Eligible Member to purchase his, her or its Participation Portion of the total Preemptive Issuance, including the portion issued pursuant to this Section 3.10(g), in response to the Participation Notice furnished pursuant to clause (A) above.

(h) Exceptions. This Section 3.10 shall not apply to any (i) issuance to any Management Member; (ii) issuance to an employee (or Affiliate thereof) of the Company or any Subsidiary of the Company in his or her capacity as such; (iii) issuance upon the exercise or conversion of any Unit Equivalents; (iv) issuance pursuant to any deferred compensation arrangement of any director or employee (or in each case any Affiliate thereof) of the Company or any Subsidiary of the Company in his or her capacity as such; (v) issuance, dividend or distribution paid in securities or any subdivision or combination of securities; (vi) issuance (including a strategic issuance) of securities in connection with a joint venture, acquisition, disposition or business combination or in consideration for any bona-fide arms' length acquisition with a third-party, (vii) customary issuance of equity or equity equivalents as ancillary parts of a bona-fide arm's length debt-financing transaction or (viii) issuance pursuant to a public offering of the Company's securities.

## **ARTICLE IV**

### **MANAGEMENT**

#### **Section 4.1 Board.**

(a) Generally. The business and affairs of the Company shall be managed by or under the direction of a Board of Directors (the "**Board**") consisting of such number of natural persons (each a "**Director**") as shall be established in accordance with this Section 4.1. Directors need not be Members. Subject to the other provisions of this Article IV, the Board shall have full, exclusive and complete discretion to manage and control the business and affairs of the Company, including to delegate to agents, officers and employees of the Company, and to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company as set forth herein, including, without limitation, to exercise all of the powers of the Company set forth in Section 2.2 of this Agreement.

#### **(b) Board Composition.**

(i) From and after the date hereof and prior to the earlier of (x) a Qualified IPO or (y) the two-year anniversary of the Effective Time (the period beginning on the date hereof and ending on the first to occur of (x) or (y) above, the "**Initial Period**"), the Board shall be comprised of ten (10) Directors or such greater number of Directors as may from time to time be determined by the Board. Following the Initial Period, subject to Section 4.1(b)(ii)(x)(B), the Board shall be comprised of the number of Directors determined by the GSCP Members holding a majority of the Units held by all GSCP Members.

(ii) Subject to Section 4.1(c), (x)(A) during the Initial Period the McJ Members shall collectively have the right to designate three (3) Directors (the persons from time to time designated by the McJ Members in accordance with the foregoing being referred to herein as the “**McJ Directors**”), and (B) from and after the date hereof until the earlier of (i) a Qualified IPO or (ii) the two-year anniversary of the date hereof (the “**RM Initial Period**”), (1) the RM Members shall collectively have the right to designate three (3) Directors (the persons from time to time designated by the RM Members in accordance with the foregoing being referred to herein as the “**RM Directors**”), and (2) the GSCP Members shall collectively have the right to designate four (4) Directors, and (y) if a Qualified IPO has not occurred prior to the two-year anniversary of the date hereof, then thereafter, the GSCP Members shall collectively have the right to designate all of the Directors (the persons from time to time designated by the GSCP Members in accordance with the foregoing clauses (x) and (y) being referred to herein as the “**GSCP Directors**”). One of the GSCP Directors shall be designated by GSCP Institutional and one of the GSCP Directors shall be designated by GSCP Parallel. As of the date hereof, (i) the GSCP Directors shall initially be Henry Cornell, Jack F. Daly, Christopher A.S. Crampton, and Harry K. Hornish, (ii) the McJ Directors shall initially be H.B. Wehrle, III, David Fox, III, and E. Gaines Wehrle, and (iii) the RM Directors shall initially be Craig Ketchum, Kent Ketchum, and Peter C. Boylan. During the Initial Period and the RM Initial Period, if the Board elects to increase the number of Directors, such additional Directors will be elected by the GSCP Members holding a majority of the Units held by all GSCP Members.

(iii) Each person named as a Director herein or subsequently appointed as a Director is hereby designated as a “manager” (within the meaning of the Delaware Act) of the Company. Except as otherwise provided herein, and notwithstanding the last sentence of Section 18-402 of the Delaware Act, no single Director may bind the Company, and the Board shall have the power to act only collectively in accordance with the provisions and in the manner specified herein.

**(c) Board Vacancies; Resignation; Removal.**

(i) Subject to Section 4.1(c)(ii), each Director shall hold his office until his death or until his successor shall have been duly elected and qualified in accordance with this Section 4.1. If any GSCP Director or David Fox, III shall cease for any reason to serve as a Director, the vacancy resulting thereby shall be filled by another person designated by the GSCP Members. During the Initial Period, if E. Gaines Wehrle or H.B. Wehrle, III shall cease for any reason to serve as a Director, the vacancy resulting thereby shall be filled by another person designated by the McJ Members holding a majority of the Units then held by all McJ Members (after the expiration of the Initial Period such vacancies shall be filled by a person designated by the GSCP Members). During the RM Initial Period, if any RM Director shall cease for any reason to serve as a Director, the vacancy resulting thereby shall be filled by another person designated by the RM Members holding a majority of the Units then held by all RM Members (after the expiration of the RM Initial Period such vacancies shall be filled by a person designated by the GSCP Members).

(ii) (A) The removal from the Board of any GSCP Director shall be only at the written request of the GSCP Members, (B) during the Initial Period, the removal from the

Board of any McJ Director shall be only at the written request of the McJ Members, and (C) during the RM Initial Period, the removal from the Board of any RM Director shall be only at the written request of the RM Members. Following the Initial Period, any McJ Director may be removed from the Board at the written request of the GSCP Members and following the RM Initial Period, any RM Director may be removed from the Board at the written request of the GSCP Members. Upon receipt of any such written request, the Board and the Members shall promptly take all such action necessary or desirable to cause the removal of such Director from office. Notwithstanding the foregoing, any Director may be removed for Director Cause by a Majority in Interest. Upon removal from the Board, the Director shall cease to be a “manager” (within the meaning of the Delaware Act).

(d) Meetings of the Board. The Board shall meet at such time as determined by a majority of the votes held by all Directors to discuss the business of the Company. The Board may hold meetings either within or without the State of Delaware. The Company and the Board shall give all Directors at least two days’ notice of all meetings of the Board.

(e) Quorum and Acts of the Board. At all meetings of the Board, a quorum shall consist of not less than a number of Directors holding a majority of the votes held by all Directors, provided that during the Initial Period a quorum shall include at least three (3) GSCP Directors. All actions of the Board shall require the affirmative vote of at least a majority of the votes held by all Directors (whether or not present at the meeting). Each Director shall be entitled to one vote on each matter that comes before the Board; provided that each GSCP Director, other than Harry K. Hornish (who shall be entitled to one vote on each matter that comes before the Board), shall be entitled to three (3) votes on each matter that comes before the Board. From and after the date hereof, the GSCP Members shall be entitled, upon provision of written notice to the Company, to increase or decrease the number of votes held by any GSCP Director. Any action that may be taken at a meeting of the Board or any committee thereof may also be taken by written consent of Directors holding a majority of the votes held by all Directors or members of the committee holding a majority of the votes held by all members of the committee in lieu of a meeting.

(f) Telephonic Board Meetings. The Company shall take or cause to be taken all necessary actions to allow any Director to attend telephonically any meeting of the Board or any committee thereof.

(g) Committees of Directors. The Board may, by resolution passed by a majority of the votes held by all Directors, designate one or more committees. Such resolution shall specify the duties, quorum requirements, number of votes and qualifications of each of the members of such committees, each such committee to consist of such number of Directors as the Board may fix from time to time; provided that each such committee shall include at least one RM Director and one McJ Director. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the

extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

(h) Expenses. The Company shall pay the reasonable out-of-pocket expenses incurred by each Director in connection with performing his duties as a Director, including, without limitation, the reasonable out-of-pocket expenses incurred by such person for attending meetings of the Board or meetings of any board of directors or other similar managing body of any Subsidiary.

(i) Management Rights. (A) If, at any time, GSCP Institutional owns any Units, GSCP Institutional shall have such other rights as are set forth in a letter agreement entered into as of the Effective Time between the Company and GSCP Institutional, substantially in the form attached hereto as Exhibit A-1 (the “**GSCP Institutional Letter Agreement**”); and (B) if, at any time, GSCP Parallel owns any Units, GSCP Parallel shall have such other rights as are set forth in a letter agreement entered into as of the date hereof between the Company and GSCP Parallel, substantially in the form attached hereto as Exhibit A-2 (the “**GSCP Parallel Letter Agreement**”). The Company acknowledges that the provisions of this Section 4.1, including the GSCP Institutional Letter Agreement and the GSCP Parallel Letter Agreement, are intended to provide each of GSCP Institutional and GSCP Parallel with “contractual management rights” within the meaning of ERISA and the regulations promulgated thereunder.

Section 4.2 Directors as Agents. The Directors, to the extent of their powers set forth in this Agreement, are agents of the Company for the purpose of the Company’s business, and the actions of the Directors taken in accordance with such powers shall bind the Company.

Section 4.3 Officers. The Board shall appoint an individual or individuals to serve as the Company’s Chief Executive Officer, President and Chief Financial Officer and may, from time to time as it deems advisable, appoint additional officers of the Company (together with the Chief Executive Officer, President and Chief Financial Officer, the “**Officers**”) and assign such officers titles (including, without limitation, Vice President, Secretary and Treasurer). Unless the Board decides otherwise, if the title is one commonly used for officers of a business corporation formed under the Delaware General Corporation Law, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. Any delegation pursuant to this Section 4.3 may be revoked at any time by the Board. Any Officer may be removed with or without cause by the Board, except as otherwise provided in any services or employment agreement between such Officer and the Company.

## ARTICLE V

### INVESTMENT REPRESENTATIONS, WARRANTIES AND COVENANTS

#### Section 5.1 Representations, Warranties and Covenants of Members.

(a) Investment Intention and Restrictions on Disposition. Each Member represents and warrants that such Member is acquiring the Interests solely for such Member's own account for investment and not with a view to resale in connection with any distribution thereof.

(b) Securities Laws Matters. Each Member acknowledges receipt of advice from the Company that (i) the Interests have not been registered under the Securities Act or qualified under any state securities or "blue sky" laws; (ii) it is not anticipated that there will be any public market for the Interests; (iii) the Interests must be held indefinitely and such Member must continue to bear the economic risk of the investment in the Interests unless the Interests are subsequently registered under the Securities Act and such state laws or an exemption from registration is available; (iv) Rule 144 promulgated under the Securities Act ("**Rule 144**") is not presently available with respect to sales of any securities of the Company and the Company has made no covenant to make Rule 144 available and Rule 144 is not anticipated to be available in the foreseeable future; (v) when and if the Interests may be disposed of without registration in reliance upon Rule 144, such disposition can be made only in limited amounts and in accordance with the terms and conditions of such Rule and the provisions of this Agreement; (vi) if the exemption afforded by Rule 144 is not available, public sale of the Interests without registration will require the availability of an exemption under the Securities Act; (vii) restrictive legends shall be placed on any certificate representing the Interests; and (viii) a notation shall be made in the appropriate records of the Company indicating that the Interests are subject to restrictions on transfer and, if the Company should in the future engage the services of a transfer agent, appropriate stop-transfer instructions will be issued to such transfer agent with respect to the Interests.

(c) Ability to Bear Risk. Each Member represents and warrants that (i) such Member's financial situation is such that such Member can afford to bear the economic risk of holding the Interests for an indefinite period and (ii) such Member can afford to suffer the complete loss of such Member's investment in the Interests.

(d) Access to Information; Sophistication; Lack of Reliance. Each Member represents and warrants that (i) such Member is familiar with the business and financial condition, properties, operations and prospects of the Company and that such Member has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Company and the terms and conditions of the purchase of the Interests and to obtain any additional information that such Member deems necessary; (ii) such Member's knowledge and experience in financial and business matters is such that such Member is capable of evaluating the merits and risk of the investment in the Interests; and (iii) such Member has carefully reviewed the terms and provisions of this Agreement and has evaluated the restrictions and obligations contained therein. In furtherance of the foregoing, each Member represents and warrants that (i) no representation or warranty, express or implied, whether written or oral, as to

the financial condition, results of operations, prospects, properties or business of the Company or as to the desirability or value of an investment in the Company has been made to such Member by or on behalf of the Company; (ii) such Member has relied upon such Member's own independent appraisal and investigation, and the advice of such Member's own counsel, tax advisors and other advisors, regarding the risks of an investment in the Company; and (iii) such Member will continue to bear sole responsibility for making its own independent evaluation and monitoring of the risks of its investment in the Company. For purposes of this Section 5.1(d), the Company includes each of the businesses to be acquired by the Company pursuant to the Merger Agreement.

(e) Accredited Investor. Each Member represents and warrants that such Member is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and, in connection with the execution of this Agreement, agrees to deliver such certificates to that effect as the Board may request.

(f) Residence. If a Management Member, such Management Member is a resident of the state set forth opposite such Management Member's name on Schedule A.

#### Section 5.2 Covenants.

(a) Transactions with Affiliates. Except for transactions contemplated by this Agreement and transactions entered into at or prior to the Effective Time, neither the Company nor any of its Subsidiaries shall enter into any transactions with any of the GSCP Members or any of their Affiliates except for transactions which (i) are otherwise permitted or contemplated by this Agreement or (ii) are upon fair and reasonable terms not materially less favorable to the Company than it would obtain in a hypothetical comparable arms' length transaction with a Person that is not an Affiliate of the GSCP Members.

(b) Fees. Except as set forth in Section 14.11, the Company shall not pay or become obligated to pay any of the GSCP Members or any of their Affiliates any management, monitoring or similar fees with respect to the GSCP Members' investment in the Company without the prior written consent of (i) McJ Members holding a majority of the outstanding Common Units then held by all McJ Members and (ii) RM Members holding a majority of the outstanding Common Units then held by all RM Members.

(c) Regulatory Matters. The Company shall and shall cause its Subsidiaries to keep the GSCP Members informed, on a current basis, of any events, discussions, notices or changes with respect to any criminal or regulatory investigation or action involving the Company or any of its Subsidiaries, so that the GSCP Members and their Affiliates will have the opportunity to take appropriate steps to avoid or mitigate any regulatory consequences to them that might arise from such investigation or action.

Section 5.3 Additional Covenants of Management Members. Each Management Member hereby agrees that, upon receipt of any Profits Unit or Restricted Common Unit, it shall make an election pursuant to section 83(b) of the Code with respect to all such Units.

## ARTICLE VI

### CAPITAL ACCOUNTS; CAPITAL CONTRIBUTIONS

Section 6.1 Capital Accounts. A separate capital account (a “**Capital Account**”) shall be established and maintained for each Member; provided that, except as otherwise determined by the Board in its sole discretion, separate and distinct Capital Accounts shall be established and maintained with respect to (a) the Common Units and Profits Units of each Member and (b) the Common Units and Profits Units of each Member which are and which are not subject to forfeiture pursuant to Article VII of this Agreement or any Employment Agreement. The initial balance in each Member’s Capital Account shall be set forth in Schedule A. On or prior to the date hereof, the GSCP Members have contributed cash to the Company, the McJ Members have contributed shares of common stock of MRM and/or shares of common stock of McApple to the Company pursuant to contribution agreements entered into by each such Member, the RM Members have contributed shares of common stock of Red Man to the Company pursuant to a contribution agreement entered into by each such Member and certain Management Members have contributed cash to the Company, and Schedule A reflects such contributions.

Section 6.2 Adjustments. The balance in each Member’s Capital Account shall be adjusted by (i) increasing such balance by such Member’s (A) allocable share of items of income and gain (allocated in accordance with Section 8.1) and (B) the amount of cash and the Fair Market Value of any property (as of the date of the contribution thereof and net of any liabilities encumbering such property) contributed to the Company by such Member, and (ii) decreasing such balance by (A) the amount of cash and the Fair Market Value of any property (as of the date of the distribution thereof and net of any liabilities encumbering such property) distributed to such Member and (B) such Member’s allocable share of items of loss and deduction (allocated in accordance with Section 8.1). Each Member’s Capital Account shall be further adjusted with respect to any special allocations pursuant to Section 8.2. The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations section 1.704-1(b) and section 1.704-2 and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

Section 6.3 Additional Capital Contributions. Except as provided in this Section 6.3, no Member shall be required to make any additional Capital Contribution to the Company in respect of the Interests then owned by such Member (including, without limitation, with respect to any amount owed by the Company pursuant to Article XI). A Member may make further Capital Contributions to the Company, but only with the written consent of the Board acting by majority vote and in the case of an issuance of additional Units, in accordance with Section 3.2. The provisions of this Section 6.3 are intended solely to benefit the Members and, to the fullest extent permitted by applicable law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor shall be a third party beneficiary of this Agreement), and, to the maximum extent permitted by law, no Member shall have any duty or obligation to any creditor of the Company to make any additional Capital Contributions or to cause the Board to consent to the making of additional Capital Contributions.



Section 6.4 Negative Capital Accounts. No Member shall be required to make up a negative balance in its Capital Account.

## ARTICLE VII

### ADDITIONAL TERMS APPLICABLE TO RESTRICTED COMMON UNITS AND PROFITS UNITS

Section 7.1 Forfeiture of Profits Units. Unless otherwise set forth in an Employment Agreement, a Management Member's Restricted Common Units and Profits Units shall be subject to forfeiture in accordance with the provisions of Section 7.2 hereof if he or she becomes an Inactive Management Member before the fifth anniversary of the issuance date of the Restricted Common Units or the Profits Units, as applicable.

Section 7.2 Effects of Termination of Employment on Restricted Common Units and Profits Units.

(a) Forfeiture of Restricted Common Units and Profits Units upon Termination.

(i) Termination for Cause. Unless otherwise determined by the Board in a manner more favorable to such Management Member, in the event that a Management Member becomes an Inactive Management Member in connection with any termination of employment for Cause, all of the Restricted Common Units and Profits Units issued to such Management Member shall be immediately forfeited for no consideration.

(ii) Other Termination. Unless otherwise determined by the Board in a manner more favorable to such Management Member, in the event that a Management Member becomes an Inactive Management Member for any reason other than a termination of employment for Cause, a percentage of the Restricted Common Units and Profits Units issued to such Management Member shall be immediately forfeited for no consideration according to the following schedule:

If the termination occurs	Percentage of such Management Member's Restricted Common Units/ Profits Units to be Forfeited
Before the third anniversary of the grant of such Management Member's Restricted Common Units/ Profits Units	100%
On or after the third anniversary, but before the fourth anniversary, of the grant of such Management Member's Restricted Common Units/ Profits Units	66.67%

If the termination occurs	Percentage of such Management Member's Restricted Common Units/ Profits Units to be Forfeited
On or after the fourth anniversary, but before the fifth anniversary, of the grant of such Management Member's Restricted Common Units/ Profits Units	33.33%
On or after the fifth anniversary of the grant of such Management Member's Restricted Common Units/ Profits Units	0%
<p>(iii) <u>Treatment of Restricted Common Units and Profits Units upon Death and Disability of a Management Member</u>. Notwithstanding Section 7.2(a)(ii), in the event that a Management Member's employment is terminated due to death or Disability, no Restricted Common Units or Profits Units issued to such Inactive Management Member shall be subject to forfeiture pursuant to Section 7.2(a)(ii), and they shall thereby be fully vested.</p>	
<p>(iv) <u>Transaction</u>. Notwithstanding Section 7.2(a)(ii), in the event of a Transaction, no Restricted Common Units or Profits Units issued to a Management Member shall be subject to forfeiture pursuant to Section 7.2(a)(ii), and they shall thereby be fully vested.</p>	
<p>(b) <u>Inactive Management Members</u>. If a Management Member ceases to be employed by the Company or any of its Subsidiaries for any reason (it being understood that if the Management Member remains employed by MRM, he or she will not be treated as an Inactive Member), such Management Member shall thereafter be referred to herein as an "<b><u>Inactive Management Member</u></b>" with only the rights of an Inactive Management Member specified herein with respect to such Restricted Common Units and Profits Units.</p>	
<p>(c) <u>Effect of Forfeiture</u>. Any Restricted Common Unit and Profits Unit which is forfeited shall be automatically cancelled for no consideration. The provisions of this Article VII providing for no consideration upon a forfeiture are exclusive, and no holder thereof shall be entitled to any rights under this Agreement with respect thereto (including, without limitation, pursuant to Article IX) nor to claim any distribution under Section 18-604 of the Delaware Act or otherwise.</p>	
<p>(d) <u>No Right to Continued Employment</u>. The granting of a Restricted Common Unit or Profits Unit shall impose no obligation on the Company or any of its Subsidiaries to continue the employment of a Management Member and shall not lessen or affect the Company's or its Subsidiaries' right to terminate the employment of such Management Member. No Management Member or other Person shall have any claim to be granted any Restricted Common Units or Profits Units and there is no obligation for uniformity of treatment of Management Members or holders or beneficiaries of Restricted Common Units or Profits Units. The terms and conditions of Restricted Common Units and Profits Units and the Board's determinations and interpretations with respect thereto need not be the same with respect to each Management Member (whether or not such Management Members are similarly situated).</p>	
<p>(e) <u>Adjustment to Capital Account</u>. In the event any Restricted Common Unit or Profits Unit is forfeited pursuant to this Article VII or pursuant to any Employment Agreement, the</p>	

Capital Accounts of the holders of Common Units shall be adjusted, pro rata, to reflect such forfeiture, unless otherwise determined by the Board in its reasonable discretion. In the event any Restricted Common Unit is forfeited pursuant to this Article VII or pursuant to an Employment Agreement, the deemed Capital Contribution with respect to such Restricted Common Unit shall be reduced accordingly.

## ARTICLE VIII ALLOCATIONS

Section 8.1 Book Allocations of Income and Loss. Except as provided in Section 8.2, each item of income, gain, loss and deduction of the Company shall be allocated among the Capital Accounts as of the end of the applicable Accounting Period in a manner that as closely as possible gives effect to the provisions of Article IX and the other relevant provisions of this Agreement.

Section 8.2 Special Book Allocations.

(a) Qualified Income Offset. If any Member unexpectedly receives any adjustment, allocation or distribution described in Treasury Regulations section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) and such adjustment, allocation or distribution causes or increases a deficit in such Member's Capital Account (a "**Deficit**"), items of gross income and gain for such Accounting Period and each subsequent Accounting Period shall be specifically allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Deficit of such Member as quickly as possible; provided that an allocation pursuant to this Section 8.2(a) shall be made only if and to the extent that such Member would have a Deficit after all other allocations provided for in this Article VIII have been tentatively made as if this Section 8.2(a) were not in this Agreement. This Section 8.2(a) is intended to comply with the qualified income offset provision of Treasury Regulations section 1.704-1(b)(2)(ii)(d) and shall be interpreted in a manner consistent therewith.

(b) Restorative Allocations. Any special allocations of items of income or gain pursuant to this Section 8.2 shall be taken into account in computing subsequent allocations pursuant to this Agreement, so that the net amount for any item so allocated and all other items allocated to each Member pursuant to this Agreement shall be equal, to the extent possible, to the net amount that would have been allocated to each Member pursuant to the provisions of this Agreement if such special allocations had not occurred.

(c) Allocation Adjustments. Notwithstanding anything to the contrary herein, the Board is authorized to allocate items of income, gain, loss and expense and to otherwise modify the distributions and allocations provisions, to reflect any admission of new Members, or distributions of property, as determined by the Board in its sole discretion.

Section 8.3 Tax Allocations. The income, gains, losses, credits and deductions recognized by the Company shall be allocated among the Members, for U.S. federal, state and local income tax purposes, to the extent permitted under the Code and the Treasury Regulations,

in the same manner that each such item is allocated to the Members' Capital Accounts. Notwithstanding the foregoing, the Board shall have the power to make such allocations for U.S. federal, state and local income tax purposes so long as such allocations have substantial economic effect, or are otherwise in accordance with the Members' Interests, in each case within the meaning of the Code and the Treasury Regulations. In accordance with section 704(c) of the Code and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for U.S. federal income tax purposes and its fair market value at the time of contribution.

## ARTICLE IX DISTRIBUTIONS

### Section 9.1 Distributions Generally.

(a) In the sole discretion of the Board, the Company may from time to time distribute its available cash to the Members. The Company shall make any such distributions as follows:

(i) First, to the holders of Common Units (including Restricted Common Units), pro rata in proportion to the number of Common Units (including Restricted Common Units) outstanding at the time of such distribution, until each holder of Common Units (including Restricted Common Units) has received an amount equal to such holder's aggregate Capital Contributions prior to the time of such distribution.

(ii) Second, to the holders of all Units (including Profits Units), pro rata in proportion to the number of Units (including Profits Units) outstanding at the time of such distribution.

(b) Notwithstanding the foregoing and except as provided in Section 9.6, the amount of any distribution to a holder of Restricted Common Units shall not be made with respect to such holder's Restricted Common Units to the extent such Restricted Common Units are subject to forfeiture pursuant to Section 7.2(a)(ii) or pursuant to an Employment Agreement, as applicable, and such distributions shall be held by the Company until such time as such Restricted Common Units are no longer subject to such forfeiture.

(c) In the event that new Profits Units are issued after the Effective Time pursuant to the terms of this Agreement and with the approval of the Board, this Section 9.1 will be amended to reflect the issuance thereof.

(d) In the event that Common Units are issued after the Effective Time pursuant to the terms of this Agreement and with the approval of the Board, this Section 9.1 shall be amended to reflect the issuance thereof as may be necessary to give such Common Units their intended economics, as so determined by the Board. With regard thereto, it is understood and agreed notwithstanding anything in Section 9.1(a)(i) to the contrary, after the Common Units issued and

outstanding as of the Effective Time have received aggregate distributions in an amount equal to or greater than the aggregate Capital Contributions made at or prior to the Effective Time with respect to such Common Units, the Profits Units issued and outstanding as of the Effective Time will share with the Common Units issued and outstanding as of the Effective Time, pro rata, in any future distributions. Notwithstanding the foregoing, nothing herein shall preclude priority or other distributions to Common Units or any other Units issued after the Effective Time in accordance with their terms.

Section 9.2 Distributions In Kind. In the event of a distribution of Company property, such property shall for all purposes of this Agreement be deemed to have been sold at its Fair Market Value and the proceeds of such sale shall be deemed to have been distributed to the Members.

Section 9.3 No Withdrawal of Capital. Except as otherwise expressly provided in Section 12.10 or Article XIII, no Member shall have the right to withdraw capital from the Company or to receive any distribution or return of such Member's Capital Contributions.

Section 9.4 Withholding.

(a) Each Member shall, to the fullest extent permitted by applicable law, indemnify and hold harmless each Person who is or who is deemed to be the responsible withholding agent for U.S. federal, state or local income tax purposes against all claims, liabilities and expenses of whatever nature (other than any claims, liabilities and expenses in the nature of penalties and accrued interest thereon that result from such Person's fraud, willful misfeasance, bad faith or gross negligence) relating to such Person's obligation to withhold and to pay over, or otherwise pay, any withholding or other taxes payable by the Company or as a result of such Member's participation in the Company.

(b) Notwithstanding any other provision of this Article IX, (i) each Member hereby authorizes the Company to withhold and to pay over, or otherwise pay, any withholding or other taxes payable by the Company or any of its Affiliates with respect to such Member or as a result of such Member's participation in the Company and (ii) if and to the extent that the Company shall be required to withhold or pay any such taxes (including any amounts withheld from amounts payable to the Company to the extent attributable, in the judgment of the Members, to such Member's Interest), such Member shall be deemed for all purposes of this Agreement to have received a payment from the Company as of the time such withholding or tax is required to be paid, which payment shall be deemed to be a distribution with respect to such Member's Interest to the extent that the Member (or any successor to such Member's Interest) is then entitled to receive a distribution. To the extent that the aggregate of such payments to a Member for any period exceeds the distributions to which such Member is entitled for such period, such Member shall make a prompt payment to the Company of such amount.

(c) If the Company makes a distribution in kind and such distribution is subject to withholding or other taxes payable by the Company on behalf of any Member, such Member shall make a prompt payment to the Company of the amount of such withholding or other taxes by wire transfer.

Section 9.5 Restricted Distributions. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to any Member on account of its Interest if such distribution would violate Section 18-607 or 18-804 of the Delaware Act or other applicable law.

Section 9.6 Tax Distributions. In the event that the Company sells an equity interest in a Subsidiary, resulting in taxable income being recognized by the Members, or the Members are otherwise allocated taxable income from the Company (in each case, other than upon an Exit Event), the Company may make distributions to the Members to the extent of available cash (as determined by the Board in its discretion) in an amount equal to such income multiplied by a reasonable tax rate determined by the Board; it being understood that, if the Members are allocated material taxable income without corresponding cash distributions sufficient to pay the resulting tax liabilities, it is the Company's intention to make the tax distributions referred to herein, provided that the Board in its sole discretion shall determine whether any such tax distributions will be made. Notwithstanding the foregoing, in the event holders of Restricted Common Units are allocated taxable income from the Company (other than upon an Exit Event) and, as a result of Section 9.1(b), the product of (i) the taxable income allocated to such holders of Restricted Common Units and (ii) a reasonable tax rate (determined by the Board) exceeds the distributions made to such holders of Restricted Common Units with respect to such Restricted Common Units, then the Company will make tax distributions to such holders of Restricted Common Units to the extent of available cash (as determined by the Board in its discretion) in an amount up to such excess. Any distributions made to a Member pursuant to this Section 9.6 shall reduce the amount otherwise distributable to such Member pursuant to the other provisions of this Agreement, so that to the maximum extent possible, the total amount of distributions received by each Member pursuant to this Agreement at any time is the same as such Member would have received if no distribution had been made pursuant to this Section 9.6. To the extent the cumulative sum of tax distributions made to a Member under this Section 9.6 has not been applied pursuant to the preceding sentence to reduce other amounts distributable to such Member, such Member shall contribute to the Company the remaining amounts necessary to give full effect to the preceding sentence on the date of the final liquidating distribution made by the Company pursuant to Section 13.2.

Section 9.7 Mandatory Distributions of Cash. In the event that the Company receives any cash (whether by selling an equity interest in a Subsidiary, by receiving a cash dividend from a Subsidiary or otherwise), the Company will distribute substantially all such cash to the Members in accordance with Article IX; provided, that this Section 9.7 shall not apply to any cash received by the Company as a capital contribution or reserved by the Company to pay any expenses or obligations, for contingencies or to satisfy the Company's obligations to make payments to any former McApple Shareholder.

## ARTICLE X

### BOOKS AND RECORDS

Section 10.1 Books, Records and Financial Statements. At all times during the continuance of the Company, the Company shall maintain, at its principal place of business,

separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company's business in accordance with generally accepted accounting principles consistently applied, and, to the extent inconsistent therewith, in accordance with this Agreement. Such books of account, together with a copy of this Agreement and the Certificate, shall at all times be maintained at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative for any purpose reasonably related to such Member's Interest, provided that the Company may maintain the confidentiality of Schedule A.

Section 10.2 Filings of Returns and Other Writings; Tax Matters Partner.

(a) The Company shall timely file all Company tax returns and shall timely file all other writings required by any governmental authority having jurisdiction to require such filing. Within ninety (90) days after the end of each taxable year (or as soon as reasonably practicable thereafter), the Company shall send to each Person that was a Member at any time during such year copies of Schedule K-1, "Partner's Share of Income, Credits, Deductions, Etc.", or any successor schedule or form, with respect to such Person, together with such additional information as may be necessary for such Person to file his, her or its United States federal income tax returns.

(b) GSCP V shall be the tax matters partner of the Company, within the meaning of section 6231 of the Code (the "**Tax Matters Partner**") unless a Majority in Interest votes otherwise. Each Member hereby consents to such designation and agrees that upon the request of the Tax Matters Partner, such Member will execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such consent. The Tax Matters Partner shall, in its sole discretion, determine whether to make or revoke any tax election available to the Company pursuant to the Code.

(c) Promptly following the written request of the Tax Matters Partner, the Company shall, to the fullest extent permitted by applicable law, reimburse and indemnify the Tax Matters Partner for all reasonable expenses, including reasonable legal and accounting fees, claims, liabilities, losses and damages incurred by the Tax Matters Partner in connection with any administrative or judicial proceeding with respect to the tax liability of the Members, except to the extent arising from the bad faith, gross negligence, willful violation of law, fraud or breach of this Agreement by such Tax Matters Partner.

(d) The provisions of this Section 10.2 shall survive the termination of the Company or the termination of any Member's Interest and shall remain binding on the Members for as long a period of time as is necessary to resolve with the Internal Revenue Service any and all matters regarding the U.S. federal income taxation of the Company or the Members.

Section 10.3 Code Section 83 Safe Harbor Election.

(a) By executing this Agreement, each Member authorizes and directs the Company to elect to have the “Safe Harbor” described in the proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43 (the “**Notice**”) apply to any interest in the Company transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company. For purposes of making such Safe Harbor election, the Tax Matters Partner is hereby designated as the “partner who has responsibility for federal income tax reporting” by the Company and, accordingly, execution of such Safe Harbor election by the Tax Matters Partner constitutes execution of a “Safe Harbor Election” in accordance with Section 3.03(1) of the Notice. The Company and each Member hereby agree to comply with all requirements of the Safe Harbor described in the Notice, including the requirement that each Member shall prepare and file all U.S. federal income tax returns reporting the income tax effects of each Safe Harbor Partnership Interest (as defined in the Notice) issued by the Company in a manner consistent with the requirements of the Notice.

(b) A Member’s obligation to comply with the requirements of this Section 10.3 shall survive such Member’s ceasing to be a Member of the Company and/or the termination, dissolution, liquidation and winding up of the Company, and, for purposes of this Section 10.3, the Company shall be treated as continuing in existence.

(c) Each Member authorizes the Tax Matters Partner to amend Sections 10.3(a) and 10.3(b) to the extent necessary to achieve substantially the same tax treatment with respect to any interest in the Company transferred to a service provider by the Company in connection with services provided to the Company as set forth in Section 4 of the Notice (e.g., to reflect changes from the rules set forth in the Notice in subsequent Internal Revenue Service guidance), provided that such amendment is not materially adverse to such Member (as compared with the after-tax consequences that would result if the provisions of the Notice applied to all interests in the Company transferred to a service provider by the Company in connection with services provided to the Company).

(d) Each Member further agrees to execute any forms or documents reasonably necessary to effectuate any of the foregoing provisions of this Section 10.3.

Section 10.4 Accounting Method. For both financial and tax reporting purposes, the books and records of the Company shall be kept on the accrual method of accounting applied in a consistent manner and shall reflect all Company transactions and be appropriate and adequate for the Company’s business.

## ARTICLE XI

### LIABILITY, EXCULPATION AND INDEMNIFICATION

Section 11.1 Liability. Except as otherwise provided by the Delaware Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Covered Person shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Covered Person.



Section 11.2 Exculpation. No Covered Person shall be liable to the Company or any other Covered Person for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's gross negligence, willful misconduct or willful breach of this Agreement.

Section 11.3 Fiduciary Duty. Any duties (including fiduciary duties) of a Covered Person to the Company or to any other Covered Person that would otherwise apply at law or in equity are hereby eliminated to the fullest extent permitted under the Delaware Act and any other applicable law, provided that (i) the foregoing shall not eliminate the obligation of each Covered Person to act in compliance with the express terms of this Agreement and (ii) the foregoing shall not be deemed to eliminate the implied contractual covenant of good faith and fair dealing. Notwithstanding anything to the contrary contained in this Agreement, each of the Members hereby acknowledges and agrees that each Director, in determining whether or not to vote in support of or against any particular decision for which the Board's consent is required, may act in and consider the best interest of the Member or Members who designated such Director and shall not be required to act in or consider the best interests of the Company, any Subsidiary of the Company or any other Members.

Section 11.4 Indemnification. To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from the Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of the Company and in a manner believed to be within the scope of authority conferred on such Covered Person by this Agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's gross negligence, willful misconduct or willful breach of this Agreement with respect to such acts or omissions; provided, that any indemnity under this Section 11.4 shall be provided out of and to the extent of Company assets only, and no Covered Person shall have any personal liability on account thereof.

Section 11.5 Expenses. To the fullest extent permitted by applicable law, expenses (including, without limitation, reasonable attorneys' fees, disbursements, fines and amounts paid in settlement) incurred by a Covered Person in defending any claim, demand, action, suit or proceeding relating to or arising out of their performance of their duties on behalf of the Company shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it shall ultimately be determined by a court of competent jurisdiction that the Covered Person is not entitled to be indemnified as authorized in this Section 11.5.

Section 11.6 Severability. To the fullest extent permitted by applicable law, if any portion of this Article shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify each Director or Officer and may indemnify each employee or agent of the Company as to costs, charges and expenses (including reasonable

attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Company, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated.

## ARTICLE XII

### TRANSFERS OF INTERESTS

Section 12.1 Restrictions on Transfers of Interests by Investor Members. Prior to the one (1) year anniversary of a Qualified IPO, no McJ Member, RM Member or Management Member shall Transfer any Units other than, subject in each case to Section 12.2(c) and (f), (i) with the approval of the Board, (ii) Common Units by a McJ Member or RM Member pursuant to a Permitted Transfer, (iii) Profits Units by a Management Member pursuant to Section 12.3, (iv) pursuant to Section 12.7, (v) pursuant to Section 12.8, (vi) pursuant to Section 12.9, (vii) pursuant to the Registration Rights Agreement, (viii) to the Company by any Former McApple Shareholder pursuant to the Put Option in accordance with the McApple Contribution Agreement or (ix) to the Company pursuant to Article VII. Each GSCP Member may Transfer all or any part of its Units at any time to any Person, subject to compliance with Section 12.7 to the extent applicable, and applicable securities laws.

Section 12.2 Overriding Provisions. Notwithstanding anything to the contrary in this Agreement:

(a) Any Transfer in violation of this Article XII shall be null and void *ab initio*, and the provisions of Section 12.2(e) shall not apply to any such Transfers. The approval of any Transfer in any one or more instances shall not limit or waive the requirement for such approval in any other or future instance.

(b) All Transfers permitted under this Article XII are subject to this Section 12.2 and Sections 12.4 and 12.5.

(c) In addition to meeting all of the other requirements of this Agreement, no Transfer by a Member pursuant to the terms of this Article XII shall be effected on or through an "established securities market" or a "secondary market or the substantial equivalent thereof," as such terms are used in Treasury Regulations section 1.7704-1, and, at the request of the Board, the transferor and/or the transferee shall provide the Company with an opinion of counsel, in form and substance reasonably acceptable to the Board, that such Transfer was effected in compliance with this Section 12.2(c). For the avoidance of doubt, the Board may, in its sole discretion, refuse to accept any opinion of counsel with respect to any Transfer that is not described in one of the "safe harbors" set forth in paragraph (e) of Treasury Regulations section 1.7704-1.

(d) The Company shall promptly amend Schedule A to reflect any permitted Transfers of Interests pursuant to and in accordance with this Article XII.

(e) The Company shall, from the effective date of any permitted assignment of an Interest (or part thereof), thereafter pay all further distributions on account of such Interest (or part thereof) to the assignee of such Interest (or part thereof), provided that such assignee shall have no right or powers as a Member unless such assignee complies with Section 12.5.

(f) The Board may prohibit any Transfer by a Member if, in the reasonable discretion of the Board, such Transfer would (i) cause the number of Interests to be held of record by 450 or more Persons, as such determination would be made pursuant to Section 12(g) of the Exchange Act, or (ii) otherwise cause the Company to be subject to the registration requirements of Section 12 of the Exchange Act.

Section 12.3 Involuntary Transfers. Any transfer of title or beneficial ownership of Profits Units by a Management Member upon default, foreclosure, forfeit, divorce, court order or otherwise than by a voluntary decision on the part of such Management Member (each, an “**Involuntary Transfer**”) shall be void unless the Management Member complies with this Section 12.3 and enables the Company to exercise in full its rights hereunder. Upon any Involuntary Transfer, the Company shall have the right to purchase such Profits Units pursuant to this Section 12.3 and the Person to whom such Profits Units have been Transferred (the “**Involuntary Transferee**”) shall have the obligation to sell such Profits Units in accordance with this Section 12.3. Upon the Involuntary Transfer of any Profits Units, such Management Member shall promptly (but in no event later than two days after such Involuntary Transfer) furnish written notice to the Company indicating that the Involuntary Transfer has occurred, specifying the name of the Involuntary Transferee, giving a detailed description of the circumstances giving rise to, and stating the legal basis for, the Involuntary Transfer. Upon the receipt of the notice described in the preceding sentence, and for sixty (60) days thereafter, the Company shall have the right to purchase, and the Involuntary Transferee shall have the obligation to sell, all (but not less than all) of the Profits Units acquired by the Involuntary Transferee for a purchase price equal to the lesser of (i) the Fair Market Value of such Interest and (ii) the amount of the indebtedness or other liability that gave rise to the Involuntary Transfer plus the excess, if any, of the Carrying Value of such Interests over the amount of such indebtedness or other liability that gave rise to the Involuntary Transfer. Notwithstanding anything to the contrary, any Involuntary Transfer of Profits Units shall result in the immediate forfeiture of such Profits Units and without any compensation therefor, and such Involuntary Transferee shall have no rights with respect to such Profits Units. The provisions of Article VII providing for no consideration upon a forfeiture are exclusive and no holder of any forfeited Restricted Common Unit and Profits Unit shall be entitled to any rights under this Agreement with respect thereto (including, without limitation, pursuant to Article IX) nor any claim to any distribution under Section 18-604 of the Delaware Act or otherwise.

Section 12.4 Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and each Member and his, her and its respective successors, permitted assigns, heirs and personal representatives, so long as they hold Units. Each Member shall have the right to assign all or part of its or his rights and obligations under this Agreement only to a transferee pursuant to a Transfer of Units in compliance with the terms of this Agreement. Upon any such assignment, such assignee shall have and be able to exercise and enforce all rights of

the assigning Member which are assigned to it and, to the extent such rights are assigned, any reference to the assigning Member shall be treated as a reference to the assignee.

Section 12.5 Substitute Members. In the event any Management Member or Investor Member Transfers its Interest in compliance with the other provisions of this Article XII (other than Section 12.3), the transferee thereof shall have the right to become a substitute Management Member or substitute Investor Member, as the case may be, but only upon satisfaction of the following:

(a) execution of such instruments as the Board deems reasonably necessary or desirable to effect such substitution; and

(b) the parties hereto hereby agree that any person who acquires any Units from the Company on or after the date hereof shall become, prior to such acquisition, a signatory to this Agreement by executing a written instrument (which may include a Letter of Transmittal (as defined in the Merger Agreement)) setting forth that the person agrees to be bound by the terms and conditions of this Agreement and this Agreement will be deemed to be amended to include such person as a Member and, in the case of a transferee of a Management Member who resides in a state with a community property system, such transferee causes his or her spouse, if any, to execute a Spousal Waiver in the form of Exhibit B attached hereto. Upon the execution of the instrument of assumption by such transferee and, if applicable, the Spousal Waiver by the spouse of such transferee, such transferee shall enjoy all of the rights and shall be subject to all of the restrictions and obligations of the transferor of such transferee.

Section 12.6 Release of Liability. In the event any Member shall Transfer such Member's entire Interest (other than in connection with an Exit Event) in compliance with the provisions of this Agreement, without retaining any interest therein, directly or indirectly, then the selling Member shall, to the fullest extent permitted by applicable law, be relieved of any further liability arising hereunder for events occurring from and after the date of such Transfer, provided, however, that no such Transfer shall relieve any Member of its obligations pursuant to Section 3.6 hereof and such obligations shall survive any termination of such Member's membership in the Company.

Section 12.7 Tag-Along Rights.

(a) Subject to Section 12.7(e) and the last two sentences of this Section 12.7(a), prior to a Qualified IPO, if any GSCP Member proposes to Transfer any Units to any Person(s) other than to an Affiliate of any GSCP Member, it shall give not less than fifteen (15) business days' prior written notice (the "**Tag-Along Notice**") of such intended Transfer to each other Member (the "**Tag-Along Members**") (with a copy to the Company), which shall identify the proposed transferee (the "**Tag-Along Offeror**"), the aggregate number of Units being Transferred, the purchase price therefor, the form of consideration and a summary of the other material terms and conditions of the proposed Transfer, and shall contain an offer (the "**Tag-Along Offer**") by the Tag-Along Offeror to each Tag-Along Member, which shall be irrevocable for a period of fifteen (15) business days after the delivery thereof (the "**Tag-Along Period**") (and, to the extent the Tag-Along Offer is accepted during such period, shall remain irrevocable until the

consummation of the Transfer contemplated by the Tag-Along Offer), to purchase the Units (as calculated below) of such Tag-Along Member at the same price per Unit to be paid to, and upon the same terms and conditions as, the GSCP Members. Notice of any Member's intention to accept a Tag-Along Offer, in whole or in part, shall be irrevocable and shall be evidenced by a writing signed by such Tag-Along Member and delivered to the Tag-Along Offeror (with a copy to the Company) prior to the end of the Tag-Along Period, setting forth the number and class of Units that Tag-Along Member elects to Transfer (each such notice, a "Tag-Along Acceptance Notice"); provided, however, that such Tag-Along Member may only Transfer up to that number of Units as shall equal the product of (x) a fraction, the numerator of which is the aggregate number of Units proposed to be acquired by the Tag-Along Offeror(s) and the denominator of which is the aggregate number of Units held by the GSCP Members and the other Members as of the date of the Tag-Along Notice and (y) the number of Units owned by such Tag-Along Member as of the date of the Tag-Along Notice. The Tag-Along Offer may be accepted in whole or in part at the option of each of the Tag-Along Members; and provided, further, that the Tag-Along Members who initially accepted the Tag-Along Offer to the maximum extent to which he, she or it was entitled and the GSCP Members shall each have the opportunity to Transfer to the Tag-Along Offeror, on a pro rata basis, the number of Units for which the Tag-Along Members were permitted to accept in the Tag-Along Offer but did not, if any. The number of Units proposed to be Transferred by the GSCP Members shall be reduced if and to the extent necessary to comply with this Section 12.7(a). In the event that a Transfer by the GSCP Members does not constitute an Exit Event, unless otherwise determined by the Board in its sole discretion, Management Members may only participate in such sale with respect to their Common Units (other than Non-Vested Restricted Common Units) and Eligible Profits Units. In the event that a Transfer by the GSCP Members does not constitute a Transfer of ten percent (10%) or more of the aggregate number of Units then held by the GSCP Members, unless otherwise determined by the Board in its sole discretion, Coinvest Management Members shall not be entitled to participate in such sale pursuant to this Section 12.7.

(b) All Transfers of Units to the Tag-Along Offeror shall be consummated contemporaneously at the offices of the Company on the later of (i) the closing date for the Transfer by the GSCP Members to the Tag-Along Offeror, which shall not be more than sixty (60) days after the expiration of the Tag-Along Period or (ii) the fifth day following the expiration or termination of all waiting periods under anti-trust or competition laws applicable to such Transfers, or at such other time and/or place as the parties to such Transfers may collectively agree. The delivery of certificates or other instruments, if applicable, evidencing such Units duly endorsed for Transfer shall be made on such date against payment of the purchase price for such Units in the form specified in the Tag-Along Notice. In connection with the consummation of a Transfer pursuant to this Section 12.7, such Tag-Along Members accepting the Tag-Along Offer shall execute all documents containing such terms and conditions, including, without limitation, representations and warranties with respect to (x) matters of title to such Tag-Along Member's Units and (y) the due authorization (or capacity) and due and valid execution and delivery by such Tag-Along Member of documentation in respect of such Transfer, as those executed by the GSCP Members; provided that the liability of such Tag-Along Member in connection with the Transfer of Units pursuant to such Tag-Along Offer (whether pursuant to a representation, warranty, covenant, indemnification provision or agreement) shall be limited to the gross proceeds received by such Tag-Along Member in

connection with such Transfer. Each Tag-Along Member shall execute and deliver such other instruments and agreements as may be reasonably requested by the Tag-Along Offeror or the GSCP Members.

(c) Each Tag-Along Member will take all such actions, including, without limitation, voting his, her or its Units in favor of such Tag-Along Offer and waiving any appraisal, dissenter or similar rights under applicable law as may be reasonably requested by the GSCP Members to carry out the purposes of this Section 12.7.

(d) If after the later of (i) one hundred eighty (180) days following the expiration of the Tag-Along Period and (ii) the fifth day following the expiration or termination of all waiting periods under anti-trust or competition laws applicable to such Transfers (or at such other time and/or place as the parties to such Transfers may collectively agree), the Transfers of Units pursuant to this Section 12.7 have not been consummated (except by reason of a breach by any Tag-Along Member), each Tag-Along Member shall be released from his, her or its obligations under his, her or its Tag-Along Acceptance Notice, the Tag-Along Offer and each Tag-Along Acceptance Notice shall be null and void, and it shall be necessary for a separate Tag-Along Offer to be furnished, and the terms and provisions of this Section 12.7 separately complied with, in order to consummate an applicable Transfer pursuant to this Section 12.7.

(e) The requirements of this Section 12.7 shall not apply to any Transfer of Units to a Drag-Along Transferee pursuant to Section 12.8 or any Transfer of Units pursuant to Section 12.9.

#### Section 12.8 Drag-Along Rights.

(a) Prior to a Qualified IPO, if any GSCP Member proposes to (i) Transfer Units to any Person(s) other than to an Affiliate of any GSCP Member, or (ii) effect an Exit Event (any such Transfer or Exit Event referred to in (i) and (ii) above, a **“Drag-Along Sale”**, and the transferee with respect to a Drag-Along Sale, the **“Drag-Along Transferee”**), then such GSCP Member may (subject to any Former McApple Shareholder’s Put Option in accordance with the McApple Contribution Agreement, if applicable, and subject to applicable law) require all other Members (the **“Drag-Along Members”**) to Transfer Units (as calculated below) as a part of such Drag-Along Sale to such Drag-Along Transferee at the same price per Unit to be paid to, and upon the same terms and conditions as, the GSCP Members, all of which shall be set forth in the Drag-Along Notice (as defined below). Each Drag-Along Member shall be required to Transfer that number of Units as shall, subject to Section 12.8(f), equal the product of (x) a fraction, the numerator of which is the number of Units proposed to be Transferred by the GSCP Members to the Drag-Along Transferee and the denominator of which is the aggregate number of Units owned as of the date of the Drag-Along Notice by the GSCP Members and (y) the number of Units owned by such Drag-Along Member as of the date of the Drag-Along Notice.

(b) The rights set forth in Section 12.8(a) shall be exercised by giving written notice (the **“Drag-Along Notice”**) to each Drag-Along Member (with a copy to the Company) at least fifteen (15) business days’ prior to the proposed closing date of such Drag-Along Sale, which notice shall identify the Drag-Along Transferee, the number of Units proposed to be Transferred

pursuant to the Drag-Along Sale, the purchase price therefor, the form of consideration and a summary of the other material terms and conditions of the proposed Drag-Along Sale and the proposed closing date thereof.

(c) All Transfers of Units to the Drag-Along Transferee shall be consummated contemporaneously at the offices of the Company on the later of (i) the closing date for the Transfer by the GSCP Members to the Drag-Along Transferee set forth in the Drag-Along Notice or (ii) the fifth day following the expiration or termination of all waiting periods under anti-trust or competition laws applicable to such Transfers, or at such other time and/or place as the GSCP Members and the Drag-Along Transferee may collectively agree. The delivery of certificates or other instruments evidencing such Units duly endorsed for Transfer, if applicable, shall be made on such date against payment of the purchase price for such Units in the form specified in the Drag-Along Notice. In connection with the consummation of a Transfer pursuant to this Section 12.8, such Drag-Along Member shall execute all documents containing such terms and conditions, including, without limitation, representations and warranties with respect to (x) matters of title to such Drag-Along Member's Units and (y) the due authorization (or capacity) and due and valid execution and delivery by such Drag-Along Member of documentation in respect of such Transfer, as those executed by the GSCP Members; provided that the liability of such Drag-Along Member in connection with his, her or its Transfer of Units pursuant to such Drag-Along Sale (whether pursuant to a representation, warranty, covenant, indemnification provision or agreement) shall be limited to the gross proceeds received by such Member in connection with such Transfer. Each Member shall execute and deliver such other instruments and agreements as may be reasonably requested by the Drag-Along Transferee or the GSCP Members.

(d) If after the later of (i) one hundred eighty (180) days following delivery of the Drag-Along Notice and (ii) the fifth day following the expiration or termination of all waiting periods under anti-trust or competition laws applicable to such Transfers (or at such other time and/or place as the parties to such Transfers may collectively agree), the Transfers of Units pursuant to this Section 12.8 have not been consummated (except by reason of a breach by any Drag-Along Member), each Drag-Along Member shall be released from his, her or its obligations with respect to such proposed Transfers, the Drag-Along Offer and the Drag-Along Notice shall be null and void, and it shall be necessary for a separate Drag-Along Offer to be furnished, and the terms and provisions of this Section 12.8 separately complied with, in order to consummate a Drag-Along Sale.

(e) Any Exit Event may be structured as an auction and may be initiated by the delivery to the Company and the Drag-Along Members of a written notice that the GSCP Members have elected to initiate an auction sale procedure. The GSCP Members shall be entitled to take all steps reasonably necessary to carry out an auction of the Company, including, without limitation, selecting an investment bank, providing confidential information (pursuant to confidentiality agreements), selecting the winning bidder and negotiating the requisite documentation. The Company and each Drag-Along Member shall provide assistance with respect to these actions as reasonably requested by the GSCP Members.

(f) In the event the GSCP Members sell less than 100% of their Common Units, the number of Units that the Drag-Along Members shall be required to transfer pursuant to Section 12.8(a) shall be based on the relative number of Common Units held by each of them unless the Board in its sole discretion determines that the Profits Units shall participate in the sale, in which case the principles applicable to any Exit Event pursuant to Section 12.8(g) shall apply to such sale.

(g) In the event that an Exit Event is structured as a sale of Interests by the Members, rather than a sale of the Company's assets with a subsequent distribution of proceeds by the Company, then the purchase agreement governing such Interest sale will have provisions therein which replicate, to the greatest extent possible, the economic result which would have been attained under Articles IX and XIII had the Exit Event been structured as a sale of the Company's assets and a distribution of proceeds.

(h) Any transaction costs, including transfer taxes and legal, accounting and investment banking fees incurred by the Company and the GSCP Members in connection with an Exit Event shall, unless the applicable purchaser refuses, be borne by the Company in the event of a merger, consolidation or sale of assets and shall otherwise be borne by the Members on a pro rata basis based on the consideration received by each Member in such Exit Event.

#### Section 12.9 Qualified IPO.

(a) Generally. Upon a determination by the Board to effect a Qualified IPO, the Board shall take such actions as are necessary to structure the Qualified IPO, including, without limitation, causing the public offering of the stock of an existing or newly formed Subsidiary of the Company (a "**Subsidiary IPO**") or effecting any Transfers, mergers, consolidations or restructurings pursuant to Section 12.9(b) and making any such amendments to this Agreement as may be deemed by the Board to be necessary to facilitate such IPO; provided that, (x) any such amendment that would adversely impact the McJ Members in a manner differently than it impacts the GSCP Members shall be subject to the prior approval of McJ Members holding a majority of the Common Units then held by all McJ Members, such approval not to be unreasonably withheld, and (y) any such amendment that would adversely impact the RM Members in a manner differently than it impacts the GSCP Members shall be subject to the prior approval of RM Members holding a majority of the Common Units then held by all RM Members, such approval not to be unreasonably withheld.

(b) IPO of Newco or the Company. In the event of a determination by the Board to effect a Qualified IPO pursuant to Section 12.9(a), the Board can require in order to facilitate such Qualified IPO (i) a Transfer of all or substantially all of (x) the assets of the Company or (y) the Interests to a newly organized stock corporation or other business entity ("**Newco**"), (ii) a merger of the Company into Newco by merger or consolidation or (iii) any other restructuring of the Interests, in any such case in anticipation of a Qualified IPO, and each Member shall take such steps to effect such Transfer, merger, consolidation or other restructuring as may be requested by the Board, including, without limitation, Transferring such Member's Interests to Newco in exchange for capital stock of Newco; provided, that, in the event of such an exchange, each Interest would be exchanged for a number of shares of Newco stock determined in a manner



such that each Member is treated no less favorably than such Member would have been treated upon an Exit Event (assuming the value of the consideration to be received by such Investor Members or such Investor Member, as the case may be, in the Exit Event is the mid-point of the filing range in the Qualified IPO); and provided, further, in lieu of effecting such exchange of the Common Units (and/or at the option and request of the Board, Profits Units) of Management Members, the Company shall, at the request of the Board, pay to the Management Members cash in an amount equal to the aggregate Fair Market Value of the shares such Management Member would otherwise have received pursuant to the preceding proviso. Notwithstanding the preceding sentence, no Member shall be required to take any action or omit to take any action to the extent such action or omission violates applicable law. If the Board determines to effect a Qualified IPO pursuant to this Section 12.9 and the Members receive shares of Newco pursuant to any such Transfer, merger, consolidation or restructuring, each Member agrees that the Company may (without the consent of any Member) amend the Registration Rights Agreement to reflect the transactions contemplated by this Section 12.9.

(c) Subsidiary IPO. In the event that the Board determines to effect a Qualified IPO pursuant to Section 12.9(a) and elects that such Qualified IPO occur through a Subsidiary IPO, then this Agreement shall continue to remain in full force and effect with any amendments or modifications thereto as shall be effectuated by the Board; provided that, following such Subsidiary IPO, (i) the Company and such existing or newly formed Subsidiary shall enter into a registration rights agreement that is substantially similar to the Registration Rights Agreement, except that such registration rights agreement will provide for rights of the Company to request registrations of its equity interests in such existing or newly formed Subsidiary (and to piggyback on such registrations) rather than providing for the rights of Members to participate directly in public offerings and (ii) the Members shall amend this Agreement or enter into such ancillary agreements as they deem necessary to permit such Members to achieve liquidity with respect to their Interest in the Company (indirectly, through the Company's exercise of its registration rights in such existing or newly formed Subsidiary and through the Company's use of the proceeds resulting therefrom to redeem Units from Members) to the same extent as they would have been entitled to do had there been an IPO of Newco rather than a Subsidiary IPO.

#### Section 12.10 Redemption Rights.

(a) Redemption by McJ Members. Subject to the Put Option of the Former McApple Shareholders, if applicable, from and after the first anniversary of a Qualified IPO, McJ Members holding a majority of the outstanding Common Units then held by all McJ Members will have the right to cause the Company to redeem the Common Units held by all McJ Members in return for their share of the Company's assets that they would receive if the Company were to be liquidated under Article XIII on such redemption date (or use its reasonable best efforts to cause the shares of MRM to be distributed to the McJ Members if the Qualified IPO is a Qualified IPO of MRM). The date of such redemption requested by the McJ Members shall be the date determined by the Board in its reasonable discretion. Upon a redemption pursuant to this Section 12.10(a), each Member agrees that the Company may (without the consent of any Member) amend the Registration Rights Agreement and this Agreement (including amendments to allocations of income, gain or loss, to cause the McJ Members to have a capital account balance immediately before the distribution equal to the value of the assets being distributed to

them, as determined by the Board in its sole discretion) to reflect the transactions contemplated by this Section 12.10(a). Notwithstanding the forgoing, the Company will not be required to make any redemption pursuant to this Section 12.10(a) if the Board determines that such redemption is reasonably likely to have a material adverse tax consequence to the Company or to any Member other than the Members requesting such redemption.

(b) Redemption by RM Members. From and after the first anniversary of a Qualified IPO, RM Members holding a majority of the outstanding Common Units then held by all RM Members will have the right to cause the Company to redeem the Common Units held by all RM Members in return for their share of the Company's assets that they would receive if the Company were to be liquidated under Article XIII on such redemption date (or use its reasonable best efforts to cause the shares of any Subsidiary to be distributed to the RM Members if the Qualified IPO is a Subsidiary IPO). The date of such redemption requested by the RM Members shall be the date determined by the Board in its reasonable discretion. Upon a redemption pursuant to this Section 12.10(b), each Member agrees that the Company may (without the consent of any Member) amend the Registration Rights Agreement and this Agreement (including amendments to allocations of income, gain or loss, to cause the RM Members to have a capital account balance immediately before the distribution equal to the value of the assets being distributed to them, as determined by the Board in its sole discretion) to reflect the transactions contemplated by this Section 12.10(b). Notwithstanding the forgoing, the Company will not be required to make any redemption pursuant to this Section 12.10(b) if the Board determines that such redemption is reasonably likely to have a material adverse tax consequence to the Company or to any Member other than the Members requesting such redemption.

#### Section 12.11 Certain Call Rights Upon Termination of Employment.

(a) Except as otherwise agreed in writing by the Company, if the employment of any Coinvest Management Member with the Company or any of its Subsidiaries terminates for any reason (such time being referred to as the "**Termination Date**"), the Company shall have the right, but not the obligation, to purchase, for cash, in one or more transactions, all or any portion of the Common Units held by such Coinvest Management Member (the "**Equity Call Option**") and such Common Units subject to the Equity Call Option, the "**Call Equity Securities**") at the Equity Call Purchase Price.

(b) If the Company desires to exercise the Equity Call Option, it shall deliver written notice thereof (a "**Call Notice**") to the Coinvest Management Member no later than the first anniversary of the Termination Date (the "**Call Period**"), which notice shall set forth the number of and identify the Call Equity Securities of the Coinvest Management Member the Company desires to repurchase, the Equity Call Purchase Price for each such Call Equity Security, and the proposed closing date of the transaction.

(c) All sales of Call Equity Securities to the Company pursuant to this Section 12.11 shall be consummated at the offices of the Company at such time specified in the Call Notice, or at such other time and/or place as the Company may otherwise agree. The delivery of certificates or other instruments evidencing such Call Equity Securities duly endorsed for

transfer shall be made on such date against payment of the purchase price for such Call Equity Securities.

(d) Notwithstanding anything to the contrary contained in this Agreement, all repurchases of Call Equity Securities by the Company pursuant to the Equity Call Option shall be subject to applicable restrictions contained in the Delaware Act or such other governing law, and in the Company's and its Subsidiaries' debt and equity financing agreements.

### ARTICLE XIII

#### DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 Dissolving Events. The Company shall be dissolved and its affairs wound up in the manner hereinafter provided upon the first to occur of any of the following events:

(a) the Board and a Majority in Interest of the Members shall vote or agree in writing to dissolve the Company;

(b) any event which under applicable law would cause the dissolution of the Company, provided that, unless required by applicable law, the Company shall not be wound up as a result of any such event and the business of the Company shall continue.

Notwithstanding the foregoing, the death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member in the Company under the Delaware Act shall not, in and of itself, cause the dissolution of the Company. In such event, the remaining Member(s) shall continue the business of the Company without dissolution.

Section 13.2 Dissolution and Winding-Up. Upon the dissolution of the Company, the assets of the Company shall be liquidated or distributed under the direction of and to the extent determined by the Board and the business of the Company shall be wound up. Within a reasonable time after the effective date of dissolution of the Company, the Company's assets shall be distributed in the following manner and order:

First, to creditors in satisfaction of indebtedness (other than any loans or advances that may have been made by any of the Members to the Company), whether by payment or the making of reasonable provision for payment, and the expenses of liquidation, whether by payment or the making of reasonable provision for payment, including the establishment of reasonable reserves (which may be funded by a liquidating trust) determined by the Board or the liquidating trustee, as the case may be, to be reasonably necessary for the payment of the Company's expenses, liabilities and other obligations (whether fixed, conditional, unmatured or contingent);

Second, to the payment of loans or advances that may have been made by any of the Members to the Company; and

Third, to the Members in accordance with Section 9.1, taking into account any amounts previously distributed under Section 9.1 and 9.6. provided that no payment or distribution in any of the foregoing categories shall be made until all payments in each prior category shall have been made in full, and provided, further, that if the payments due to be made in any of the foregoing categories exceed the remaining assets available for such purpose, such payments shall be made to the Persons entitled to receive the same pro rata in accordance with the respective amounts due to them.

Section 13.3 Distributions in Cash or in Kind. Upon the dissolution of the Company, the Board shall use all commercially reasonable efforts to liquidate all of the Company's assets in an orderly manner and apply the proceeds of such liquidation as set forth in Section 13.2, provided that if in the good faith judgment of the Board, a Company asset should not be liquidated, the Board shall cause the Company to allocate, on the basis of the Fair Market Value of any Company assets not sold or otherwise disposed of, any unrealized gain or loss based on such value to the Members' Capital Accounts as though the assets in question had been sold on the date of distribution and, after giving effect to any such adjustment, distribute such assets in accordance with Section 13.2 as if such Fair Market Value had been received in cash, subject to the priorities set forth in Section 13.2, and provided, further, that the Board shall in good faith attempt to liquidate sufficient Company assets to satisfy in cash (or make reasonable provision for) the debts and liabilities referred to in Section 13.2.

Section 13.4 Termination. The Company shall terminate when the winding up of the Company's affairs has been completed, all of the assets of the Company have been distributed and the Certificate has been canceled, all in accordance with the Delaware Act.

Section 13.5 Claims of the Members. The Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions, and if the assets of the Company remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

## ARTICLE XIV

### MISCELLANEOUS

Section 14.1 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by facsimile to the Company at the address set forth below and to any Member at the address indicated on the signature pages hereto and to any subsequent holder of Units subject to this Agreement at such address as indicated by the Company's records, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any notice, request, instruction or other document given as provided above shall be deemed given to the receiving party upon actual receipt, if delivered personally; three (3) business days after deposit in the mail, if sent by registered or certified mail; upon confirmation of successful transmission if sent by facsimile

(provided that if given by facsimile such notice, request, instruction or other document shall be followed up within one (1) business day by dispatch pursuant to one of the other methods described herein); or on the next business day after deposit with an overnight courier, if sent by an overnight courier. The Company's address is:

c/o GS Capital Partners V Fund, L.P.  
85 Broad Street, 10<sup>th</sup> Floor  
New York, New York 10004  
Attention: Henry Cornell  
Fax: (212) 357-5505

with a copy to:

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, New York 10004  
Attention: Robert C. Schwenkel, Esq.  
Fax: (212) 859-4000

If to the McJ Members:

McJunkin Red Man Corporation  
835 Hillcrest Drive  
Charleston, WV 25311  
Attention: Michael Wehrle  
with a copy to H.B. Wehrle III  
Fax: (304) 348-1557

with a copy to:

Sullivan & Cromwell LLP  
125 Broad Street  
New York, NY 10004  
Attention: Benjamin F. Stapleton III  
Fax: (212) 558-3588

If to the RM Members:

c/o Craig Ketchum  
8023 East 63rd Place  
Suite 800  
Tulsa, Oklahoma 74133  
Fax: (918) 461-5375

with a copy to:  
Baker Botts L.L.P.

30 Rockefeller Plaza, 44th Floor  
New York, NY 10112  
Attention: Lee D. Charles, Esq. and Marc A. Leaf, Esq.  
Fax: (212) 259-2505 and (212) 259-2597

Section 14.2 Interpretation, Construction.

(a) The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, Article or Schedule, such reference shall be to a Section, Article or Schedule of this Agreement unless otherwise indicated. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 14.3 Entire Agreement. This Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof. EACH PARTY HERETO AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, THE PARTIES HERETO DO NOT MAKE ANY OTHER REPRESENTATIONS OR WARRANTIES, AND EACH HEREBY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING AS TO THE ACCURACY OR COMPLETENESS OF ANY OTHER INFORMATION, MADE BY, OR MADE AVAILABLE BY, ITSELF OR ANY OF ITS REPRESENTATIVES, WITH RESPECT TO, OR IN CONNECTION WITH, THE NEGOTIATION, EXECUTION OR DELIVERY OF THIS AGREEMENT, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO THE OTHER OR THE OTHER’S REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION WITH RESPECT TO ANY ONE OR MORE OF THE FOREGOING.

Section 14.4 Counterparts. This Agreement may be executed in separate counterparts (including by facsimile), all of which taken together shall constitute one and the same agreement.

Section 14.5 Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of Delaware located in the County of New Castle and the Federal courts of the United States of America located in the County of New

Castle solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Delaware State or Federal court located in the County of New Castle. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 14.1 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.5(b).

Section 14.6 Specific Performance. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in Delaware State or Federal court located in the County of New Castle, this being in addition to any other remedy to which such party is entitled at law or in equity.

Section 14.7 Invalidity of Provision. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of this Agreement, including that provision, in any other jurisdiction.

Section 14.8 Further Actions. Each Member shall execute and deliver such other certificates, agreements and documents, and take such other actions, as may reasonably be

requested by the Company in connection with the continuation of the Company and the achievement of its purposes, including, without limitation, (a) any documents that the Company deems necessary or appropriate to continue the Company as a limited liability company in all jurisdictions in which the Company or its Subsidiaries conduct or plan to conduct business and (b) all such agreements, certificates, tax statements and other documents as may be required to be filed in respect of the Company.

Section 14.9 Legend. Each Member and the Company shall take all such action necessary to cause any certificate representing outstanding Units owned by each Member to bear a legend containing the following words:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED OR APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, EXCHANGED, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH SUCH ACT AND SUCH LAWS.”

“IN ADDITION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE RESTRICTIONS ON TRANSFER AND VOTING SET FORTH IN THE AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF THE COMPANY DATED AS OF OCTOBER 31, 2007 AS AMENDED AND IN EFFECT FROM TIME TO TIME, A COPY OF WHICH IS ON FILE IN THE OFFICE OF THE COMPANY.”

The requirement that the above securities legend be placed upon certificates evidencing Units shall cease and terminate upon the earliest of the following events: (i) when such Units are transferred in a public offering; (ii) when such Units are transferred pursuant to Rule 144, as such Rule may be amended (or successor provision thereto); or (iii) when such Units are transferred in any other transaction if, in each such case, the seller delivers to the Company an opinion of his, her or its counsel, which counsel and opinion shall be reasonably satisfactory to the Company, or a “no-action” letter from the staff of the Securities and Exchange Commission, in either case to the effect that such legend is no longer necessary in order to protect the Company against a violation by it of the Securities Act upon any sale or other disposition of such Units without registration thereunder. Upon the consummation of any event requiring the removal of a legend hereunder, the Company, upon the surrender of certificates containing such legend, shall, at its own expense, deliver to the holder of any such Units as to which the requirement for such legend shall have terminated, one or more new certificates evidencing such Units not bearing such legend.

Section 14.10 Further Assurances; Company Logo. At any time or from time to time after the date hereof, the parties hereto agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effectuate the provisions of this Agreement and to otherwise carry out the intent of the parties hereunder. The



Company hereby grants the GSCP Members and their Affiliates permission to use the Company's and its Subsidiaries' name and logo in marketing materials. The GSCP Members, or Affiliates of the GSCP Members, as applicable, shall include a trademark attribution notice giving notice of the Company's ownership of its trademarks in the marketing materials in which the name and logo of the Company or any of its Subsidiaries appear.

Section 14.11 Expenses. Except as otherwise provided in the Merger Agreement, each party hereto shall pay its own expenses incurred in connection with the preparation, execution, and performance of this Agreement and the transactions contemplated by this Agreement, including all fees and expenses of agents, representatives, counsel and accountants. In addition, the parties agree that at the Effective Time the Company paid a transaction fee in cash to Goldman, Sachs & Co. of \$10,000,000.

Section 14.12 Amendment and Waiver. Subject to Section 12.9 and except as otherwise expressly provided in this Agreement, any provisions of this Agreement may be amended, modified, supplemented or waived with the written approval of the Members holding a majority of the then outstanding Common Units (which majority must include the GSCP Members); provided, however, that (a)(i) any amendment, modification, supplement or waiver of any of the provisions of Sections 3.10, 4.1 (other than 4.1(b)(ii)), 11.4, 12.1, 12.7, 14.11 or 14.12, in each case that affects the McJ Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the McJ Members will require the written approval of both of the GSCP Members and of the McJ Members holding a majority of the outstanding Units then held by all McJ Members (such approval by the McJ Members not to be unreasonably withheld or delayed), and (ii) during the Initial Period, any amendment, modification, supplement or waiver of Section 4.1(b)(ii) (subject to the terms thereof) to decrease the number of McJ Directors on the Board will require the written approval of both of the GSCP Members and of the McJ Members holding a majority of the outstanding Common Units then held by all McJ Members, and (b)(i) any amendment, modification, supplement or waiver of any of the provisions of Sections 3.10, 4.1 (other than 4.1(b)(ii)), 11.4, 12.1, 12.7, 14.11 or 14.12, in each case that affects the RM Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the RM Members will require the written approval of both of the GSCP Members and of the RM Members holding a majority of the outstanding Units then held by all RM Members (such approval by the RM Members not to be unreasonably withheld or delayed), and (ii) during the RM Initial Period, any amendment, modification, supplement or waiver of Section 4.1(b)(ii) (subject to the terms thereof) to decrease the number of RM Directors on the Board will require the written approval of both of the GSCP Members and of the RM Members holding a majority of the outstanding Common Units then held by all RM Members. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

Section 14.13 Effectiveness.

(a) The parties hereto hereby acknowledge and agree that, except as set forth in this Section 14.13, the Original Agreement became effective at the Effective Time.

(b) From the date of the Original Agreement and prior to the Effective Time, GSCP V was the managing Member of the Company.

Section 14.14 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 14.15 No Third Party Beneficiaries. Except for Covered Persons with respect to Article XI, this Agreement is not intended to confer upon any Person, except for the parties hereto, any rights or remedies hereunder.

Section 14.16 Survival of Representations and Warranties. All representations and warranties contained in this Agreement or made in writing by any party in connection herewith shall survive the execution and delivery of this Agreement regardless of any investigation made by, or on behalf of, any Member.

Section 14.17 Conflicting Agreements. Each Member represents and warrants that such Member has not granted and is not a party to any proxy, voting trust or other agreement which conflicts with any provision of this Agreement, and no holder of any Units shall grant any proxy or become party to any voting trust or other agreement which conflicts with any provision of this Agreement.

Section 14.18 Power of Attorney. Each Member hereby constitutes and appoints GSCP V his, her or its true and lawful joint representative and attorney-in-fact in his or her name, place and stead to make, execute, acknowledge, record and file the following:

(a) any amendment to the Certificate which may be required by the laws of the State of Delaware because of:

(i) any duly made amendment to this Agreement, or

(ii) any change in the information contained in such Certificate, or any amendment thereto;

(b) any other certificate or instrument which may be required to be filed by the Company under the laws of the State of Delaware or under the applicable laws of any other jurisdiction in which counsel to the Company determines that it is advisable to file;

(c) any certificate or other instrument which the Board deems necessary or desirable to effect a termination and dissolution of the Company which is authorized under this Agreement;

(d) any amendments to this Agreement, duly adopted in accordance with the terms of this Agreement; and

(e) any other instruments that the Board may deem necessary or desirable to carry out fully the provisions of this Agreement; provided, however, that any action taken pursuant to this power shall not, in any way, increase the liability of the Members beyond the liability expressly set forth in this Agreement, and provided further that where action by the Board is required, such action shall have been taken.

Such attorney-in-fact is not by the provisions of this Section 14.18 granted any authority on behalf of the undersigned to amend this Agreement, except as provided for in this Agreement. Such power of attorney is coupled with an interest and shall continue in full force and effect notwithstanding the subsequent death or incapacity of the Member granting such power of attorney.

Section 14.19 Each Interest in the Company is a Security. It is expressly acknowledged and agreed that (a) each interest in the Company is a security governed by Article 8 of the DEUCC and the Uniform Commercial Code of any other relevant jurisdiction and (b) this Agreement establishes the terms of the interests in the Company. The issuer's jurisdiction (within the meaning of Section 8-110 of the DEUCC) of the Company shall be the State of Delaware.

## ARTICLE XV

### DEFINED TERMS

#### Section 15.1 Definitions.

"Accounting Period" means, for the first Accounting Period, the period commencing on the date hereof and ending on the next Adjustment Date. All succeeding Accounting Periods shall commence on the day after an Adjustment Date and end on the next Adjustment Date.

"Additional Member" has the meaning set forth in Section 3.9.

"Adjustment Date" means the last day of each fiscal year of the Company or any other date determined by the Board, in its sole discretion, as appropriate for an interim closing of the Company's books.

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, contract or otherwise; provided, however, that, for purposes hereof, neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Member.

“Agreement” means this Amended and Restated Limited Liability Company Agreement of the Company, as this agreement may be amended, modified, supplemented or restated from time to time after the date hereof.

“Board” has the meaning set forth in Section 4.1.

“Call Equity Securities” has the meaning set forth in Section 12.11(a).

“Call Notice” has the meaning set forth in Section 12.11(b).

“Call Period” has the meaning set forth in Section 12.11(b).

“Capital Account” has the meaning set forth in Section 6.1.

“Capital Contribution” means, for any Member, the total amount of cash and the Fair Market Value of any property contributed to the Company by such Member; provided that with respect to the Restricted Common Units, the Capital Contribution shall be deemed to be the amount set forth on Schedule A.

“Carrying Value” means with respect to any Interest purchased by the Company, the value equal to the Capital Contribution, if any, made by the selling Management Member in respect of any such Interest less the amount of distributions made in respect of such Interest.

“Cause” means, with respect to a Management Member’s termination of employment, (a) if the Management Member is at the time of termination a party to an Employment Agreement that defines such term, the meaning given therein, and (b) in all other cases, the Management Member’s (i) continuing failure, for more than 10 days after the Company’s or any of its Subsidiaries’ written notice to the Management Member thereof, to perform such duties as are reasonably requested by the Company or any Subsidiary of the Company that employs such individual; (ii) failure to observe material policies generally applicable to officers or employees of the Company or any Subsidiary of the Company that employs such individual unless such failure is capable of being cured and is cured within 10 days of the Management Member receiving written notice of such failure; (iii) failure to cooperate with any internal investigation of the Company or any of its Subsidiaries; (iv) commission of any act of fraud, theft or financial dishonesty with respect to the Company or any of its Subsidiaries or indictment or conviction of any felony; (v) chronic absenteeism; or (vi) abuse of alcohol or another controlled substance.

“Certificate” means the Certificate of Formation of the Company and any and all amendments thereto and restatements thereof filed on behalf of the Company with the office of the Secretary of State of the State of Delaware pursuant to the Delaware Act.

“Code” means the Internal Revenue Code of 1986, as amended.

“Coinvest Management Members” means the individuals listed under the sub-heading “Coinvest Management Members” on Schedule A, and such other management employees of the Company and/or any of its Subsidiaries who become members of the Company and are designated “Coinvest Management Members” in accordance with Section 3.9 of this Agreement.

“Common Units” mean a class of Interests in the Company, as described in Section 3.2(a). For the avoidance of doubt, Common Units shall not include Profits Units.

“Company” has the meaning set forth in the Preamble.

“Competitive Opportunity” means an investment or business opportunity or prospective economic or competitive advantage in which the Company or any of its Subsidiaries could have an interest or expectancy.

“Confidential Information” has the meaning set forth in Section 3.6.

“Covered Person” means a current or former Member or Director, an Affiliate of a current or former Member or Director, any officer, director, shareholder, partner, member, employee, representative or agent of a current or former Member or Director or any of their respective Affiliates, or any current or former officer, employee or agent of the Company or any of its Subsidiaries.

“Deficit” has the meaning set forth in Section 8.2(a)

“Delaware Act” means the Delaware Limited Liability Company Act, 6 Del. C. §18-101, et seq., as amended from time to time.

“DEUCC” means the Uniform Commercial Code as in effect in the state of Delaware from time to time.

“Director” has the meaning set forth in Section 4.1(a).

“Director Cause” means, with respect to a Director’s removal from the Board, the Director’s (i) continuing failure, for more than 10 days after the Company’s written notice to the Director thereof, to perform such duties as a Director as are reasonably requested by the Company; (ii) failure to observe material policies generally applicable to Directors unless such failure is capable of being cured and is cured within 10 days of the Director receiving written notice of such failure; (iii) failure to cooperate with any internal investigation of the Company or any of its Subsidiaries; (iv) commission of any act of fraud, theft or financial dishonesty with respect to the Company or any of its Subsidiaries or indictment or conviction of any felony; (v) chronic absenteeism; or (vi) abuse of alcohol or another controlled substance.

“Disability” means, (a) if the Management Member is at the time of termination of employment or services a party to an Employment Agreement that defines such term, the meaning given therein, and (b) in all other cases, the Management Member is unable to perform his duties or obligations to the Company, or any Subsidiary of the Company that employs or utilizes the services of such individual, by reason of physical or mental incapacity for a period of one hundred twenty (120) consecutive calendar days or a total period of two hundred ten (210) calendar days in any three hundred sixty-five (365) calendar day period.

“Drag-Along Members” has the meaning set forth in Section 12.8(a).

“Drag-Along Notice” has the meaning set forth in Section 12.8(b).

“Drag-Along Sale” has the meaning set forth in Section 12.8(a).

“Drag-Along Transferee” has the meaning set forth in Section 12.8(a).

“Effective Time” means the Effective Time (as defined in the Merger Agreement).

“Eligible Members” has the meaning set forth in Section 3.10(b).

“Eligible Profits Units” means Profits Units that have received a distribution pursuant to Section 9.1(a)(ii) and have not been forfeited.

“Employment Agreement” means a written employment agreement between a Management Member and the Company or any of its Subsidiaries.

“Equity Call Option” has the meaning set forth in Section 12.11(a).

“Equity Call Purchase Price” means (i) in the event such termination of employment of a Coinvest Management Member is by the Company or any of its Subsidiaries with Cause, the lesser of (x) the Fair Market Value of the Call Equity Securities, determined as of the Termination Date and (y) the price paid for the Call Equity Securities by such Coinvest Management Member, or (ii) in the event of a termination of employment of a Coinvest Management Member for any other reason, the Fair Market Value of the Call Equity Securities, determined as of the Termination Date.

“Equity Securities” means, with respect to any Person, any Unit or other equity security of the Company including, without limitation, any Unit Equivalents.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Exchange Act” means the Securities and Exchange Act of 1934 as amended from time to time, and the rules and regulations promulgated thereunder.

“Exit Event” means a bona fide arm’s-length transaction or series of transactions (other than a Qualified IPO):

- (a) involving the sale, transfer or other disposition by the Investor Members to one or more Persons that are not, immediately prior to such sale, transfer or other disposition Affiliates of any GSCP Member, of all or substantially all of the Interests of the Company or any of its Subsidiaries beneficially owned by the Investor Members as of the date of such transaction; or
- (b) involving the sale, transfer or other disposition of all or substantially all of the assets of the Company and its Subsidiaries, taken as a whole, to one or more Persons that are not, immediately prior to such sale, transfer or other disposition, Affiliates of any GSCP Member.

“Family Member” means, for any Member who is an individual, a spouse, lineal ancestor, lineal descendant, legally adopted child, or brother or sister of such Member.

“Fair Market Value” means, as of any date,

- (a) for purposes of determining the value of any property owned by, contributed to or distributed by the Company, (i) in the case of publicly traded securities, the average of their last sales prices on the applicable trading exchange or quotation system on each trading day during the five trading-day period ending on such date and (ii) in the case of any other property, the fair market value of such property, as determined in good faith by the Board, or
- (b) for purposes of determining the value of any Member’s Interest in connection with Section 12.3 (Involuntary Transfers), (i) the fair market value of such Interest as reflected in the most recent appraisal report prepared, at the request of the Board, by an independent valuation consultant or appraiser of recognized national standing, reasonably satisfactory to the Board, or (ii) in the event no such appraisal exists or the date of such report is more than one year prior to the date of determination, the fair market value of such Interest as determined in good faith by the Board.

“Former McApple Shareholders” means the Transferring Shareholders as defined in the McApple Contribution Agreement.

“GSCP Directors” has the meaning set forth in Section 4.1(b)(ii).

“GSCP Institutional” means GS Capital Partners V Institutional, L.P.

“GSCP Institutional Letter Agreement” has the meaning set forth in Section 4.1(i).

“GSCP Member” has the meaning set forth in the introductory paragraph to this Agreement, and shall include any Person admitted as an additional or substitute GSCP Member pursuant to this Agreement.

“GSCP Parallel” means GS Capital Partners VI Parallel, L.P.

“GSCP Parallel Letter Agreement” has the meaning set forth in Section 4.1(i).

“GSCP V” means GS Capital Partners V Fund, L.P.

“Inactive Management Member” has the meaning set forth in Section 7.2(b).

“Initial Period” has the meaning set forth in Section 4.1(b)(i).

“Interest” means a limited liability interest in the Company, which represents the interest of each Member in and to the profits and losses of the Company and such Member’s right to receive distributions of the Company’s assets, as set forth in this Agreement.

“Investor Member” means the GSCP Members, the McJ Members and the RM Members.

“Involuntary Transfer” has the meaning set forth in Section 12.3.

“Involuntary Transferee” has the meaning set forth in Section 12.3.

“Management Members” means the individuals listed under the heading “Management Members” on Schedule A, which term shall include the Coinvest Management Members and such other management employees of the Company and/or any of its Subsidiaries who become members of the Company and are designated “Management Members” in accordance with Section 3.9 of this Agreement. A Management Member shall be deemed not to be a “manager” within the meaning of the Delaware Act (except to the extent such Member serves as a director pursuant to Section 4.1(b)(i)).

“Majority in Interest” means, as of any given record date or other applicable time, the holders of a majority of the outstanding Common Units held by Members as of such date that are entitled to vote at a meeting of Members or to consent in writing in lieu of a meeting of Members.

“McApple” means McJunkin Appalachian Oilfield Supply Company, a Delaware corporation.

“McApple Contribution Agreement” means the Contribution Agreement dated as of December 4, 2006, between the Company and the shareholders of McApple named in Exhibit B thereto.

“McJ Directors” has the meaning set forth in Section 4.1(b)(ii).

“McJ Member” has the meaning set forth in the introductory paragraph to this Agreement, and shall include and any Person admitted as an additional or substitute McJ Member pursuant to this Agreement.

“Member” means the Investor Members and the Management Members and any Person admitted as an additional or substitute Member of the Company pursuant to this Agreement.

“Merger Agreement” has the meaning set forth in the recitals.

“Merger Sub” has the meaning set forth in the recitals.

“MRM” has the meaning set forth in the recitals.

“Newco” has the meaning set forth in Section 12.9(b).

“Non-Vested Restricted Common Units” means Restricted Common Units that may be subject to forfeiture pursuant to Article VII of this Agreement or any Employment Agreement.

“Notice” has the meaning set forth in Section 10.3.



“Officers” has the meaning set forth in Section 4.3.

“Original Agreement” has the meaning set forth in the recitals.

“Parent” has the meaning set forth in the recitals.

“Participating Buyer” has the meaning set forth in Section 3.10(c).

“Participation Commitment” has the meaning set forth in Section 3.10(c).

“Participation Notice” has the meaning set forth in Section 3.10(b).

“Participation Portion” has the meaning set forth in Section 3.10(b)(i).

“Permitted Transfer” means any Transfer of Common Units by a McJ Member or RM Member (i) if such McJ Member or RM Member is an individual, to a Family Member of such McJ Member or RM Member, as applicable, or to a trust or other entity whose sole and exclusive beneficiaries are such McJ Member or RM Member, as applicable, and/or Family Members of such McJ Member or RM Member, as applicable, or (ii) upon the death of an individual McJ Member or RM Member, pursuant to the terms of any trust or will of the deceased individual McJ Member or RM Member, as applicable, or by the laws of intestate succession.

“Person” means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, governmental entity or agency or other entity of any kind or nature.

“Preemptive Issuance” has the meaning set forth in Section 3.10(a).

“Preemptive Transferee” has the meaning set forth in Section 3.10(b)(i).

“Profits Units” has the meaning set forth in Section 3.2.

“Put Option” has the meaning set forth in the McApple Contribution Agreement.

“Qualified IPO” means the first underwritten public offering of the common stock of a successor corporation to the Company or a Subsidiary of the Company to the general public through a registration statement filed with the Securities and Exchange Commission that covers (together with prior effective registrations) (i) not less than 25% of the then outstanding shares of common stock of such successor corporation or such Subsidiary of the Company on a fully diluted basis or (ii) shares of such successor corporation or such Subsidiary of the Company that will be traded on any of the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automated Quotation System after the close of any such general public offering.

“Red Man” has the meaning set forth in the Recitals.

“Red Man Shares” has the meaning set forth in the Recitals.

“Red Man Transaction” has the meaning set forth in the Recitals.

“Registration Rights Agreement” means the Amended and Restated Registration Rights Agreement, dated as of October 31, 2007 by and among the Company and certain Members and attached as Exhibit C hereto, as amended from time to time.

“Restricted Common Units” means the Common Units issued to certain Members and described as “Restricted Common Units” on Schedule A.

“RM Directors” has the meaning set forth in Section 4.1(b)(ii).

“RM Initial Period” has the meaning set forth in Section 4.1(b)(ii).

“RM Member” has the meaning set forth in the introductory paragraph to this Agreement, and shall include any Person admitted as an additional or substitute RM Member pursuant to this Agreement.

“RM Purchase Agreement” has the meaning set forth in the Recitals.

“Rule 144” has the meaning set forth in Section 5.1(b).

“Securities Act” means the Securities Act of 1933 as amended from time to time.

“Subsidiary” means any direct or indirect subsidiary of the Company on the date hereof and any direct or indirect subsidiary of the Company organized or acquired after the date hereof.

“Subsidiary IPO” has the meaning set forth in Section 12.9(a).

“Tag-Along Acceptance Notice” has the meaning set forth in Section 12.7(a).

“Tag-Along Members” has the meaning set forth in Section 12.7(a).

“Tag-Along Notice” has the meaning set forth in Section 12.7(a).

“Tag-Along Offer” has the meaning set forth in Section 12.7(a).

“Tag-Along Offeror” has the meaning set forth in Section 12.7(a).

“Tag-Along Period” has the meaning set forth in Section 12.7(a).

“Tax Matters Partner” has the meaning set forth in Section 10.2(b).

“Termination Date” has the meaning set forth in Section 12.11(a).

“Transaction” means (i) any event which results in the GSCP Members and its or their Affiliates ceasing to directly or indirectly beneficially own, in the aggregate, at least 35% of the equity interests of MRM that they beneficially owned directly or indirectly as of the Effective Time; or (ii) in a single transaction or a series of related transactions, the occurrence of the

following event: a majority of the outstanding voting power of the Company, Parent or MRM, or substantially all of the assets of MRM, shall have been acquired or otherwise become beneficially owned, directly or indirectly, by any Person (other than any Member on the date hereof or any of its or their Affiliates, or the Company or any of its Affiliates) or any two or more Persons (other than any Member on the date hereof or any of its or their Affiliates, or the Company or any of its Affiliates) acting as a partnership, limited partnership, syndicate or other group, entity or association acting in concert for the purpose of voting, acquiring, holding or disposing of the voting power of the Company, Parent or MRM; it being understood that, for this purpose, the acquisition or beneficial ownership of voting securities by the public shall not be an acquisition or constitute beneficial ownership by any Person or Persons acting in concert.

“Transfer” means, as the case may be, (i) to directly or indirectly transfer, sell, assign, distribute, pledge, encumber, hypothecate or otherwise dispose of, either voluntarily or involuntarily, including by gift, by way of a merger (forward or reverse) or similar transaction, by operation of law or otherwise or (ii) any direct or indirect transfer, sale assignment, distribution, pledge, encumbrance, hypothecation or other disposition, either voluntarily or involuntarily, including by gift, by way of merger (forward or reverse) or similar transaction, by operation of law or otherwise. Notwithstanding the foregoing, a “Transfer” by a GSCP Member shall not be deemed to occur hereunder in connection with any transaction involving The Goldman Sachs Group, Inc. (“GS Group”), including any transaction resulting from a change in control of GS Group.

“Treasury Regulations” means the Regulations of the Treasury Department of the United States issued pursuant to the Code.

“Units” means any class of Interests provided for herein.

“Unit Equivalent(s)” means all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject) Units or other equity securities of the Company (including, without limitation, any note or debt security convertible into or exchangeable for Units or other equity securities of the Company).

“West Oklahoma” has the meaning set forth in the Recitals.

**AMENDMENT NO. 1 TO THE  
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT  
OF  
PVF HOLDINGS LLC**

This Amendment No. 1 (this “Amendment”) to the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC (the “Company”) dated October 31, 2007 (the “Agreement”) is entered into and effective as of December 18, 2007, by and among the GSCP Members.

**WITNESSETH**

WHEREAS, pursuant to Section 14.12 of the Agreement, the amendments set forth herein may be made with the written approval of the Members holding a majority of the then outstanding Common Units (which majority must include the GSCP Members); and

WHEREAS, the GSCP Members, who, as of the date hereof hold in the aggregate a majority of the outstanding Common Units, wish to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the GSCP Members hereby agree as follows:

**1. Amendments.**

1.1. Section 5.1(e) of the Agreement is hereby amended by adding the following at the beginning of such subsection:

Except as may otherwise be provided in a Member’s subscription agreement with respect to his, her or its Interests,

1.2. ARTICLE VI of the Agreement is hereby amended to add a new Section 6.5 as follows:

Section 6.5 Midfield Members.

(a) Notwithstanding the provisions of Section 6.3, each Midfield Member shall be required to contribute cash to the Company in an amount equal to the amount of United States Dollars set forth under the heading “Deferred Capital Contribution” on Schedule A, as adjusted pursuant to this Section 6.5(a). Beginning on the date such Midfield Member is admitted as a Member of the Company, interest shall accrue on his or her outstanding Deferred Capital Contribution at a rate of 3.88% per annum, compounded annually on each anniversary of the date such Midfield Member is admitted as Member of the Company and calculated

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on the basis of a three hundred sixty-five (365) day-year or three hundred sixty-six (366) day-year, as applicable, applied to the actual number of days such Deferred Capital Contribution is outstanding (with respect to each Midfield Member, the sum of (x) his or her Deferred Capital Contribution and (y) any accrued interest, such Midfield Member's "**Deferred Cash Contribution Amount**"). Each Midfield Member shall be required to contribute his or her Deferred Cash Contribution Amount to the Company on the earlier to occur of (i) the date of the closing of Red Man Pipe & Supply Canada Ltd.'s exercise of its call right set forth in Section 10 of the Midfield Shareholders Agreement and (ii) December 31, 2008 (the earlier of (i) and (ii), the "**Due Date**"). Upon contribution of cash by a Midfield Member to the Company in an amount equal to such Midfield Member's Deferred Cash Contribution Amount, all Deferred Common Units held by such Midfield Member shall no longer be Deferred Common Units but shall remain as Common Units. A Midfield Member's Deferred Capital Contribution, as set forth on Schedule A, shall constitute a Capital Contribution for purposes of Section 9.1(a).

(b) If any Midfield Member fails to contribute to the Company in cash his or her Deferred Cash Contribution Amount pursuant to Section 6.5(a) by the Due Date (each such Midfield Member, a "**Defaulting Midfield Member**"), then, in addition to any other remedy the Company may have under this Agreement or in law or equity against such Defaulting Midfield Member, at any time within thirty days after the Due Date, the Company shall have the right, but not the obligation to cause all of the Deferred Common Units held by such Defaulting Midfield Member to be immediately forfeited. Such forfeiture shall be deemed to have satisfied each such Defaulting Midfield Member's Deferred Cash Contribution Amount by the Fair Market Value of the Deferred Common Units so forfeited; provided, that such Defaulting Member shall remain liable for the Deferred Cash Contribution Amount to the extent that the Fair Market Value of the Deferred Common Units so forfeited is less than the Deferred Cash Contribution Amount. For the avoidance of doubt, if the Fair Market Value of the Deferred Common Units so forfeited is greater than the Deferred Cash Contribution Amount, the Midfield Member shall not be entitled to receive any consideration from the Company or otherwise with respect to such forfeited Deferred Common Units. If such Defaulting Midfield Member does not hold any Common Units other than Deferred Common Units that have been so forfeited, then such Defaulting Midfield Member shall no longer be a Member of the Company and Schedule A shall be amended to remove such Defaulting Midfield Member as a Member.

(c) Notwithstanding anything herein to the contrary, if the Company exercises its Equity Call Option pursuant to Section 12.11 with respect to any Midfield Member who at such time has an obligation to

deliver a Deferred Cash Contribution Amount to the Company, then within ten days of such exercise the Company shall have the right, but not the obligation, to cause all of the Deferred Common Units held by each such Midfield Member to be immediately forfeited. Such forfeiture shall be deemed to have satisfied in full the Company's obligation to pay each such Midfield Member the Equity Call Purchase Price pursuant to this Agreement with respect to all Deferred Common Units held by such Midfield Member, and such forfeiture shall be deemed to have satisfied each such Midfield Member's Deferred Cash Contribution Amount by the Equity Call Purchase Price of the Deferred Common Units so forfeited; provided, that such Defaulting Member shall remain liable for the Deferred Cash Contribution Amount to the extent that the Equity Call Purchase Price of the Deferred Common Units so forfeited is less than the Deferred Cash Contribution Amount. For the avoidance of doubt, if the Equity Call Purchase Price of the Deferred Common Units so forfeited is greater than the Deferred Cash Contribution Amount, the Midfield Member shall not be entitled to receive any consideration from the Company or otherwise with respect to such forfeited Deferred Common Units.

(d) Notwithstanding anything herein to the contrary, any amount otherwise distributable to a Midfield Member pursuant to Article IX with respect to his or her Deferred Common Units shall not be distributed to such Midfield Member to the extent such Midfield Member has an obligation to deliver a Deferred Cash Contribution Amount. Instead, such amount shall be retained by the Company and shall be deemed to have satisfied such Midfield Member's Deferred Cash Contribution Amount by the amount otherwise distributable and the number of Common Units of such Midfield Member that are Deferred Common Units shall be appropriately reduced. In connection with a Transfer of Deferred Common Units by a Midfield Member pursuant to Section 12.8, each Midfield Member shall direct the transferee of such Deferred Common Units to pay directly to the Company on behalf of such Midfield Member that portion of the proceeds that such Midfield Member would otherwise be entitled to receive in the Transfer equal to the amount of such Midfield Member's Deferred Cash Contribution Amount.

(e) Notwithstanding anything herein to the contrary, Midfield Members shall not be entitled to participate in Transfers pursuant to Section 12.7 with respect to any Deferred Common Units.

(f) If a Midfield Member contributes Canadian Dollars to the Company in satisfaction of all or a portion of his or her Deferred Cash Contribution Amount, the extent to which such contribution satisfies such Midfield Member's Deferred Cash Contribution Amount shall be determined by converting the amount of contributed Canadian Dollars to

United States Dollars based upon the spot rate at the close of business on the business day immediately prior to the Due Date, or, if earlier, the business day immediately prior to the day such Midfield Member contributes Canadian Dollars to the Company.

1.3. Section 9.1(a) of the Agreement is hereby amended to add the following to the beginning of the second sentence thereof:

Subject to Section 6.5 and Section 9.1(b),

1.4. ARTICLE XV of the Agreement is hereby amended to add the following definitions:

“Deferred Cash Contribution Amount” has the meaning set forth in Section 6.5(a).

“Deferred Common Units” means the Common Units issued to certain Midfield Members and described as “Deferred Common Units” on Schedule A.

“Defaulting Midfield Member” has the meaning set forth in Section 6.5(b).

“Deferred Common Unit Certificates” has the meaning set forth in Section 14.20.

“Due Date” has the meaning set forth in Section 6.5(a).

“Midfield Members” means the Coinvest Management Members listed under the sub-heading “Midfield Members” on Schedule A.

“Midfield Shareholders Agreement” means the Shareholders Agreement, dated June 15, 2005, by and among Midfield Supply ULC, Red Man Pipe & Supply Canada Ltd. and Midfield Holdings (Alberta) Ltd., as amended.

1.5. Clause (b) of the definition of “Fair Market Value” in Article XV of the Agreement is hereby amended to add the following immediately before subclause (i) thereof:

, Section 6.5 (Midfield Members) and the definition of “Equity Call Purchase Price”

1.6. Section 14.19 is hereby amended to add the following at the end thereof:

Each of the Units shall be a “security” for the purposes of the *Securities Transfer Act*, or the equivalent enactment (if any), of each Province or Territory of Canada.

1.7. A new Section 14.20 is added to the Agreement as follows:

Section 14.20 Certificates for Deferred Common Units. All Deferred Common Units shall be represented by certificates ( "**Deferred Common Certificates**"). At such time as Deferred Common Units no longer are Deferred Common Units, the Company may cancel such certificates and in such case such Common Units that were previously Deferred Common Units shall be uncertificated. In order to provide for the safekeeping of the Deferred Common Certificates and to facilitate the enforcement of the terms and conditions hereof, all Deferred Common Certificates shall be held by the Company on behalf of the Midfield Members. Each Midfield Member hereby irrevocably appoints the Company as his or her true and lawful agent and attorney-in-fact, with full powers of substitution, to act in such Midfield Member's name, place and stead, to do or refrain from doing all such acts and things, and to execute and deliver all such documents, as the Company shall deem necessary or appropriate in connection with a public offering of securities of the Company or a sale pursuant to Section 12.8, including, without in any way limiting the generality of the foregoing, in the case of a sale pursuant to Section 12.8, to execute and deliver on behalf of such Midfield Member a purchase and sale agreement and any other agreements and documents that the Company deems necessary in connection with any such sale, and in the case of a public offering, to execute and deliver on behalf of such Midfield Member an underwriting agreement, a "hold back" agreement, a custody agreement, and any other agreements and documents that the Company deems necessary in connection with any such public offering, and in the case of any sale pursuant to Section 12.8 and any public offering, to receive on behalf of such Midfield Member the proceeds of the sale or public offering of such Midfield Member's Units, to hold back from any such proceeds any amount that the Company deems necessary to reserve against such Midfield Member's share of any expenses of sale and sale obligations. Each Midfield Member hereby ratifies and confirms all that the Company shall do or cause to be done by virtue of its appointment as his or her agent and attorney-in-fact. In acting for each Midfield Member pursuant to the appointment set forth in this Section 14.20, the Company shall not be responsible to any Midfield Member for any loss or damage a Midfield Member may suffer by reason of the performance by the Company of its duties under this Agreement, except for loss or damage arising from willful violation of law or gross negligence by the Company in the performance of its duties hereunder. The appointment of the Company shall be deemed coupled with an interest and as such shall be irrevocable and shall survive the death, incompetency, mental illness or insanity of the Midfield Member, and any person dealing with the Company may conclusively and absolutely rely, without inquiry, upon any act of the Company as the act of such Midfield Member in all matters referred to in this Section 14.20.

2. **Capitalized Terms**. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Agreement (as in effect immediately prior to the effectiveness



of this Amendment).

3. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the state of Delaware.

*[Signature page follows]*

IN WITNESS WHEREOF, the GSCP Members have caused this Amendment to be executed and delivered as of the date first written above.

**GS Capital Partners V Fund, L.P.**

By: GSCP V Advisors, L.L.C.,  
its general partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen  
Title: Vice President

**GS Capital Partners V Offshore Fund, L.P.**

By: GSCP V Offshore Advisors, L.L.C.,  
its general partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen  
Title: Vice President

**GS Capital Partners V Institutional, L.P.**

By: GS Advisors V, L.L.C.,  
its general partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen  
Title: Vice President

**GS Capital Partners V GmbH & Co. KG**

By: GS Advisors V, L.L.C.,  
its managing limited partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen  
Title: Vice President

**GS Capital Partners VI Fund, L.P.**

By: GSCP VI Advisors, L.L.C.,  
its general partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen

Title: Vice President

**GS Capital Partners VI Offshore Fund, L.P.**

By: GSCP VI Offshore Advisors, L.L.C.,  
its general partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen

Title: Vice President

**GS Capital Partners VI Parallel, L.P.**

By: GS Advisors VI, L.L.C.,  
its general partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen

Title: Vice President

**GS Capital Partners VI GmbH & Co. KG**

By: GS Advisors VI, L.L.C.,  
its managing limited partner

By: /s/ Christine Vollertsen

Name: Christine Vollertsen

Title: Vice President

**AMENDMENT NO. 2 TO THE  
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT  
OF  
PVF HOLDINGS LLC**

This Amendment No. 2 (this “Amendment”) to the Amended and Restated Limited Liability Company Agreement of PVF Holdings LLC (the “Company”) dated October 31, 2007, as amended (the “Agreement”) is entered into and effective as of October 30, 2009, by and among the GSCP Members and the Company.

**WITNESSETH**

WHEREAS, pursuant to Section 14.12 of the Agreement, the amendments set forth herein may be made with the written approval of the Members holding a majority of the then outstanding Common Units (which majority must include the GSCP Members); and

WHEREAS, the GSCP Members, who, as of the date hereof hold in the aggregate a majority of the outstanding Common Units, wish to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the GSCP Members hereby agree as follows:

**1. Amendments.**

1.1. ARTICLE I of the Agreement is hereby amended by deleting the first sentence of Section 1.6 and replacing it with the following:

The principal place of business of the Company is located at 85 Broad Street, 10<sup>th</sup> Floor, New York, NY 10004.

1.2. ARTICLE III of the Agreement is hereby amended by adding the following at the end of Section 3.2(b):

at the time of issuance of such Profits Units.

1.3. ARTICLE III of the Agreement is hereby amended by adding the following after the reference to “a Management Member” in Section 3.9(a):

and as a “GSCP Member”, a “RM Member”, a “McJ Member”, a “TM Member”, a “Co-Invest Management Member” or any other designation

1.4. ARTICLE III of the Agreement is hereby amended by deleting “or an Investor Member” and replacing it with the following in Section 3.9(b)(iv):

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, an Investor Member (including whether such Investor Member will be a GSCP Member, a RM Member, a McJ Member, a TM Member or any other designation), or any other type of Member.

1.5. ARTICLE IV of the Agreement is hereby amended by deleting Section 4.1(b) and replacing it with the following:

(b) Board Composition.

(i) The Board shall consist of twelve (12) Directors or such greater number of Directors as may from time to time be determined by the Board. From and after a Qualified IPO, the Board shall be comprised of the number of Directors determined by the GSCP Members holding a majority of the Units held by all GSCP Members.

(ii) Subject to Section 4.1(c), (x)(A) from and after the date hereof until the earlier of (i) a Qualified IPO or (ii) October 31, 2009 (the “**RM Initial Period**”), the RM Members shall collectively have the right to designate three (3) Directors (the persons from time to time designated by the RM Members in accordance with the foregoing being referred to herein as the “**RM Directors**”), (B) from and after the date hereof until a Qualified IPO, (the “**TM Initial Period**”) Gerard Krans shall have the right to be a Director (Gerard Krans shall be referred to herein as the “**TM Director**”), and (C) the GSCP Members shall collectively have the right to designate the remaining Directors, and (y)(A) if a Qualified IPO has not occurred prior to October 31, 2009, the GSCP Members shall thereafter collectively have the right to designate all of the Directors other than the TM Director, and (B) following a Qualified IPO, the GSCP Members shall collectively have the right to designate all of the Directors (the persons from time to time designated by the GSCP Members in accordance with the foregoing clauses (x) and (y) being referred to herein as the “**GSCP Directors**”). One of the GSCP Directors shall be designated by GSCP Institutional and one of the GSCP Directors shall be designated by GSCP Parallel. As of the date hereof, the Directors shall be (i) Henry Cornell, John F. Daly, and Christopher A.S. Crampton (who shall be the GSCP Directors), (ii) H.B. Wehrle, III, David Fox, III, and E. Gaines Wehrle (referred to herein as the “**McJ Directors**”), (iii) Craig Ketchum and Peter C. Boylan (who shall be the RM Directors), (iv) Gerard Krans, and (v) Harry K. Hornish, Rhys J. Best and Sam B. Rovit (referred to herein as the “**Independent Directors**”). At all times (including during the RM Initial Period and the TM Initial Period), if the Board elects to increase the number of Directors, such additional Directors will be elected by the GSCP Members holding a majority of the Units held by all GSCP Members.

1.6. ARTICLE IV of the Agreement is hereby amended by deleting Section 4.1(c) and replacing it with the following:

(c) Board Vacancies; Resignation; Removal.

(i) Subject to Section 4.1(c)(ii), each Director shall hold his office until his death or until his successor shall have been duly elected and qualified in accordance with this Section 4.1. If any GSCP Director, any McJ Director or any Independent Director shall cease for any reason to serve as a Director, the vacancy resulting thereby shall be filled by another person designated by the GSCP Members. During the RM Initial Period, if any RM Director shall cease for any reason to serve as a Director, the vacancy resulting thereby shall be filled by another person designated by the RM Members holding a majority of the Units then held by all RM Members (after the expiration of the RM Initial Period such vacancies shall be filled by a person designated by the GSCP Members). During the TM Initial Period and after expiration of the TM Initial Period, if Gerard Krans shall cease for any reason to serve as a Director, the vacancy resulting thereby shall be filled by another person designated by the GSCP Members.

(ii) (A) The removal from the Board of any GSCP Director, McJ Director or Independent Director shall be only at the written request of the GSCP Members, (B) during the RM Initial Period, the removal from the Board of any RM Director shall be only at the written request of the RM Members, and (C) during the TM Initial Period, the removal from the Board of the TM Director shall be only at the written request of Transmark Holdings N.V. Following the RM Initial Period, any RM Director may be removed from the Board at the written request of the GSCP Members and following the TM Initial Period, the TM Director may be removed from the Board at the written request of the GSCP Members. Upon receipt of any such written request, the Board and the Members shall promptly take all such action necessary or desirable to cause the removal of such Director from office. Notwithstanding the foregoing, any Director may be removed for Director Cause by a Majority in Interest. Upon removal from the Board, the Director shall cease to be a “manager” (within the meaning of the Delaware Act).

1.7. ARTICLE IV of the Agreement is hereby amended by deleting Section 4.1(e) and replacing it with the following:

(e) Quorum and Acts of the Board. At all meetings of the Board, a quorum shall consist of not less than a number of Directors holding a majority of the votes held by all Directors, provided that during the RM Initial Period and the TM Initial Period a quorum shall include at least three (3) GSCP Directors (who, for the avoidance of doubt, shall not include any McJ Director or any Independent Director). All actions of the Board shall require the affirmative vote of at least a majority of the votes held by all Directors (whether or not present at the meeting). Each Director shall be entitled to one vote on each matter that comes before the Board; provided that each of Henry Cornell, John F. Daly and Christopher A.S. Crampton shall be entitled to six (6) votes on each matter that comes before the Board. From and after the date hereof, the GSCP Members shall be entitled, upon provision of written notice to the Company, to increase or decrease the number of votes held by any GSCP Director. Any action that may be taken at a meeting of the Board or any committee thereof may also be taken by written consent of Directors holding a majority of the votes held by all Directors or members of the

committee holding a majority of the votes held by all members of the committee in lieu of a meeting.

1.8. ARTICLE IV of the Agreement is hereby amended by deleting the proviso at the end of the second sentence of Section 4.1(g) and replacing it with the following:

provided that each such committee shall include, during the TM Initial Period, the TM Director and, during the RM Initial Period, at least one RM Director.

1.9. ARTICLE IV of the Agreement is hereby amended by deleting the first sentence of Section 4.1(i) and replacing it with the following:

(A) If, at any time, GSCP Institutional owns any Units, GSCP Institutional shall have such other rights as are set forth in a letter agreement entered into as of the Effective Time between the Company and GSCP Institutional (the “**GSCP Institutional Letter Agreement**”); and (B) if, at any time, GSCP Parallel owns any Units, GSCP Parallel shall have such other rights as are set forth in a letter agreement entered into as of October 31, 2007 between the Company and GSCP Parallel (the “**GSCP Parallel Letter Agreement**”).

1.10. ARTICLE IV of the Agreement is hereby amended by deleting the first sentence of Section 4.3 and replacing it with the following:

The Board shall from time to time as it deems advisable, appoint officers of the Company (the “**Officers**”) and assign such officers titles.

1.11. ARTICLE V of the Agreement is hereby amended by deleting the last sentence of Section 5.1(d) and replacing it with the following:

For purposes of this Section 5.1(d), the Company includes each Subsidiary of the Company and their respective businesses.

1.12. ARTICLE V of the Agreement is hereby amended by adding the following at the end of Section 5.2(b):

, and (iii) TM Members holding a majority of the outstanding Common Units then held by all TM Members.

1.13. ARTICLE VI of the Agreement is hereby amended to add the following after “common stock of Red Man to the Company pursuant to a contribution agreement entered into by each such Member” in the last sentence of Section 6.1:

, the TM Members have contributed ordinary shares of Transmark to the Company pursuant to a contribution agreement entered into by each such Member

1.14. ARTICLE VII of the Agreement is hereby amended to add the following after “in a manner more favorable to such Management Member” in Section 7.2(a)(ii):

and subject to Section 7.2(a)(iii) and 7.2(a)(iv),

1.15. ARTICLE IX of the Agreement is hereby amended to delete the reference to “Capital Contributions” in the last line of Section 9.1(a)(i) and replace it with the following:

Booked-Up Capital Contributions

1.16. ARTICLE IX of the Agreement is hereby amended to add the following immediately after the second sentence of Section 9.1(d):

In this regard, it is agreed that with respect to any Common Units existing immediately prior to the Transmark Closing Date, once the holders of such Common Units have received a return of their Capital Contributions out of distributions with respect to such Common Units under Section 9.1(a)(i), all additional distributions to such holders with respect to such Common Units under Section 9.1(a)(i) shall be shared between such holders and the holders of Profits Units existing immediately prior to the Transmark Closing Date, as if (x) such additional distributions were made pursuant to Section 9.1(a)(ii) and (y) the only Units outstanding were the Common Units and the Profits Units existing immediately prior to the Transmark Closing Date.

1.17. ARTICLE XI of the Agreement is hereby amended to add a new Section 11.6 (and the existing Section 11.6 (Severability) shall be renumbered Section 11.7 accordingly):

Other Rights; Continuation of Right to Indemnification. All rights to indemnification under this Article XI shall be deemed to be a contract between the Company and each Covered Person. Any repeal or modification of this Article XI or any repeal or modification of relevant provisions of the Delaware Act or any other applicable laws shall not in any way diminish any rights to indemnification of such Covered Person or the obligations of the Company arising hereunder with respect to any proceeding arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such repeal or modification.

1.18. ARTICLE XII of the Agreement is hereby amended to add “TM Member,” before each reference to “McJ Member” in the first sentence of Section 12.1.

1.19. ARTICLE XII of the Agreement is hereby amended by adding the following to the end of Section 12.9(a):

, and (z) any such amendment that would adversely impact the TM Members in a manner differently than it impacts the GSCP Members shall be subject to the prior approval of TM Members holding a majority of the Common Units then held by all TM Members, such approval not to be unreasonably withheld.

1.20. ARTICLE XII of the Agreement is hereby amended to add a new 12.10(c) as follows:



(c) Redemption by TM Members. From and after the first anniversary of a Qualified IPO, TM Members holding a majority of the outstanding Common Units then held by all TM Members will have the right to cause the Company to redeem the Common Units held by all TM Members in return for their share of the Company's assets that they would receive if the Company were to be liquidated under Article XIII on such redemption date (or use its reasonable best efforts to cause the shares of any Subsidiary to be distributed to the TM Members if the Qualified IPO is a Subsidiary IPO). The date of such redemption requested by the TM Members shall be the date determined by the Board in its reasonable discretion. Upon a redemption pursuant to this Section 12.10(c), each Member agrees that the Company may (without the consent of any Member) amend the Registration Rights Agreement and this Agreement (including amendments to allocations of income, gain or loss, to cause the TM Members to have a capital account balance immediately before the distribution equal to the value of the assets being distributed to them, as determined by the Board in its sole discretion) to reflect the transactions contemplated by this Section 12.10(c). Notwithstanding the forgoing, the Company will not be required to make any redemption pursuant to this Section 12.10(c) if the Board determines that such redemption is reasonably likely to have a material adverse tax consequence to the Company or to any Member other than the Members requesting such redemption.

1.21. ARTICLE XIV of the Agreement is hereby amended by adding the following at the end of Section 14.1:

If to the TM Members:

c/o Gerard Krans  
Belgischelplein 13  
2587 AP Den Haag  
The Netherlands  
Fax: + 31 20 404 9367

and

Neil Wagstaff  
25 Hopgrove Lane South  
York  
YO8E 9TG  
United Kingdom

and

Hugh Brown  
Langland House  
17 Park Road  
Menston  
Ilkley  
LS29 6LS  
United Kingdom

with copies to:

Holland & Knight LLP  
100 North Tampa Street, Suite 4100  
Tampa, Florida 33602  
Attention: Robert J. Grammig  
Fax: (813) 229-0134

and:

Allen & Overy LLP  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands  
Attention: Johan Kleyn  
Fax: +31 20 674 1034

and

DLA Piper UK LLP  
Princes Exchange  
Princes Square  
Leeds  
LS1 4BY  
United Kingdom  
Attention: Wendy Harrison  
Fax: 44 (0) 113 369 2499

1.22. ARTICLE XIV of the Agreement is hereby amended by deleting Section 14.12 and replacing it with the following:

14.12 Amendment and Waiver. Subject to Section 12.9 and except as otherwise expressly provided in this Agreement, any provisions of this Agreement may be amended, modified, supplemented or waived with the written approval of the Members holding a majority of the then outstanding Common Units (which majority must include the GSCP Members); provided, however, that (a) any amendment, modification, supplement or waiver of any of the provisions of Sections 3.10, 4.1 (other than 4.1(b)(ii)), 11.4, 12.1, 12.7, 14.11 or 14.12, in each case that affects the McJ Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the McJ Members will require the written approval of both of the GSCP Members and of the McJ Members holding a majority of the outstanding Units then held by all McJ Members (such approval by the McJ Members not to be unreasonably withheld or delayed), (b)(i) any amendment, modification, supplement or waiver of any of the provisions of Sections 3.10, 4.1 (other than 4.1(b)(ii)), 11.4, 12.1, 12.7, 14.11 or 14.12, in each case that affects the RM Members disproportionately vis-à-vis the GSCP Members

and results in a material adverse effect on the RM Members will require the written approval of both of the GSCP Members and of the RM Members holding a majority of the outstanding Units then held by all RM Members (such approval by the RM Members not to be unreasonably withheld or delayed), and (ii) during the RM Initial Period, any amendment, modification, supplement or waiver of Section 4.1(b)(ii) (subject to the terms thereof) to decrease the number of RM Directors on the Board will require the written approval of both of the GSCP Members and of the RM Members holding a majority of the outstanding Common Units then held by all RM Members, and (c)(i) any amendment, modification, supplement or waiver of any of the provisions of Sections 3.10, 4.1 (other than 4.1(b)(ii)), 11.4, 12.1, 12.7, 14.11 or 14.12, in each case that affects the TM Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the TM Members will require the written approval of both of the GSCP Members and of the TM Members holding a majority of the outstanding Units then held by all TM Members (such approval by the TM Members not to be unreasonably withheld or delayed), and (ii) during the TM Initial Period, any amendment, modification, supplement or waiver of Section 4.1(b)(ii) (subject to the terms thereof) to decrease the number of TM Directors on the Board will require the written approval of both of the GSCP Members and of the TM Members holding a majority of the outstanding Common Units then held by all TM Members. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

1.23. ARTICLE XV of the Agreement is hereby amended to add the following definitions:

“Independent Director” has the meaning set forth in Section 4.1(b)(ii).

“TM Director” has the meaning set forth in Section 4.1(b)(ii).

“TM Initial Period” has the meaning set forth in Section 4.1(b)(ii).

“TM Member” shall mean each of Transmark Holdings N.V., Neil Wagstaff and Hugh Brown, and shall include any Person admitted as an additional or substitute TM Member pursuant to this Agreement.

“Transmark” shall mean Transmark Fcx Group B.V.

1.24. Clause (b) of the definition of “Fair Market Value” in Article XV of the Agreement is hereby amended by adding the following before subclause (i) thereof:

or the definition of Equity Call Purchase Price,

1.25. ARTICLE XV of the Agreement is hereby amended by adding “TM Member, “ before each reference to “McJ Member” in the definition of “Permitted Transfer”.

1.26. ARTICLE XV of the Agreement is hereby amended by adding “the TM Members,” after “the GSCP Members,” in the definition of “Investor Member”.

1.27. ARTICLE XV of the Agreement is hereby amended by adding the following definition immediately after the definition of “Board”:

“Booked-Up Capital Contribution” means, the amount set forth on Schedule A under the heading “Booked-Up Capital Contribution,” which (a) for each Member holding Common Units (including Restricted Common Units) prior to the Transmark Closing Date shall reflect the value of the Common Units as of the Transmark Closing Date and (b) for each TM Member shall be such TM Member’s Capital Contribution.

1.28. ARTICLE XV of the Agreement is hereby amended by adding the following definition immediately after the definition of “Transfer”:

“Transmark Closing Date” means [*insert closing date of Contribution Agreement*]

2. **Capitalized Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Agreement (as in effect immediately prior to the effectiveness of this Amendment).

3. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the state of Delaware.

[*Signature page follows*]

IN WITNESS WHEREOF, the Company and the GSCP Members have caused this Amendment to be executed and delivered as of the date first written above.

**THE COMPANY:**

**PVF HOLDINGS LLC**

By: /s/ Stephen W. Lake  
Name: Stephen W. Lake  
Title: Executive Vice President, General Counsel and  
Corporate Secretary

**GSCP MEMBERS:**

**GS Capital Partners V Fund, L.P.**

By: GSCP V Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

**GS Capital Partners V Offshore Fund, L.P.**

By: GSCP V Offshore Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

**GS Capital Partners V Institutional, L.P.**

By: GS Advisors V, L.L.C.,  
its general partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

**GS Capital Partners V GmbH & Co. KG**

By: GS Advisors V, L.L.C.,  
its managing limited partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

*[Signature Page to Amendment No. 2 to the LLC Agreement]*

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**GS Capital Partners VI Fund, L.P.**

By: GSCP VI Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

**GS Capital Partners VI Offshore Fund, L.P.**

By: GSCP VI Offshore Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

**GS Capital Partners VI Parallel, L.P.**

By: GS Advisors VI, L.L.C.,  
its general partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

**GS Capital Partners VI GmbH & Co. KG**

By: GS Advisors VI, L.L.C.,  
its managing limited partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

*[Signature Page to Amendment No. 2 to the LLC Agreement]*

**AMENDED AND RESTATED**  
**REGISTRATION RIGHTS AGREEMENT**

by and among

the Persons listed on Schedule A hereto under the heading GSCP MEMBERS,

the Persons listed on Schedule A hereto under the heading MCJ MEMBERS,

the Persons listed on Schedule A hereto under the heading RM MEMBERS,

and

PVF HOLDINGS LLC

Dated as of October 31, 2007

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This AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT is made as of October 31, 2007, by and among PVF Holdings LLC, a Delaware limited liability company ("PVF Holding" or the "Company") (f/k/a McJ Holding LLC), the Persons listed on Schedule A hereto under the heading GSCP Members (the "GSCP Members"), the Persons listed on Schedule A hereto under the heading McJ Members (the "McJ Members") and the Persons listed on Schedule A hereto under the heading RM Members (the "RM Members") and the Persons listed from time to time as a "Holder" on Schedule A hereto.

W I T N E S S E T H:

WHEREAS, on December 4, 2006, McJunkin Red Man Corporation, a West Virginia corporation ("MRM") (f/k/a McJunkin Corporation), McJunkin Red Man Holding Corporation (f/k/a McJ Holding Corporation), a Delaware corporation and a wholly-owned subsidiary of PVF Holding ("Parent") (f/k/a McJ Holding Corporation), and Hg Acquisition Corp., a West Virginia corporation and a wholly-owned subsidiary of Parent ("Merger Sub"), entered into an Agreement and Plan of Merger pursuant to which, on January 31, 2007, Merger Sub merged with and into MRM with MRM surviving the merger (as amended from time to time, the "Merger Agreement").

WHEREAS the GSCP Members and the McJ Members entered into a limited liability company operating agreement with respect to their interests in PVF Holding, on December 4, 2006 (the "Original LLC Agreement");

WHEREAS, in connection with entering into the Original LLC Agreement, PVF Holding agreed to provide the GSCP Members and the McJ Members the registration rights set forth in a registration rights agreement dated December 4, 2006 (the "Original Agreement");

WHEREAS, on July 6, 2007, Red Man Pipe & Supply Co., an Oklahoma corporation ("Red Man"), West Oklahoma PVF Company ("West Oklahoma") (a newly formed wholly owned subsidiary of MRM), the Company (for purposes of Sections 2.3(c) and 10.4 thereof only) and the holders of 100% of the outstanding shares of common stock of Red Man ("Red Man Shares") executed a stock purchase agreement (the "RM Purchase Agreement") pursuant to which, on the date hereof, West Oklahoma acquired all of the Red Man Shares for cash (other than shares of Red Man acquired by the Company in exchange for common units of the Company) (the "Red Man Transaction");

WHEREAS, pursuant to a Certificate of Amendment to the Certificate of Formation filed with the Secretary of State of the State of Delaware on the date hereof, the name of the Company was changed from "McJ Holding LLC" to "PVF Holdings LLC";

WHEREAS on the date hereof the appropriate parties have amended and restated the terms of the Original LLC Agreement (the "LLC Agreement");

WHEREAS, in connection with entering into the Red Man Transaction and amending and restating the LLC Agreement, PVF Holding and GS Capital Partners V Fund, L.P. agreed to add the RM Members to this Agreement as "Holders", with the same rights and obligations as the McJ Members hereunder; and

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WHEREAS the amendments to the Original Agreement as reflected in this agreement were approved in accordance with Section 4.4 of the Original Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto hereby agree as follows:

1. Certain Definitions. As used herein, the following terms shall have the following meanings:

“Additional Piggyback Rights” has the meaning set forth in Section 2.2(b).

“Affiliate” means, with respect to any Person, any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise; provided, however, that, for purposes hereof, neither the Company nor any Person controlled by the Company shall be deemed to be an Affiliate of any Holder.

“Agreement” means this Registration Rights Agreement, as this agreement may be amended, modified, supplemented or restated from time to time after the date hereof.

“automatic shelf registration statement” has the meaning set forth in Section 2.4.

“Board” means the Board of Directors of the Company.

“Business Day” shall mean any day ending at 11:59 p.m. (Eastern Time) other than a Saturday or Sunday or a day on which banks are required or authorized to close in the City of New York.

“Claims” has the meaning set forth in Section 2.9(a).

“Common Equity” means the common equity securities of the Company and any and all securities of any kind whatsoever of the Company which may be issued after the date hereof in respect of, or in exchange for, such shares of common stock of the Company pursuant to a merger, consolidation, stock split, stock dividend or recapitalization of the Company or otherwise.

“Common Equity Equivalents” means all options, warrants and other securities convertible into, or exchangeable or exercisable for (at any time or upon the occurrence of any event or contingency and without regard to any vesting or other conditions to which such securities may be subject) shares of Common Equity or other equity securities of the Company (including, without limitation, any note or debt security convertible into or exchangeable for Common Equity or other equity securities of the Company).

“Company” means PVF Holding, any Subsidiary of PVF Holding and any successor to PVF Holding or any Subsidiary of PVF Holding.

“Demand Exercise Notice” has the meaning set forth in Section 2.1(a)(i).

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“Demand Registration” has the meaning set forth in Section 2.1(a)(i).

“Demand Registration Request” has the meaning set forth in Section 2.1(a)(i).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Expenses” means any and all fees and expenses incident to the Company’s performance of or compliance with Article 2, including, without limitation: ( i) SEC, stock exchange or NASD registration and filing fees and all listing fees and fees with respect to the inclusion of securities on the New York Stock Exchange or on any other securities market on which the Common Equity is listed or quoted, ( ii) fees and expenses of compliance with state securities or “blue sky” laws and in connection with the preparation of a “blue sky” survey, including, without limitation, reasonable fees and expenses of outside “blue sky” counsel, (iii) printing and copying expenses, (iv) messenger and delivery expenses, (v) expenses incurred in connection with any road show, (vi) fees and disbursements of counsel for the Company, (vii) with respect to each registration, the fees and disbursements of one counsel for the Participating Holder(s) (selected by the Majority Participating Holders), ( viii) fees and disbursements of all independent public accountants (including the expenses of any audit and/or “cold comfort” letter and updates thereof) and fees and expenses of other Persons, including special experts, retained by the Company, ( ix) fees and expenses payable to a Qualified Independent Underwriter, ( x) any other fees and disbursements of underwriters, if any, customarily paid by issuers or sellers of securities and (xi) expenses for securities law liability insurance and, if any, rating agency fees.

“GSCP Members” has the meaning set forth in the preamble.

“Holder” or “Holders” means the GSCP Members, the McJ Members, the RM Members, any Person who is a party to this Agreement or any transferee of Registrable Securities to whom any Person who is a party to this Agreement shall assign or transfer any rights hereunder, provided that such transferee has agreed in writing to be bound by this Agreement in respect of such Registrable Securities.

“Initiating Holder(s)” has the meaning set forth in Section 2.1(a)(i).

“IPO” means the first underwritten public offering of the common stock of the Company to the general public pursuant to a registration statement filed with the SEC.

“Litigation” means any action, proceeding or investigation in any court or before any governmental authority.

“LLC Agreement” has the meaning set forth in the recitals.

“Majority Participating Holders” means Participating Holders holding more than 50% of the Registrable Securities proposed to be included in any offering of Registrable Securities by such Participating Holders pursuant to Section 2.1 or Section 2.2.

“Manager” has the meaning set forth in Section 2.1(c).

“McJ Members” means the McJ Members and any other subsequent Holder who

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becomes an McJ Member pursuant to the terms of this Agreement and the LLC Agreement.

“Merger Agreement” has the meaning set forth in the recitals.

“Merger Sub” has the meaning set forth in the recitals.

“MRM” has the meaning set forth in the recitals.

“NASD” means the National Association of Securities Dealers, Inc.

“Original Agreement” has the meaning set forth in the recitals.

“Original LLC Agreement” has the meaning set forth in the recitals.

“Parent” has the meaning set forth in the recitals.

“Participating Holders” means all Holders of Registrable Securities which are proposed to be included in any offering of Registrable Securities pursuant to Section 2.1 or Section 2.2.

“Partner Distribution” has the meaning set forth in Section 2.1(a)(iii).

“Person” means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, governmental entity or agency or other entity of any kind or nature.

“Piggyback Shares” has the meaning set forth in Section 2.3(a)(iii).

“Postponement Period” has the meaning set forth in Section 2.1(b).

“PVF Holding” has the meaning set forth in the preamble.

“Qualified Independent Underwriter” means a “qualified independent underwriter” within the meaning of NASD Conduct Rule 2720.

“Red Man” has the meaning set forth in the Recitals.

“Red Man Shares” has the meaning set forth in the Recitals.

“Red Man Transaction” has the meaning set forth in the Recitals.

“Registrable Securities” means (a) any shares of Common Equity held by the Holders at any time (including those held as a result of the conversion or exercise of Common Equity Equivalents) and (b) any shares of Common Equity issued or issuable, directly or indirectly in exchange for or with respect to the Common Equity referenced in clause (a) above by way of stock dividend, stock split or combination of shares or in connection with a reclassification, recapitalization, merger, share exchange, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed of in accordance

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with such registration statement, or (B) such securities shall have been sold (other than in a privately negotiated sale) in compliance with the requirements of Rule 144 under the Securities Act, as such Rule 144 may be amended (or any successor provision thereto).

“RM Members” means the RM Members, and any other subsequent Holder who becomes an RM Member pursuant to the terms of this Agreement and the LLC Agreement.

“RM Purchase Agreement” has the meaning set forth in the Recitals.

“Rule 144” and “Rule 144A” have the meaning set forth in Section 4.2.

“SEC” means the Securities and Exchange Commission.

“Section 2.3(a) Sale Number” has the meaning set forth in Section 2.3(a).

“Section 2.3(b) Sale Number” has the meaning set forth in Section 2.3(b).

“Section 2.3(c) Sale Number” has the meaning set forth in Section 2.3(c).

“Securities Act” means the Securities Act of 1933, as amended.

“Subsidiary” means any direct or indirect subsidiary of PVF Holding on the date hereof and any direct or indirect subsidiary of the Company organized or acquired after the date hereof

“Valid Business Reason” has the meaning set forth in Section 2.1(b).

“West Oklahoma” has the meaning set forth in the Recitals.

“WKSJ” has the meaning set forth in Section 2.4.

## 2. Registration Rights.

### 2.1. Demand Registrations.

(a) (i) Subject to Sections 2.1(b) and 2.3, at any time and from time to time after the closing of the IPO, any GSCP Member shall have the right to require the Company to file one or more registration statements under the Securities Act covering all or any part of its and its Affiliates Registrable Securities by delivering a written request therefor to the Company specifying the number of Registrable Securities to be included in such registration and the intended method of distribution thereof. Any such request by any GSCP Member pursuant to this Section 2.1(a)(i) is referred to herein as a “Demand Registration Request,” and the registration so requested is referred to herein as a “Demand Registration” (with respect to any Demand Registration, the GSCP Member(s) making such demand for registration being referred to as the “Initiating Holder(s)”). As promptly as practicable, but no later than five (5) Business Days after receipt of a Demand Registration Request, the Company shall give written notice (the “Demand Exercise Notice”) of such Demand Registration Request to all Holders of record of Registrable Securities.

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(ii) The Company, subject to Sections 2.3 and 2.6, shall include in a Demand Registration ( x ) the Registrable Securities of the Initiating Holders and ( y ) the Registrable Securities of any other Holder of Registrable Securities, which shall have made a written request to the Company for inclusion in such registration pursuant to Section 2.2 (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Participating Holder) within thirty (30) days after the receipt of the Demand Exercise Notice (or fifteen (15) days if, at the request of the Initiating Holders, the Company states in such written notice or gives telephonic notice to all Holders, with written confirmation to follow promptly thereafter, that such registration will be on a Form S-3).

(iii) The Company shall, as expeditiously as possible, but subject to Section 2.1(b), use its reasonable best efforts to ( x ) effect such registration under the Securities Act (including, without limitation, by means of a shelf registration pursuant to Rule 415 under the Securities Act if so requested and if the Company is then eligible to use such a registration) of the Registrable Securities which the Company has been so requested to register, for distribution in accordance with such intended method of distribution, including a distribution to, and resale by, the members or partners of a Holder (a “ Partner Distribution”) and ( y ) if requested by the GSCP Members, obtain acceleration of the effective date of the registration statement relating to such registration.

(iv) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder seeking to effect a Partner Distribution, file any prospectus supplement or post-effective amendments and to otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by such Holder if such disclosure or language was not included in the initial registration statement, or revise such disclosure or language if deemed necessary or advisable by such Holder, to effect such Partner Distribution.

(b) Notwithstanding anything to the contrary in Section 2.1(a), the Demand Registration rights granted in Section 2.1(a) are subject to the following limitations: ( i ) the Company shall not be required to cause a registration pursuant to Section 2.1(a)(i) to be declared effective within a period of one hundred and eighty (180) days after the effective date of any other registration statement of the Company filed pursuant to the Securities Act; ( ii ) the Company shall not be required to effect more than five (5) Demand Registrations for the GSCP Members (it being understood that if a single Demand Registration Request is delivered by more than one GSCP Member, the registration requested by such Demand Registration Request shall constitute only one Demand Registration); and ( iii ) if the Board, in its good faith judgment, determines that any registration of Registrable Securities should not be made or continued because it would materially interfere with any material financing, acquisition, corporate reorganization or merger or other transaction or event involving the Company or any of its subsidiaries (a “ Valid Business Reason”), then ( x ) the Company may postpone filing a registration statement relating to a Demand Registration Request until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than three (3) months after the date the Board determines a Valid Business Reason exists and ( y ) in case a registration statement has been filed relating to a Demand Registration Request, if the Valid Business Reason has not resulted from actions taken by the Company, the Company may cause such registration statement to be withdrawn and its effectiveness terminated or may postpone amending or

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supplementing such registration statement until five (5) Business Days after such Valid Business Reason no longer exists, but in no event for more than three (3) months after the date the Board determines a Valid Business Reason exists (such period of postponement or withdrawal under this clause (iii), the “Postponement Period”); and the Company shall give written notice of its determination to postpone or withdraw a registration statement and of the fact that the Valid Business Reason for such postponement or withdrawal no longer exists, in each case, promptly after the occurrence thereof; provided, however, the Company shall not be permitted to postpone or withdraw a registration statement after the expiration of any Postponement Period until nine (9) months after the expiration of such Postponement Period.

If the Company shall give any notice of postponement or withdrawal of any registration statement pursuant to clause (iii) above, the Company shall not, during the period of postponement or withdrawal, register any Common Equity, other than pursuant to a registration statement on Form S-4 or S-8 (or an equivalent registration form then in effect). Each Holder of Registrable Securities agrees that, upon receipt of any notice from the Company that the Company has determined to withdraw any registration statement pursuant to clause (iii) above, such Holder will discontinue its disposition of Registrable Securities pursuant to such registration statement and, if so directed by the Company, will deliver to the Company (at the Company’s expense) all copies, other than permanent file copies, then in such Holder’s possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. If the Company shall have withdrawn or prematurely terminated a registration statement filed under Section 2.1(a)(i) (whether pursuant to clause (iii) above or as a result of any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court), the Company shall not be considered to have effected an effective registration for the purposes of this Agreement until the Company shall have filed a new registration statement covering the Registrable Securities covered by the withdrawn registration statement and such registration statement shall have been declared effective and shall not have been withdrawn. If the Company shall give any notice of withdrawal or postponement of a registration statement, the Company shall, not later than five (5) Business Days after the Valid Business Reason that caused such withdrawal or postponement no longer exists (but in no event later than three (3) months after the date of the postponement or withdrawal), use its reasonable best efforts to effect the registration under the Securities Act of the Registrable Securities covered by the withdrawn or postponed registration statement in accordance with this Section 2.1 (unless the Initiating Holders shall have withdrawn such request, in which case the Company shall not be considered to have effected an effective registration for the purposes of this Agreement), and such registration shall not be withdrawn or postponed pursuant to clause (iii) of Section 2.1(b) above.

(c) In connection with any Demand Registration, the Company shall have the right to designate the lead managing underwriter (any lead managing underwriter for the purposes of this Agreement, the “Manager”) in connection with such registration and each other managing underwriter for such registration; provided that in each case, each such underwriter is reasonably satisfactory to the GSCP Members.

## 2.2. Piggyback Registrations.

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(a) If, at any time after the IPO, the Company proposes or is required (pursuant to Section 2.1 or otherwise) to register any of its equity securities under the Securities Act (other than pursuant to registrations on Form S-4 or Form S-8 or any similar successor forms thereto), the Company shall give prompt written notice (in any event within five (5) Business Days after receipt of notice of any exercise of demand registration rights by any Person) of its intention to do so to each of the Holders of record of Registrable Securities. Upon the written request of any such Holder, made within twenty (20) days following the receipt of any such written notice (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), the Company shall, subject to Sections 2.2(c), 2.3 and 2.6 hereof, use its reasonable best efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be registered under the Securities Act with the securities which the Company at the time proposes to register to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered, including, if necessary, by filing with the SEC a post-effective amendment or a supplement to the registration statement filed by the Company or the prospectus related thereto pursuant to a Form 8-K. There is no limitation on the number of such piggyback registrations pursuant to the preceding sentence which the Company is obligated to effect. No registration of Registrable Securities effected under this Section 2.2(a) shall relieve the Company of its obligations to effect Demand Registrations under Section 2.1 hereof.

(b) The Company, subject to Sections 2.3 and 2.6, may elect to include in any registration statement and offering pursuant to demand registration rights by any Person, (i) authorized but unissued shares of Common Equity or shares of Common Equity held by the Company as treasury shares and (ii) any other shares of Common Equity which are requested to be included in such registration pursuant to the exercise of piggyback registration rights granted by the Company after the date hereof and which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement (“Additional Piggyback Rights”); provided, however, that such inclusion shall be permitted only to the extent that it is pursuant to, and subject to, the terms of the underwriting agreement or arrangements, if any, entered into by the Initiating Holders.

(c) If, at any time after giving written notice of its intention to register any equity securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such equity securities, the Company may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 2.1, and (ii) in the case of a determination to delay such registration of its equity securities, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities.

(d) Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 2.2 by giving written notice to the Company of its request to withdraw; provided, however, that (i) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the

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execution of the custody agreement with respect to such registration and ( ii ) such withdrawal shall be irrevocable and, after making such withdrawal, a Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

(e) Notwithstanding anything contained herein to the contrary, the Company shall, at the request of any Holder (including to effect a Partner Distribution), file any prospectus supplement or post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by such Holder if such disclosure or language was not included in the initial registration statement, or revise such disclosure or language if deemed necessary or advisable by such Holder.

### 2.3. Allocation of Securities Included in Registration Statement.

(a) If any requested registration made pursuant to Section 2.1 involves an underwritten offering and the Manager of such offering shall advise the Company that, in its view, the number of securities requested to be included in such registration by the Holders of Registrable Securities, the Company or any other Persons exercising Additional Piggyback Rights exceeds the largest number (the “Section 2.3(a) Sale Number”) that can be sold in an orderly manner in such registration within a price range acceptable to the Majority Participating Holders, the Company shall use its reasonable best efforts to include in such registration:

(i) first, all Registrable Securities requested to be included in such registration by the Holders thereof (including pursuant to the exercise of piggyback rights pursuant the Section 2.2); provided, however, that if the number of such Registrable Securities exceeds the Section 2.3(a) Sale Number, the number of such Registrable Securities (not to exceed the Section 2.3(a) Sale Number) to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration, based on the number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the number of Registrable Securities owned by all Holders requesting inclusion;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, any securities that the Company proposes to register, up to the Section 2.3(a) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(a) is less than the Section 2.3(a) Sale Number, the remaining Registrable Securities to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights (“Piggyback Shares”), based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(a) Sale Number.

Notwithstanding anything in this Section 2.3(a) to the contrary, no employee shareholder of the Company will be entitled to include Registrable Securities in a registration requested by the GSCP Members pursuant to Section 2.1 to the extent the Manager of such

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offering shall determine in good faith that the participation of such employee shareholder would adversely affect the marketability of the securities being sold by the Initiating Holder(s) in such registration.

(b) If any registration made pursuant to Section 2.2 involves an underwritten primary offering on behalf of the Company after the date hereof and the Manager (as selected by the Company) shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the “Section 2.3(b) Sale Number”) that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, all equity securities that the Company proposes to register for its own account;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such registration shall be allocated on a pro rata basis among all Holders requesting that Registrable Securities be included in such registration pursuant to the exercise of piggyback rights pursuant to Section 2.2, based on the aggregate number of Registrable Securities then owned by each such Holder requesting inclusion in relation to the aggregate number of Registrable Securities owned by all Holders requesting inclusion, up to the Section 2.3(b) Sale Number; and

(iii) third, to the extent that the number of Registrable Securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(b) is less than the Section 2.3(b) Sale Number, the remaining Registrable Securities to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(b) Sale Number.

(c) If any registration pursuant to Section 2.2 involves an underwritten offering that was initially requested by any Person(s) other than a Holder to whom the Company has granted registration rights which are not inconsistent with the rights granted in, or otherwise conflict with the terms of, this Agreement and the Manager (as selected by the Company or such other Person) shall advise the Company that, in its view, the number of securities requested to be included in such registration exceeds the number (the “Section 2.3(c) Sale Number”) that can be sold in an orderly manner in such registration within a price range acceptable to the Company, the Company shall include in such registration:

(i) first, the shares requested to be included in such registration shall be allocated on a pro rata basis among such Person(s) requesting the registration and all Holders requesting that Registrable Securities be included in such registration pursuant to the exercise of piggyback rights pursuant to Section 2.2, based on the aggregate number of securities or Registrable Securities, as applicable, then owned by each of the foregoing requesting inclusion in

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relation to the aggregate number of securities or Registrable Securities, as applicable, owned by all such Holders and Persons requesting inclusion, up to the Section 2.3(c) Sale Number;

(ii) second, to the extent that the number of Registrable Securities to be included pursuant to clause (i) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated on a pro rata basis among all Persons requesting that securities be included in such registration pursuant to the exercise of Additional Piggyback Rights, based on the aggregate number of Piggyback Shares then owned by each Person requesting inclusion in relation to the aggregate number of Piggyback Shares owned by all Persons requesting inclusion, up to the Section 2.3(c) Sale Number; and

(iii) third, to the extent that the number of securities to be included pursuant to clauses (i) and (ii) of this Section 2.3(c) is less than the Section 2.3(c) Sale Number, the remaining shares to be included in such registration shall be allocated to shares the Company proposes to register for its own account, up to the Section 2.3(c) Sale Number.

(d) If, as a result of the proration provisions set forth in clauses (a), (b) or (c) of this Section 2.3, any Holder shall not be entitled to include all Registrable Securities in a registration that such Holder has requested be included, such Holder may elect to withdraw such Holder's request to include Registrable Securities in such registration or may reduce the number requested to be included; provided, however, that ( x ) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and ( y ) such withdrawal or reduction shall be irrevocable and, after making such withdrawal or reduction, such Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal or reduction was made to the extent of the Registrable Securities so withdrawn or reduced.

2.4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to use its reasonable best efforts to effect or cause the registration of any Registrable Securities under the Securities Act as provided in this Agreement, the Company shall, as expeditiously as possible (but, in any event, within sixty (60) days after a Demand Registration Request in the case of Section 2.4(a) below):

(a) prepare and file with the SEC a registration statement on an appropriate registration form of the SEC for the disposition of such Registrable Securities in accordance with the intended method of disposition thereof (including, without limitation, a Partner Distribution), which registration form ( i ) shall be selected by the Company and ( ii ) shall, in the case of a shelf registration, be available for the sale of the Registrable Securities by the selling Holders thereof and such registration statement shall comply as to form in all material respects with the requirements of the applicable registration form and include all financial statements required by the SEC to be filed therewith, and the Company shall use its reasonable best efforts to cause such registration statement to become effective and remain continuously effective for such period as any Participating Holder pursuant to such registration statement shall request ( provided, however, that before filing a registration statement or prospectus or any amendments or supplements thereto, or comparable statements under securities or state "blue sky" laws of any jurisdiction, or any free writing prospectus related thereto, the Company will furnish to one

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counsel for the Holders participating in the planned offering (selected by the Majority Participating Holders) and to one counsel for the Manager, if any, copies of all such documents proposed to be filed (including all exhibits thereto), which documents will be subject to the reasonable review and reasonable comment of such counsel, and the Company shall not file any registration statement or amendment thereto, any prospectus or supplement thereto or any free writing prospectus related thereto to which the Majority Participating Holders or the underwriters, if any, shall reasonably object);

(b) (i) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement continuously effective for such period as any Participating Holder pursuant to such registration statement shall request and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all Registrable Securities covered by such registration statement in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement and ( ii) provide notice to such sellers of Registrable Securities and the Manager, if any, of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate;

(c) furnish, without charge, to each Participating Holder and each underwriter, if any, of the securities covered by such registration statement such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, each free writing prospectus utilized in connection therewith, in each case, in conformity with the requirements of the Securities Act, and other documents, as such seller and underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable law of each such registration statement (or amendment or post-effective amendment thereto) and each such prospectus (or preliminary prospectus or supplement thereto) or free writing prospectus by each such Participating Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(d) use its reasonable best efforts to register or qualify the Registrable Securities covered by such registration statement under such other securities or state "blue sky" laws of such jurisdictions as any sellers of Registrable Securities or any managing underwriter, if any, shall reasonably request in writing, and do any and all other acts and things which may be reasonably necessary or advisable to enable such sellers or underwriter, if any, to consummate the disposition of the Registrable Securities in such jurisdictions (including keeping such registration or qualification in effect for so long as such registration statement remains in effect), except that in no event shall the Company be required to qualify to do business as a foreign corporation in any jurisdiction where it would not, but for the requirements of this paragraph (d), be required to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(e) promptly notify each Participating Holder and each managing underwriter, if any: ( i) when the registration statement, any pre-effective amendment, the prospectus or any

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prospectus supplement related thereto, any post-effective amendment to the registration statement or any free writing prospectus has been filed and, with respect to the registration statement or any post-effective amendment, when the same has become effective; ( ii ) of any request by the SEC or state securities authority for amendments or supplements to the registration statement or the prospectus related thereto or for additional information; ( iii ) of the issuance by the SEC of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings for that purpose; ( iv ) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or state “blue sky” laws of any jurisdiction or the initiation of any proceeding for such purpose; ( v ) of the existence of any fact of which the Company becomes aware which results in the registration statement or any amendment thereto, the prospectus related thereto or any supplement thereto, any document incorporated therein by reference, any free writing prospectus or the information conveyed to any purchaser at the time of sale to such purchaser containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading; and ( vi ) if at any time the representations and warranties contemplated by any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct in all material respects; and, if the notification relates to an event described in clause (v), the Company shall promptly prepare and furnish to each such seller and each underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein in the light of the circumstances under which they were made not misleading;

(f) comply (and continue to comply) with all applicable rules and regulations of the SEC (including, without limitation, maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within forty-five (45) days, or ninety (90) days if it is a fiscal year, after the end of such twelve month period described hereafter), an earnings statement (which need not be audited) covering the period of at least twelve (12) consecutive months beginning with the first day of the Company’s first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(g) (i) ( A ) cause all such Registrable Securities covered by such registration statement to be listed on the principal securities exchange on which similar securities issued by the Company are then listed (if any), if the listing of such Registrable Securities is then permitted under the rules of such exchange, or ( B ) if no similar securities are then so listed, to either cause all such Registrable Securities to be listed on a national securities exchange or to secure designation of all such Registrable Securities as a Nasdaq National Market “national market system security” within the meaning of Rule 11Aa2-1 of the Exchange Act or, failing that, secure Nasdaq National Market authorization for such shares and, without limiting the generality of the foregoing, take all actions that may be required by the Company as the issuer of such Registrable Securities in order to facilitate the managing underwriter’s arranging for the

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registration of at least two market makers as such with respect to such shares with the NASD, and ( ii ) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(h) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(i) enter into such customary agreements (including, if applicable, an underwriting agreement) and take such other actions as the Majority Participating Holders or the underwriters shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (it being understood that the Holders of the Registrable Securities which are to be distributed by any underwriters shall be parties to any such underwriting agreement and may, at their option, require that the Company make to and for the benefit of such Holders the representations, warranties and covenants of the Company which are being made to and for the benefit of such underwriters);

(j) use its reasonable best efforts ( i ) to obtain an opinion from the Company's counsel and a "cold comfort" letter and updates thereof from the Company's independent public accountants who have certified the Company's financial statements included or incorporated by reference in such registration statement, in each case, in customary form and covering such matters as are customarily covered by such opinions and "cold comfort" letters (including, in the case of such "cold comfort" letter, events subsequent to the date of such financial statements) delivered to underwriters in underwritten public offerings, which opinion and letter shall be dated the dates such opinions and "cold comfort" letters are customarily dated and otherwise reasonably satisfactory to the underwriters, if any, and to the Majority Participating Holders, and ( ii ) furnish to each Holder participating in the offering and to each underwriter, if any, a copy of such opinion and letter addressed to such Holder or underwriter;

(k) deliver promptly to counsel for each Participating Holder and to each managing underwriter, if any, copies of all correspondence between the SEC and the Company, its counsel or auditors and all memoranda relating to discussions with the SEC or its staff with respect to the registration statement, and, upon receipt of such confidentiality agreements as the Company may reasonably request, make reasonably available for inspection by counsel for each Participating Holder, by counsel for any underwriter, participating in any disposition to be effected pursuant to such registration statement and by any accountant or other agent retained by any Participating Holder or any such underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such counsel for a Participating Holder, counsel for an underwriter, accountant or agent in connection with such registration statement;

(l) use its reasonable best efforts to obtain the prompt withdrawal of any order suspending the effectiveness of the registration statement, or the prompt lifting of any suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction;

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(m) provide a CUSIP number for all Registrable Securities, not later than the effective date of the registration statement;

(n) use its reasonable best efforts to make available its employees and personnel for participation in “road shows” and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the needs of the Company’s businesses and the requirements of the marketing process) in marketing the Registrable Securities in any underwritten offering;

(o) prior to the filing of any document which is to be incorporated by reference into the registration statement or the prospectus (after the initial filing of such registration statement), and prior to the filing of any free writing prospectus, provide copies of such document to counsel for each Participating Holder and to each managing underwriter, if any, and make the Company’s representatives reasonably available for discussion of such document and make such changes in such document concerning the Participating Holders prior to the filing thereof as counsel for the Participating Holders or underwriters may reasonably request;

(p) furnish to counsel for each Participating Holder and to each managing underwriter, without charge, at least one signed copy of the registration statement and any post-effective amendments or supplements thereto, including financial statements and schedules, all documents incorporated therein by reference, the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus), any other prospectus filed under Rule 424 under the Securities Act and all exhibits (including those incorporated by reference) and any free writing prospectus utilized in connection therewith;

(q) cooperate with the Participating Holders and the managing underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Securities to be sold, and cause such Registrable Securities to be issued in such denominations and registered in such names in accordance with the underwriting agreement at least three (3) Business Days prior to any sale of Registrable Securities to the underwriters or, if not an underwritten offering, in accordance with the instructions of the Participating Holders at least three (3) Business Days prior to any sale of Registrable Securities and instruct any transfer agent and registrar of Registrable Securities to release any stop transfer orders in respect thereof;

(r) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will take such action as is necessary and feasible to make any such prohibition inapplicable;

(s) use its reasonable best efforts to cause the Registrable Securities covered by the applicable registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the Participating Holders or the underwriters, if any, to consummate the disposition of such Registrable Securities;

(t) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities;

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(u) take all reasonable action to ensure that any free writing prospectus utilized in connection with any registration covered by Section 2.1 or 2.2 complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(v) in connection with any underwritten offering, if at any time the information conveyed to a purchaser at the time of sale includes any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, promptly file with the SEC such amendments or supplements to such information as may be necessary so that the statements as so amended or supplemented will not, in light of the circumstances, be misleading.

To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) (a “WKSI”) at the time any Demand Registration Request is submitted to the Company, and such Demand Registration Request requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an “automatic shelf registration statement”) on Form S-3, the Company shall file an automatic shelf registration statement which covers those Registrable Securities which are requested to be registered. The Company shall use its commercially reasonable best efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such automatic shelf registration statement is required to remain effective. If the Company does not pay the filing fee covering the Registrable Securities at the time the automatic shelf registration statement is filed, the Company agrees to pay such fee at such time or times as the Registrable Securities are to be sold. If the automatic shelf registration statement has been outstanding for at least three (3) years, at the end of the third year the Company shall refile a new automatic shelf registration statement covering the Registrable Securities. If at any time when the Company is required to re-evaluate its WKSI status the Company determines that it is not a WKSI, the Company shall use its commercially reasonable best efforts to refile the shelf registration statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

The Company may require as a condition precedent to the Company’s obligations under this Section 2.4 that each Participating Holder as to which any registration is being effected furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request provided that such

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information is necessary for the Company to consummate such registration and shall be used only in connection with such registration.

Each Holder of Registrable Securities agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clause (v) of paragraph (e) of this Section 2.4, such Holder will discontinue such Holder's disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the prospectus covering such Registrable Securities that was in effect at the time of receipt of such notice. In the event the Company shall give any such notice, the applicable period mentioned in paragraph (b) of this Section 2.4 shall be extended by the number of days during such period from and including the date of the giving of such notice to and including the date when each Participating Holder covered by such registration statement shall have received the copies of the supplemented or amended prospectus contemplated by paragraph (e) of this Section 2.4.

If any such registration statement or comparable statement under state "blue sky" laws refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance satisfactory to such Holder and the Company, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not in the judgment of the Company, as advised by counsel, required by the Securities Act or any similar federal statute or any state "blue sky" or securities law then in force, the deletion of the reference to such Holder.

#### 2.5. Registration Expenses.

(a) The Company shall pay all Expenses with respect to any registration of Registrable Securities pursuant to Article 2, whether or not a registration statement becomes effective.

(b) Notwithstanding the foregoing, (x) the provisions of this Section 2.5 shall be deemed amended to the extent necessary to cause these expense provisions to comply with state "blue sky" laws of each state in which the offering is made and (y) in connection with any registration hereunder, each Participating Holder shall pay all underwriting discounts and commissions and any transfer taxes, if any, attributable to the sale of such Registrable Securities, pro rata with respect to payments of discounts and commissions in accordance with the number of shares sold in the offering by such Participating Holder.

2.6. Certain Limitations on Registration Rights. In the case of any registration under Section 2.1 pursuant to an underwritten offering, or, in the case of a registration under Section 2.2, if the Company has determined to enter into an underwriting agreement in connection

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therewith, all securities to be included in such registration shall be subject to such underwriting agreement and no Person may participate in such registration unless such Person (i) agrees to sell such Person's securities on the basis provided therein and completes and executes all reasonable questionnaires, and other documents (including custody agreements and powers of attorney) which must be executed in connection therewith; provided, however, that all such documents shall be consistent with the provisions hereof and (ii) provides such other information to the Company or the underwriter as may be necessary to register such Person's securities.

#### 2.7. Limitations on Sale or Distribution of Other Securities.

(a) Each Holder agrees, (i) to the extent requested in writing by a managing underwriter, if any, of any registration effected pursuant to Section 2.1, not to sell, transfer or otherwise dispose of, including any sale pursuant to Rule 144 under the Securities Act, any Common Equity, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, not to exceed ninety (90) days or such shorter period as the Company or any executive officer or director of the Company shall agree to (and the Company hereby also so agrees (except that the Company may effect any sale or distribution of any such securities pursuant to a registration on Form S-4 (if reasonably acceptable to such managing underwriter) or Form S-8, or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Common Equity Equivalent), to use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering so to agree), and (ii) to the extent requested in writing by a managing underwriter of any underwritten public offering effected by the Company for its own account, not to sell any Common Equity (other than as part of such underwritten public offering) during the time period reasonably requested by the managing underwriter, which period shall not exceed ninety (90) days or such shorter period as the Company or any executive officer or director of the Company shall agree to.

(b) The Company hereby agrees that, if it shall previously have received a request for registration pursuant to Section 2.1 or 2.2, and if such previous registration shall not have been withdrawn or abandoned, the Company shall not sell, transfer, or otherwise dispose of, any Common Equity, or any other equity security of the Company or any security convertible into or exchangeable or exercisable for any equity security of the Company (other than as part of such underwritten public offering, a registration on Form S-4 or Form S-8 or any successor or similar form which is (x) then in effect or (y) shall become effective upon the conversion, exchange or exercise of any then outstanding Common Equity Equivalent), until a period of ninety (90) days shall have elapsed from the effective date of such previous registration; and the Company shall (i) so provide in any registration rights agreements hereafter entered into with respect to any of its securities and (ii) use its reasonable best efforts to cause each holder of any equity security or any security convertible into or exchangeable or exercisable for any equity security of the Company purchased from the Company at any time other than in a public offering to so agree.

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2.8. No Required Sale. Nothing in this Agreement shall be deemed to create an independent obligation on the part of any Holder to sell any Registrable Securities pursuant to any effective registration statement.

2.9. Indemnification.

(a) In the event of any registration of any securities of the Company under the Securities Act pursuant to this Article 2, the Company will, and hereby agrees to, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Participating Holder, its directors, officers, fiduciaries, employees, stockholders, members or general and limited partners (and the directors, officers, fiduciaries, employees, stockholders, members or general and limited partners thereof), each other Person who participates as a seller (and its directors, officers, fiduciaries, employees, stockholders, members or general and limited partners), underwriter or Qualified Independent Underwriter, if any, in the offering or sale of such securities, each officer, director, employee, stockholder, fiduciary, managing director, agent, affiliate, consultant, representative, successor, assign or partner of such underwriter or Qualified Independent Underwriter, and each other Person, if any, who controls such seller or any such underwriter or Qualified Independent Underwriter within the meaning of the Securities Act, from and against any and all losses, claims, damages or liabilities, joint or several, actions or proceedings (whether commenced or threatened) and expenses (including reasonable fees of counsel and any amounts paid in any settlement effected with the Company's consent, which consent shall not be unreasonably withheld or delayed) to which each such indemnified party may become subject under the Securities Act or otherwise in respect thereof (collectively, "Claims"), insofar as such Claims arise out of or are based upon ( i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement under which such securities were registered under the Securities Act or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, ( ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary, final or summary prospectus or any amendment or supplement thereto, together with the documents incorporated by reference therein, or any free writing prospectus utilized in connection therewith, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or ( iii) any untrue statement or alleged untrue statement of a material fact in the information conveyed by the Company to any purchaser at the time of the sale to such purchaser, or the omission or alleged omission to state therein a material fact required to be stated therein, or ( iv) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action required of or inaction by the Company in connection with any such registration, and the Company will reimburse any such indemnified party for any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the Company shall not be liable to any such indemnified party in any such case to the extent such Claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in such registration statement or amendment thereof or supplement thereto or in any such prospectus or any preliminary, final or summary prospectus or free writing prospectus in reliance upon and in conformity with written information furnished to the Company by or on behalf of such indemnified party specifically for

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use therein. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such seller.

(b) Each Participating Holder (and, if the Company requires as a condition to including any Registrable Securities in any registration statement filed in accordance with Section 2.1 or 2.2, any underwriter and Qualified Independent Underwriter, if any) shall, severally and not jointly, indemnify and hold harmless (in the same manner and to the same extent as set forth in paragraph (a) of this Section 2.9) to the extent permitted by law the Company, its officers and directors, each Person controlling the Company within the meaning of the Securities Act and all other prospective sellers and their directors, officers, stockholders, fiduciaries, managing directors, agents, affiliates, consultants, representatives, successors, assigns or general and limited partners and respective controlling Persons with respect to any untrue statement or alleged untrue statement of any material fact in, or omission or alleged omission of any material fact from, such registration statement, any preliminary, final or summary prospectus contained therein, or any amendment or supplement thereto, or any free writing prospectus utilized in connection therewith, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company or its representatives by or on behalf of such Participating Holder or underwriter or Qualified Independent Underwriter, if any, specifically for use therein and reimburse such indemnified party for any legal or other expenses reasonably incurred in connection with investigating or defending any such Claim as such expenses are incurred; provided, however, that the aggregate amount which any such Participating Holder shall be required to pay pursuant to this Section 2.9(b) and Sections 2.9(c) and (e) shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim. The Company and each Participating Holder hereby acknowledge and agree that, unless otherwise expressly agreed to in writing by such Participating Holders to the contrary, for all purposes of this Agreement, the only information furnished or to be furnished to the Company for use in any such registration statement, preliminary, final or summary prospectus or amendment or supplement thereto or any free writing prospectus are statements specifically relating to (a) the beneficial ownership of shares of Common Equity by such Participating Holder and its Affiliates and (b) the name and address of such Participating Holder. If any additional information about such Holder or the plan of distribution (other than for an underwritten offering) is required by law to be disclosed in any such document, then such Holder shall not unreasonably withhold its agreement referred to in the immediately preceding sentence. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified party and shall survive the transfer of such securities by such Holder.

(c) Indemnification similar to that specified in the preceding paragraphs (a) and (b) of this Section 2.9 (with appropriate modifications) shall be given by the Company and each Participating Holder with respect to any required registration or other qualification of securities under any applicable securities and state “blue sky” laws.

(d) Any Person entitled to indemnification under this Agreement shall notify promptly the indemnifying party in writing of the commencement of any action or proceeding

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with respect to which a claim for indemnification may be made pursuant to this Section 2.9, but the failure of any indemnified party to provide such notice shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 2.9, except to the extent the indemnifying party is materially and actually prejudiced thereby and shall not relieve the indemnifying party from any liability which it may have to any indemnified party otherwise than under this Article 2. In case any action or proceeding is brought against an indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, unless in the reasonable opinion of outside counsel to the indemnified party a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, to assume the defense thereof jointly with any other indemnifying party similarly notified, to the extent that it chooses, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party that it so chooses, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that ( i ) if the indemnifying party fails to take reasonable steps necessary to defend diligently the action or proceeding within twenty (20) days after receiving notice from such indemnified party that the indemnified party believes it has failed to do so; or ( ii ) if such indemnified party who is a defendant in any action or proceeding which is also brought against the indemnifying party reasonably shall have concluded that there may be one or more legal or equitable defenses available to such indemnified party which are not available to the indemnifying party or which may conflict with those available to another indemnified party with respect to such Claim; or ( iii ) if representation of both parties by the same counsel is otherwise inappropriate under applicable standards of professional conduct, then, in any such case, the indemnified party shall have the right to assume or continue its own defense as set forth above (but with no more than one firm of counsel for all indemnified parties in each jurisdiction, except to the extent any indemnified party or parties reasonably shall have made a conclusion described in clause (ii) or (iii) above) and the indemnifying party shall be liable for any expenses therefor. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment ( A ) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and ( B ) does not include a statement as to an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(e) If for any reason the foregoing indemnity is unavailable, unenforceable or is insufficient to hold harmless an indemnified party under Sections 2.9(a), (b) or (c), then each applicable indemnifying party shall contribute to the amount paid or payable to such indemnified party as a result of any Claim in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and the indemnified party, on the other hand, with respect to such Claim. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. If, however, the allocation

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provided in the second preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative faults but also the relative benefits of the indemnifying party and the indemnified party as well as any other relevant equitable considerations. The parties hereto agree that it would not be just and equitable if any contribution pursuant to this Section 2.9(e) were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the preceding sentences of this Section 2.9(e). The amount paid or payable in respect of any Claim shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such Claim. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. Notwithstanding anything in this Section 2.9(e) to the contrary, no indemnifying party (other than the Company) shall be required pursuant to this Section 2.9(e) to contribute any amount greater than the amount of the net proceeds received by such indemnifying party upon the sale of the Registrable Securities pursuant to the registration statement giving rise to such Claim, less the amount of any indemnification payment made by such indemnifying party pursuant to Sections 2.9(b) and (c).

(f) The indemnity and contribution agreements contained herein shall be in addition to any other rights to indemnification or contribution which any indemnified party may have pursuant to law or contract and shall remain operative and in full force and effect regardless of any investigation made or omitted by or on behalf of any indemnified party and shall survive the transfer of the Registrable Securities by any such party.

(g) The indemnification and contribution required by this Section 2.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred; provided, however, that the recipient thereof hereby undertakes to repay such payments if and to the extent it shall be determined by a court of competent jurisdiction that such recipient is not entitled to such payment hereunder.

### 3. Underwritten Offerings.

3.1. Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering pursuant to a registration requested under Section 2.1, the Company shall enter into a customary underwriting agreement with the underwriters. Such underwriting agreement shall ( i) be satisfactory in form and substance to the Majority Participating Holders, ( ii) contain terms not inconsistent with the provisions of this Agreement and ( iii) contain such representations and warranties by, and such other agreements on the part of, the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnities and contribution agreements on substantially the same terms as those contained herein. Any Participating Holder shall be a party to such underwriting agreement and may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be

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conditions precedent to the obligations of such Participating Holder; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Each such Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall be limited to liability arising from breach of its representations and warranties and shall in no case be greater than the amount of the net proceeds received by such Holder upon the sale of the Registrable Securities pursuant to the registration statement.

3.2. Piggyback Underwritten Offerings. In the case of a registration pursuant to Section 2.2, if the Company shall have determined to enter into an underwriting agreement in connection therewith, all of the Participating Holders' Registrable Securities to be included in such registration shall be subject to such underwriting agreement. Any Participating Holder may, at its option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Participating Holder and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such Participating Holder; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a Participating Holder for inclusion in the registration statement. Each such Participating Holder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Participating Holder, its ownership of and title to the Registrable Securities, any written information specifically provided by such Participating Holder for inclusion in the registration statement and its intended method of distribution; and any liability of such Participating Holder to any underwriter or other Person under such underwriting agreement shall be limited to liability arising from breach of its representations and warranties and shall in no case be greater than the amount of the net proceeds received by such Participating Holder upon the sale of the Registrable Securities pursuant to the registration statement.

#### 4. General.

4.1. Adjustments Affecting Registrable Securities. The Company agrees that it shall not effect or permit to occur any combination or subdivision of shares of Common Equity which would adversely affect the ability of any Holder of any Registrable Securities to include such Registrable Securities in any registration contemplated by this Agreement or the marketability of such Registrable Securities in any such registration. The Company agrees that it will take all reasonable steps necessary to effect a subdivision of shares of Common Equity if in the reasonable judgment of ( a ) the GSCP Members or ( b ) the managing underwriter for the offering in respect of such Demand Registration Request, such subdivision would enhance the marketability of the Registrable Securities. Each Holder agrees to vote all of its shares of capital stock in a manner, and to take all other actions necessary, to permit the Company to carry out the intent of the preceding sentence including, without limitation, voting in favor of an amendment

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to the Company's organizational documents in order to increase the number of authorized shares of capital stock of the Company. In any event, the provisions of this Agreement shall apply, to the full extent set forth herein with respect to the Registrable Securities, to any and all shares of capital stock of the Company or any successor or assign of the Company (whether by merger, share exchange, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for or in substitution of, Registrable Securities and shall be appropriately adjusted for any stock dividends, splits, reverse splits, combinations, recapitalizations and the like occurring after the date hereof.

4.2. Rule 144 and Rule 144A. If the Company shall have filed a registration statement pursuant to the requirements of Section 12 of the Exchange Act or a registration statement pursuant to the requirements of the Securities Act in respect of the Common Equity or Common Equity Equivalents, the Company covenants that (i) so long as it remains subject to the reporting provisions of the Exchange Act, it will timely file the reports required to be filed by it under the Securities Act or the Exchange Act (including, but not limited to, the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 under the Securities Act, as such Rule may be amended ("Rule 144")) or, if the Company is not required to file such reports, it will, upon the request of any Holder, make publicly available other information so long as necessary to permit sales by such Holder under Rule 144, Rule 144A under the Securities Act, as such Rule may be amended ("Rule 144A"), or any similar rules or regulations hereafter adopted by the SEC, and (ii) it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (A) Rule 144, (B) Rule 144A or (C) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

4.3. Nominees for Beneficial Owners. If Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its option, be treated as the Holder of such Registrable Securities for purposes of any request or other action by any Holder or Holders of Registrable Securities pursuant to this Agreement (or any determination of any number or percentage of shares constituting Registrable Securities held by any Holder or Holders of Registrable Securities contemplated by this Agreement), provided that the Company shall have received assurances reasonably satisfactory to it of such beneficial ownership.

4.4. Amendments and Waivers. Any provisions of this Agreement may be amended, modified, supplemented or waived with the written approval of Holders holding a majority of the Registrable Securities then held by all Holders (which majority must include the GSCP Members, so long as any GSCP Member holds any Registrable Securities); provided, however, that (a) any amendment, modification, supplement or waiver of any of the provisions of this Agreement that affects the McJ Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the McJ Members will require the written approval of the GSCP Members and of the McJ Members holding a majority of the Registrable Securities then held by all McJ Members (such approval by the McJ Members not to be unreasonably withheld or delayed), and (b) any amendment, modification, supplement or waiver of any of the provisions of this Agreement that affects the RM Members disproportionately vis-à-vis the

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GSCP Members and results in a material adverse effect on the RM Members will require the written approval of the GSCP Members and of the RM Members holding a majority of the Registrable Securities then held by all RM Members (such approval by the RM Members not to be unreasonably withheld or delayed). Notwithstanding the foregoing, this Agreement may be amended, modified, supplemented or waived with the written approval of the Company pursuant to Section 12.9 or 12.10 of the LLC Agreement. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

4.5. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by facsimile to the Company or to any McJ Member or RM Member at the address set forth below and to any subsequent holder of Units subject to this Agreement at such address as indicated by the Company's records, or at such address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any notice, request, instruction or other document given as provided above shall be deemed given to the receiving party upon actual receipt, if delivered personally; three (3) business days after deposit in the mail, if sent by registered or certified mail; upon confirmation of successful transmission if sent by facsimile ( provided that if given by facsimile such notice, request, instruction or other document shall be followed up within one (1) business day by dispatch pursuant to one of the other methods described herein); or on the next business day after deposit with an overnight courier, if sent by an overnight courier:

(i) If to the Company, to:

PVF Holding  
c/o GS Capital Partners V Fund, L.P.  
85 Broad Street  
New York, NY 10004  
Facsimile No. (212) 357-5505  
Attention: Henry Cornell

with copies to:

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, New York 10004  
Facsimile No.: (212) 859-4000  
Attention: Robert C. Schwenkel, Esq.

(ii) If to a McJ Member, to:

McJunkin Red Man Corporation  
835 Hillcrest Drive

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Charleston, WV 25311  
Attention: H.B. Wehrle III  
with a copy to Michael H. Wehrle  
Fax: (304) 348-1557

with a copy to:

Sullivan & Cromwell LLP  
125 Broad Street  
New York, NY 10004  
Attention: Benjamin F. Stapleton III  
Fax: (212) 558-3588.

(iii) If to a RM Member, to:

c/o Craig Ketchum  
8023 East 63rd Place  
Suite 800  
Tulsa, Oklahoma 74133  
Fax: (918) 461-5375

with a copy to:

Baker Botts L.L.P.  
30 Rockefeller Plaza, 44th Floor  
New York, NY 10112  
Attention: Lee D. Charles, Esq. and Marc A. Leaf, Esq.  
Fax: (212) 259-2505 and (212) 259-2597

4.6. Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Company and its successors and assigns and each Holder and his, her and its respective successors, permitted assigns, heirs and personal representatives, personal representatives and assigns of the parties hereto, whether so expressed or not. This Agreement may not be assigned by the Company, without the prior written consent of the GSCP Members. Each Holder shall have the right to assign all or part of its or his rights and obligations under this Agreement only in accordance with transfers of Registrable Securities permitted under, and made in compliance with, the LLC Agreement. Upon any such assignment, such assignee shall have and be able to exercise and enforce all rights of the assigning Holder which are assigned to it and, to the extent such rights are assigned, any reference to the assigning Holder shall be treated as a reference to the assignee. The parties hereto and their respective successors may assign their rights under this Agreement, in whole or in part, to any purchaser of shares of Registrable Securities held by them.

4.7. Entire Agreement. This Agreement, the LLC Agreement and the other writings referred to herein or delivered pursuant hereto which form a part hereof constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof.

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#### 4.8. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES THEREOF. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of Delaware located in the County of New Castle and the Federal courts of the United States of America located in the County of New Castle solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Delaware State or Federal court located in the County of New Castle. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 4.5 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 4.8.

#### 4.9. Interpretation; Construction

(a) The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

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(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

4.10. Counterparts. This Agreement may be executed in separate counterparts (including by facsimile), all of which taken together shall constitute one and the same agreement.

4.11. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

4.12. Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in the courts of the State of Delaware located in the County of New Castle and the Federal courts of the United States of America located in the County of New Castle, this being in addition to any other remedy to which such party is entitled at law or in equity.

4.13. Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

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**AMENDMENT NO. 1 TO THE  
AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT  
OF  
PVF HOLDINGS LLC**

This Amendment No. 1 (this “Amendment”) to the Amended and Restated Registration Rights Agreement of PVF Holdings LLC (the “Company”) dated October 31, 2007 (the “Agreement”) is entered into and effective as of October 30, 2009, by and among the GSCP Members and the Company.

**WITNESSETH**

WHEREAS, pursuant to Section 4.4 of the Agreement, the amendments set forth herein may be made with the written approval of Holders holding a majority of the Registrable Securities then held by all Holders (which majority must include the GSCP Members, so long as any GSCP Member holds any Registrable Securities); and

WHEREAS, the GSCP Members, who, as of the date hereof hold in the aggregate a majority of the Registrable Securities held by all Holders, wish to amend the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the GSCP Members hereby agree as follows:

**1. Amendments.**

1.1. The Agreement is hereby amended by adding the following after the reference to “the RM Members,” in the definition of “Holder or “Holders”: the TM Members,

1.2. The Agreement is hereby amended to add the following new definition:

“THNV” means Transmark Holdings N.V.

“TM Members” means THNV, Neil Wagstaff and Hugh Brown, and any other subsequent Holder who becomes a TM Member pursuant to the terms of this Agreement and the LLC Agreement.

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1.3. The Agreement is hereby amended to add “THNV or” before each of the references to “any GSCP Member” in the first and second sentences of Section 2.1(a)(i) and before “the GSCP Member” in the second sentence of Section 2.1(a)(i)

1.4. The Agreement is hereby amended to delete the reference to “GSCP Members” in Section 2.1(a)(iii) and replace with “Initiating Holder(s)”.

1.5. The Agreement is hereby amended to delete Section 2.1(b)(ii) and replace with the following:

(ii)(x) the Company shall not be required to effect more than five (5) Demand Registrations for the GSCP Members (it being understood that if a single Demand Registration Request is delivered by more than one GSCP Member, the registration requested by such Demand Registration Request shall constitute only one Demand Registration), and (y) the Company shall not be required to effect more than one (1) Demand Registration for THNV;

1.6. The Agreement is hereby amended to add “or THNV” after “the GSCP Members” in the last paragraph of Section 2.3(a).

1.7. The Agreement is hereby amended to delete Section 4.4 and replace with the following:

4.4 Amendments and Waivers. Any provisions of this Agreement may be amended, modified, supplemented or waived with the written approval of Holders holding a majority of the Registrable Securities then held by all Holders (which majority must include the GSCP Members, so long as any GSCP Member holds any Registrable Securities); provided, however, that (a) any amendment, modification, supplement or waiver of any of the provisions of this Agreement that affects the McJ Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the McJ Members will require the written approval of the GSCP Members and of the McJ Members holding a majority of the Registrable Securities then held by all McJ Members (such approval by the McJ Members not to be unreasonably withheld or delayed), (b) any amendment, modification, supplement or waiver of any of the provisions of this Agreement that affects the RM Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the RM Members will require the written approval of the GSCP Members and of the RM Members holding a majority of the Registrable Securities then held by all RM Members (such approval by the RM Members not to be unreasonably withheld or delayed), and (c) any amendment, modification, supplement or waiver of any of the provisions of this Agreement that affects the TM Members disproportionately vis-à-vis the GSCP Members and results in a material adverse effect on the TM Members will require the written approval of the GSCP Members and of the TM Members holding a majority of the Registrable Securities then held by all TM Members (such approval by the TM Members not to be unreasonably withheld or delayed). Notwithstanding the foregoing, this Agreement may be amended,

modified, supplemented or waived with the written approval of the Company pursuant to Section 12.9 or 12.10 of the LLC Agreement. No waiver of any of the provisions of this Agreement shall be deemed to or shall constitute a waiver of any other provision hereof (whether or not similar). No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or of any other or future exercise of any such right, power or privilege.

1.8. The Agreement is hereby amended by adding "TM Member" following "McJ Member" in Section 4.5 and adding the following notice provision for the TM Members in Section 4.5:

(iv) If to the TM Members:

c/o Gerard Krans  
Belgischeplein 13  
2587 AP Den Haag  
The Netherlands  
Fax: + 31 20 404 9367

and

Neil Wagstaff  
25 Hopgrove Lane South  
York  
YO8E 9TG  
United Kingdom

and

Hugh Brown  
Langland House  
17 Park Road  
Menston  
Ilkley  
LS29 6LS  
United Kingdom

with copies to:

Holland & Knight LLP  
100 North Tampa Street, Suite 4100  
Tampa, Florida US 33602  
Attention: Robert J. Grammig  
Fax: (813) 229-0134

and:

Allen & Overy LLP  
Apollolaan 15  
1077 AB Amsterdam  
The Netherlands  
Attention: Johan Kleyn  
Fax: +31 20 674 1034

and

DLA Piper UK LLP  
Princes Exchange  
Princes Square  
Leeds  
LS1 4BY  
United Kingdom  
Attention: Wendy Harrison  
Fax: 44 (0) 113 369 2499

2. **Capitalized Terms.** Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Agreement (as in effect immediately prior to the effectiveness of this Amendment).

3. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the state of Delaware.

*[Signature page follows]*



IN WITNESS WHEREOF, the GSCP Members and the Company have caused this Amendment to be executed and delivered as of the date first written above.

**THE COMPANY:**

**PVF HOLDINGS LLC**

By: /s/ Stephen W. Lake  
Name: Stephen W. Lake  
Title: Executive Vice President, General Counsel  
and Corporate Secretary

**GSCP MEMBERS:**

**GS Capital Partners V Fund, L.P.**

By: GSCP V Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

**GS Capital Partners V Offshore Fund, L.P.**

By: GSCP V Offshore Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

**GS Capital Partners V Institutional, L.P.**

By: GS Advisors V, L.L.C.,  
its general partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

**GS Capital Partners V GmbH & Co. KG**

By: GS Advisors V, L.L.C.,  
its managing limited partner

By: /s/ John E. Bowman  
Name: John E. Bowman  
Title: Managing Director

*[Signature Page to Amendment No. 1 to Registration Rights Agreement]*

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**GS Capital Partners VI Fund, L.P.**

By: GSCP VI Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

**GS Capital Partners VI Offshore Fund, L.P.**

By: GSCP VI Offshore Advisors, L.L.C.,  
its general partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

**GS Capital Partners VI Parallel, L.P.**

By: GS Advisors VI, L.L.C.,  
its general partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

**GS Capital Partners VI GmbH & Co. KG**

By: GS Advisors VI, L.L.C.,  
its managing limited partner

By: /s/ John E. Bowman

Name: John E. Bowman

Title: Managing Director

*[Signature Page to Amendment No. 1 to Registration Rights Agreement]*

**AMENDMENT TO  
MCJUNKIN RED MAN HOLDING CORPORATION  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this "Agreement"), is made effective as of June 1, 2009, by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), PVF Holdings LLC, a Delaware limited liability company and Andrew Lane (the "Participant").

WHEREAS, on September 10, 2008, the Participant was granted an option to purchase 1,758,929 shares of common stock of the Company, with an exercise price of \$17.63 per share, pursuant to the Nonqualified Stock Option Agreement entered into by and between the Company, PVF Holdings LLC and the Participant, dated as of September 10, 2008 (the "Stock Option Agreement"); and

WHEREAS, the Company, PVF Holdings LLC and the Participant desire to amend the Stock Option Agreement to permit the Participant to transfer such options to Andy & Cindy Lane Family, L.P., a Texas limited partnership.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Permitted Transfers. The provisions of Section 6 of the Stock Option Agreement are hereby deleted in their entirety and replaced with the following new Section 6.
    6. Transferability. Unless otherwise determined by the Committee, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. If the requirements of the preceding sentence have been satisfied, such heir or legatee of the Participant shall be deemed a "Permitted Transferee." Notwithstanding the foregoing, the Participant may transfer the Option, in whole or in part, to Andy & Cindy Lane Family, L.P. (a "Permitted Transferee"), on terms and conditions satisfactory to the Company. During the Participant's lifetime, the Option is exercisable only by the Participant or a Permitted Transferee.
  2. Confirmation of Stock Option Agreement. In all other respects the Stock Option Agreement shall remain in effect and is hereby confirmed by the parties.
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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date hereof.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General  
Counsel and Corporate Secretary

PVF HOLDINGS LLC

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General  
Counsel and Corporate Secretary

PARTICIPANT

By: /s/ Andrew Lane

Name: Andrew Lane

**SECOND AMENDMENT TO  
MCJUNKIN RED MAN HOLDING CORPORATION  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this "Agreement"), is made effective as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), PVF Holdings LLC, a Delaware limited liability company, and Andy & Cindy Lane Family, L.P., a Texas limited partnership (the "Holder").

WHEREAS, on September 10, 2008, Andrew Lane was granted options to purchase 3,517.8582 shares of common stock of the Company, with an exercise price of \$8,812.18 per share (the "Stock Option"), pursuant to the Nonqualified Stock Option Agreement entered into by and between the Company, PVF Holdings LLC and Andrew Lane, dated as of September 10, 2008 (the "Stock Option Agreement");

WHEREAS, in connection with the 500 for 1 stock split effected by the Company on October 16, 2008, the Stock Option was adjusted to reflect an option to purchase of 1,758,929 shares of common stock of the Company, with an exercise price of \$17.63;

WHEREAS, on June 1, 2009, the Stock Option Agreement was amended to permit Andrew Lane to transfer the options to the Holder (the "First Amendment");

WHEREAS, on June 1, 2009, Andrew Lane transferred the Stock Option to the Holder in accordance with the First Amendment; and

WHEREAS, the parties now desire to further amend the Stock Option Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Option Price. The Option Price shall hereby be reduced from \$17.63 to \$12.50, which the Company and the Holder agree is not less than the Fair Market Value of the Company's common stock as of the date of this Agreement.
2. Confirmation of Stock Option Agreement and First Amendment. In all other respects the Stock Option Agreement and the First Amendment shall remain in effect and are hereby confirmed by the parties.

[signature page follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date hereof.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice-President, General  
Counsel and Corporate Secretary

PVF HOLDINGS LLC

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice-President, General  
Counsel and Corporate Secretary

ANDY & CINDY LANE FAMILY, L.P.

By: Andy & Cindy Lane Management GP, L.L.C.  
its general partner

By: /s/ Andrew R. Lane

Name: Andrew R. Lane

Title: Manager

**MCJUNKIN RED MAN HOLDING CORPORATION**  
**RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this "Agreement"), made as of February 24, 2009 (the "Grant Date"), between McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), PVF Holdings LLC, a Delaware limited liability company (solely for purposes of Section 20 hereof) ("PVF LLC"), and Andrew Lane (the "Grantee").

WHEREAS, the Company has adopted the McJ Holding Corporation 2007 Restricted Stock Plan (the "Plan"), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Plan; and

WHEREAS, the Committee has determined to grant to the Grantee such award of restricted common stock of the Company as provided herein (the "Restricted Stock").

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Restricted Stock.

The Company hereby grants to the Grantee an award of 50,000 shares of Restricted Stock (the "Award"). The shares of Restricted Stock granted pursuant to the Award shall be issued in the form of book-entry shares in the name of the Grantee as soon as reasonably practicable after the Grant Date and shall be subject to the execution and return of this Agreement by the Grantee (or the Grantee's estate, if applicable) to the Company as provided in Section 8 hereof.

2. Restrictions on Transfer.

The shares of Restricted Stock issued under this Agreement may not be sold, transferred, assigned or otherwise disposed of, may not be pledged or otherwise hypothecated, and shall be subject to the terms of the Stockholders Agreement.

3. Lapse of Restrictions Generally.

Except as provided in Sections 4 and 5 hereof, 100% of the number of shares of Restricted Stock issued hereunder shall vest, and the restrictions with respect to such Restricted Stock shall lapse, on the fifth (5<sup>th</sup>) anniversary of the Grant Date, subject to the Grantee's continued employment.

4. Accelerated Vesting.

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In the event of a Transaction, or upon the termination of the Grantee's employment due to the Grantee's death or Disability, at any time on or after the Grant Date, all shares of Restricted Stock which have not become vested in accordance with Section 3 hereof shall vest, and the restrictions and conditions applicable to such Restricted Stock shall be deemed to have lapsed immediately prior to the occurrence such event.

5. Forfeiture of Restricted Stock.

Any and all shares of Restricted Stock (whether or not vested) shall be forfeited and shall revert to the Company upon the termination by the Company or any of its subsidiaries of the Grantee's employment for Cause. Any and all shares of restricted stock which have not vested pursuant to Sections 3 or 4 hereof shall be forfeited and shall revert to the Company upon the termination of the Grantee's employment with the Company for any reason other than by the Company or any of its subsidiaries for Cause.

6. Delivery of Restricted Stock.

Certificates or evidence of book-entry shares with respect to shares of Restricted Stock in respect of which the restrictions have lapsed pursuant to Section 3 or 4 hereof shall be delivered to the Grantee as soon as practicable following the date on which the restrictions on such Restricted Stock have lapsed, free of all restrictions hereunder. Any certificates for shares of Restricted Stock shall be held by the Company on behalf of the Grantee until such time as the shares represented by such certificates are transferred as permitted by the Stockholders Agreement.

7. Stockholders Agreement.

In consideration of the Award, the Grantee agrees that the Grantee shall become a party to the Stockholders Agreement.

8. Execution of Agreements.

The shares of Restricted Stock granted to the Grantee pursuant to the Award shall be subject to the Grantee's execution and return of (i) this Agreement and (ii) the Stockholders Agreement.

9. No Right to Continued Employment.

Nothing in this Agreement shall interfere with or limit in any way the right of the Company or its subsidiaries to terminate the Grantee's employment, nor confer upon the Grantee any right to continuance of employment by the Company or any of its subsidiaries or continuance of service as a Board member.

10. Withholding of Taxes.



Prior to the delivery to the Grantee (or the Grantee's estate, if applicable) of evidence of book-entry shares with respect to shares of Restricted Stock in respect of which all restrictions have lapsed, the Grantee (or the Grantee's estate) shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of such Restricted Stock, or any payment or transfer under, or with respect to, such Restricted Stock, and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Grantee shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder.

11. Modification of Agreement.

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

12. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

13. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York, without giving effect to the conflicts of laws principles thereof.

14. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

15. No Liability.

No member of the Board shall be liable for any action or determination made in good faith with respect to this Award or this Agreement.

16. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Grantee, the Grantee's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

17. Entire Agreement.

This Agreement and the terms and conditions of the Stockholders Agreement constitute the entire understanding between the Grantee and the Company and its subsidiaries with respect to the Award, and supersede all other agreements, whether written or oral, with respect to the Award.

18. Headings.

The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

19. Accredited Investor Status Representation of Grantee.

Please check the box next to any of the following statements that apply:

- ☐ Your individual net worth, or joint net worth with your spouse, as of the date hereof, exceeds \$1,000,000;
- ☐ You had individual income in excess of \$200,000 in each of the two most recent years, or joint income with your spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year; or
- ☐ None of the statements above apply.

20. Adoption of Stockholders Agreement.

The parties hereto agree that, upon the grant of the Restricted Stock hereunder, the Grantee shall be made a party to the Management Stockholders Agreement among PVF LLC (formerly known as McJ Holding LLC), the Company, and the other parties thereto (the "Stockholders Agreement"), as an "Executive" (as defined in the Stockholders Agreement) with the rights and obligations of holders of "Stock" (as defined in the Stockholders Agreement) and the Grantee hereby agrees to become a party to the Stockholders Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Stockholders Agreement that are applicable to an Executive with such rights and obligations. Execution and delivery of this Agreement by the Grantee shall also constitute execution and delivery by the Grantee of the Stockholders Agreement, without further action of any party. A copy of the Stockholders Agreement is

attached hereto as Exhibit A. In addition to the representations and warranties in the Stockholders Agreement that Grantee makes as an Executive, the Grantee represents and warrants to the Company that (a) the Grantee has carefully reviewed the Stockholders Agreement and has also reviewed all other documents the Grantee deems necessary or desirable in order for the Grantee to become a party to the Stockholders Agreement (by executing this Agreement); (b) the Grantee has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Stockholders Agreement and the terms and conditions thereof that the Grantee deems necessary; and (c) this Agreement (and by executing this Agreement, the Stockholders Agreement) has been duly executed and delivered by Grantee and constitutes a valid and binding agreement of Grantee enforceable against the Grantee in accordance with its terms and the terms of the Stockholders Agreement.

21. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the Grant Date.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Exec Vice-President, General  
Counsel & Corporate Secretary

PVF HOLDINGS LLC (for purposes of Section 20 only)

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Exec Vice-President, General  
Counsel & Corporate Secretary

GRANTEE

By: /s/ Andrew Lane

Name: Andrew Lane

**AMENDMENT TO  
MCJUNKIN RED MAN HOLDING CORPORATION  
RESTRICTED STOCK AWARD AGREEMENT**

THIS AGREEMENT (this "Agreement"), is made effective as of June 1, 2009, by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), PVF Holdings LLC, a Delaware limited liability company and Andrew Lane (the "Participant").

WHEREAS, on February 24, 2009, the Participant was granted 50,000 shares of restricted common stock of the Corporation pursuant to the Restricted Stock Award Agreement entered into by and between the Company, PVF Holdings LLC and the Participant, dated as of February 24, 2009 (the "Restricted Stock Agreement"); and

WHEREAS, the Company, PVF Holdings LLC and the Participant desire to amend the Restricted Stock Agreement to permit the Participant to transfer such restricted common stock to Andy & Cindy Lane Family, L.P., a Texas limited partnership.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Permitted Transfers. The provisions of Section 2 of the Restricted Stock Agreement are hereby deleted in their entirety and replaced with the following new Section 2.
2. Restrictions on Transfer. The shares of Restricted Stock issued under this Agreement may not be sold, transferred, assigned or otherwise disposed of, may not be pledged or otherwise hypothecated, and shall be subject to the terms of the Stockholders Agreement. Notwithstanding the foregoing, the Participant may transfer the Award, in whole or in part, to Andy & Cindy Lane Family, L.P., on terms and conditions satisfactory to the Company.
3. Confirmation of Restricted Stock Agreement. In all other respects the Restricted Stock Agreement shall remain in effect and is hereby confirmed by the parties.

[signature page follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date hereof.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General  
Counsel and Corporate Secretary

PVF HOLDINGS LLC

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General  
Counsel and Corporate Secretary

PARTICIPANT

By: /s/ Andrew Lane

Name: Andrew Lane

**MCJUNKIN RED MAN HOLDING CORPORATION**  
**SUBSCRIPTION AGREEMENT**

SUBSCRIPTION AGREEMENT (this "Agreement") dated as of October 3, 2008 by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), Len Anthony (the "Subscriber") and, for purposes of Section 7 only, PVF Holdings LLC ("PVF").

RECITALS

WHEREAS, on October 3, 2008, the Company appointed the Subscriber to serve as a member of the board of directors of the Company; and

WHEREAS, in exchange for the Cash Consideration (as defined below), the Subscriber desires to purchase from the Company, and the Company desires to issue to the Subscriber, the Purchased Shares (as defined below).

NOW THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Company and the Subscriber hereby agree as set forth below.

Section 1. Agreement to Sell and Purchase Securities. Subject to the terms and provisions set forth in this Agreement, (a) Subscriber agrees to purchase 56.7396 shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock"), at a purchase price of \$8,812.18 per share, for an aggregate purchase price of \$500,000 (the "Cash Consideration") and (b) in consideration for the Cash Consideration, the Company agrees to issue, sell and deliver to the Subscriber 56.7396 shares of Common Stock (the "Purchased Shares").

Section 2. Closing. The delivery of the Purchased Shares to the Subscriber shall take place at a closing (the "Closing") on such date as the Company and the Subscriber shall mutually agree. The Subscriber shall deliver the Cash Consideration to the Company by wire transfer of immediately available funds or by such other form of payment acceptable to the Company so that at the Closing, the Company can deliver the Purchased Shares against receipt of cleared funds. The time and date upon which the Closing occurs is herein called the "Closing Date."

Section 3. Acceptance. This Agreement is subject to the acceptance of the Company. The Company reserves the right to accept or reject the subscription of Purchased Shares or any portion thereof. Upon such acceptance, this Agreement shall become a binding agreement between the Company, the Subscriber, and for purposes of Section 7 only, PVF.

Section 4. Representations and Warranties of the Subscriber. The Subscriber represents, warrants and agrees that:

(a) The Subscriber has all requisite power and authority to execute and deliver this Agreement and any and all instruments necessary or appropriate in order to

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effectuate fully the terms and conditions of this Agreement and to perform and consummate his obligations hereunder. This Agreement has been duly and validly executed and delivered by the Subscriber and constitutes a valid and legally binding obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms and conditions, except as enforceability thereof may be limited by any applicable bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by general principles of equity.

(b) The execution, delivery and performance of this Agreement by the Subscriber does not (i) violate, conflict with, or constitute a breach of or default under any agreement to which the Subscriber is a party or which he is bound or (y) violate any law, regulation, order, writ, judgment, injunction or decree applicable to the Subscriber. No consent or approval of, or filing with, any governmental or regulatory body is required to be obtained or made by the Subscriber in connection with the execution and delivery of this Agreement.

(c) The Subscriber is acquiring the Purchased Shares for his own account, for investment and not with a view to the sale or distribution thereof, nor with any present intention of distributing or selling the same. The Purchased Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, consequently, the materials relating to the offer have not been subject to review and comment by the staff of the Securities and Exchange Commission or any other governmental authority. Furthermore, there is not now and there may never be any public market for the Purchased Shares. Rule 144 promulgated under the Securities Act is not presently available with respect to the sale of any Purchased Shares.

(d) The Subscriber is an "accredited investor," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and, in connection with the execution of this Agreement, the Subscriber agrees to deliver such certificates to that effect as the board of directors of the Company may request.

(e) The Subscriber has had an opportunity to ask questions and receive answers concerning the terms and conditions of the offering of the Purchased Shares and has had full access to such other information concerning the Company as he has requested. The Subscriber's knowledge and experience in financial and business matters is such that he is capable of evaluating the merits and risk of the investment in the Purchased Shares. The Subscriber has carefully reviewed the terms and provisions of this Agreement and has evaluated the restrictions and obligations contained herein. In furtherance of the foregoing, the Subscriber represents and warrants that (i) no representation or warranty, express or implied, whether written or oral, as to the financial condition, results of operations, prospects, properties or business of the Company or as to the desirability or value of an investment in the Company has been made to the Subscriber by or on behalf of the Company, (ii) the Subscriber has relied upon his own independent appraisal and investigation, and the advice of his own counsel, tax advisors and other advisors, regarding the risks of an investment in the Company and (iii) the Subscriber will continue to bear sole responsibility for making his own independent evaluation and monitoring of the risks of his investment in the Company.



(f) The Subscriber's financial situation is such that the Subscriber can afford to bear the economic risk of holding the Purchased Shares for an indefinite period and the Subscriber can afford to suffer the complete loss of his investment in the Purchased Shares.

(g) The Subscriber is not subscribing for the Purchased Shares as a result of or subsequent to any advertisement, article, notice or other communication published in any newspapers, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of a subscription by a person or entity not previously known to the Subscriber in connection with investments in securities generally.

(h) The Subscriber understands and acknowledges that (i) he is being issued the Purchased Shares as part of a written compensatory contract pursuant to Rule 701 of the Securities Act for services to the Company and its affiliates, and (ii) he or she would not be issued the Purchased Shares if he or she were not an employee or director of the Company or one of its affiliates.

(i) The Subscriber hereby acknowledges that any investment gain attributable to ownership of the Purchased Shares will not be taken into consideration for any compensation purpose.

Section 5. Survival. All of the representations, warranties and agreements of the Subscriber set forth herein shall survive the execution and delivery of this Agreement.

Section 6. Subscriber's Employment. Nothing in this Agreement shall confer upon the Subscriber any right to continue to serve as a director of the Company or any of its affiliates or interfere in any way with the right of the Company or any of its affiliates, as the case may be, in their sole discretion, to terminate the Subscriber's service as director or to increase or decrease the Subscriber's compensation at any time.

#### Section 7. Stockholders Agreement

(a) The Subscriber hereby agrees to become a party to the Management Stockholders Agreement by and among PVF Holdings LLC, the Company and the Executives parties thereto, dated as of March 27, 2007, as amended, attached hereto as Exhibit A (the "Stockholders Agreement"). Except as otherwise expressly set forth in this Section 7, the Subscriber hereby agrees to be bound by, and subject to, all of the representations, warranties, covenants, terms and conditions set forth in the Stockholders Agreement that are applicable to an Executive (as defined in the Stockholders Agreement). Execution and delivery of this Agreement by the Subscriber shall also constitute execution and delivery by him of the Stockholders Agreement, without further action of any party.

(b) The Company, PVF and the Subscriber hereby agree that effective upon the consummation of a Qualified IPO (as defined in the Stockholders Agreement)

of the Company, the Subscriber shall no longer be a party to the Stockholders Agreement and the Stockholders Agreement shall automatically terminate, without further action of any party, with respect to the Subscriber and the Purchased Shares; *provided* that no such termination shall relieve any party thereto (including the Subscriber) of any liability or damages to any other party thereto resulting from a breach of the Stockholders Agreement prior to such termination.

Section 8. Governing Law; Waiver of Jury Trial. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without reference to the conflict of laws principles thereof. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of Delaware located in the County of New Castle and the Federal courts of the United States of America located in the County of New Castle solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Delaware State or Federal court located in the County of New Castle. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in this Agreement or in such other manner as may be permitted by law shall be valid and sufficient service thereof. *Each of the parties irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to this Agreement or the transactions contemplated hereby.*

Section 9. Assignment; Binding Effect; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by the Subscriber (whether by operation of law or otherwise) without the prior written consent of the Company. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each of the Company's affiliates is a third party beneficiary under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement (other than as set forth in the immediately preceding sentence), express or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 10. Entire Agreement. This Agreement and the Stockholders Agreement constitute the entire agreement among the parties with respect to the subject

Section 11. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or otherwise affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 13. Notices. All notices, requests, demands, claims and other communications provided for under the terms of this Agreement shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be sent by (i) personal delivery (including receipted courier service) or overnight delivery service, (ii) facsimile during normal business hours, with confirmation of receipt, to the number indicated, (iii) reputable commercial overnight delivery service courier or (iv) registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

with a copy to:

GS Capital Partners  
85 Broad Street  
New York, NY 10004  
Attention: Jack Daly  
Facsimile: 212-357-5505

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, NY 10004  
Attention: Robert C. Schwenkel, Esq.  
Facsimile: 212-859-4000

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All such notices, requests, consents and other communications shall be deemed to have been given when received. Either party may change its facsimile number or its address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties hereto notice in the manner then set forth.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

**SUBSCRIBER**

/s/ Leonard M. Anthony

**Leonard M. Anthony**

**MCJUNKIN RED MAN HOLDING CORPORATION**

By: /s/ Andrew R. Lane

Name: Andrew R. Lane

Title: CEO

For purposes of Section 7 only:

**PVF HOLDINGS LLC**

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Sr. Vice President, General  
Counsel & Corp Secretary

[Signature Page –Len Anthony Subscription Agreement]

**MCJUNKIN RED MAN HOLDING CORPORATION  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this "Agreement"), is made effective as of October 3, 2008 (the "Date of Grant"), between McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), PVF Holdings LLC, a Delaware limited liability company ("PVF Holdings LLC") (solely for purposes of Section 15 hereof), and Len Anthony (the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the McJ Holding Corporation 2007 Stock Option Plan (the "Plan"), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant an Option to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the Participant's service to the Company and of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Participant the right and option (the "Option") to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of 34.0438 Shares, subject to adjustment as set forth in the Plan. The Option Price shall be \$8,812.18, which the Company and the Participant agree is not less than the Fair Market Value of the Shares as of the date hereof.

2. Vesting; Period of Exercise.

(a) Subject to the earlier termination or cancellation of the Option as set forth herein, the Option shall vest and become exercisable as follows:

(i) Prior to the third (3<sup>rd</sup>) anniversary of the Date of Grant, no portion of the Option shall vest or be exercisable;

(ii) On and after the third (3<sup>rd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-third (1/3) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company has not terminated as of such anniversary;

(iii) On and after the fourth (4<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of two-thirds (2/3) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company has not terminated as of such anniversary; and

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(iv) On and after the fifth (5<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one hundred percent of the Shares originally subject to the Option, provided that the Participant's Employment with the Company has not terminated as of such anniversary.

(v) Notwithstanding the foregoing, in the event of (x) the Participant's death or Disability or (y) the occurrence of a Transaction, the Option shall, to the extent not then vested, automatically become fully vested and exercisable.

The portion of the Option which has become vested and exercisable as described herein is hereinafter referred to as the "Vested Portion."

(b) If the Participant's Employment is terminated by the Company for Cause, the Option shall, whether or not vested, be automatically canceled without payment of consideration therefor.

(c) If the Participant's Employment with the Company terminates for any reason other than (x) Cause or (y) the Participant's death or Disability, the Option shall, to the extent not previously vested, be automatically canceled by the Company without payment of consideration therefor, and the Vested Portion of the Option shall remain exercisable until the earliest to occur of (i) the ten (10) year anniversary of the Date of Grant and (ii) ninety (90) days following the date of the Participant's termination of Employment.

(d) If the Participant's Employment with the Company terminates due to the Participant's death or Disability, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten (10) year anniversary of the Date of Grant and (ii) twenty-four (24) months following such termination of Employment.

### 3. Method of Exercise.

(a) The Vested Portion of the Option may be exercised by delivering to the Company at its principal office written notice of intent so to exercise. Such notice shall specify the number of Shares for which the Option is being exercised (the "Purchased Shares") and shall be accompanied by payment in full of the Option Price in cash or by check or wire transfer; provided, however, that with the written consent of the Committee (which consent may be withheld for any or no reason), payment of such aggregate exercise price may instead be made, in whole or in part, by (i) the delivery to the Company of a certificate or certificates representing Shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price, duly endorsed or accompanied by a duly executed stock power, which delivery effectively transfers to the Company good and valid title to such shares, free and clear of any pledge, commitment, lien, claim or other encumbrance (such shares to be valued on the basis of the aggregate Fair Market Value thereof on the date of such exercise), or (ii) by a reduction in the number of Purchased Shares to be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price in respect of the Purchased Shares, provided that the Company is not then prohibited from purchasing or acquiring such Shares. The Participant shall not have any rights to dividends or other rights of a stockholder with respect to

Shares subject to the Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee or pursuant to the Plan or this Agreement.

(b) Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Option may not be exercised prior to the completion of any registration or qualification of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange (collectively, the “Legal Requirements”) that the Committee shall in its sole discretion determine to be necessary or advisable, unless an exemption to such registration or qualification is available and satisfied. The Committee may establish additional procedures as it deems necessary or desirable in connection with the exercise of the Option or the issuance of any Shares upon such exercise to comply with any Legal Requirements. Such procedures may include but are not limited to the establishment of limited periods during which the Option may be exercised or that following receipt of the notice of exercise and prior to the completion of the exercise, the Participant will be required to affirm the exercise of the Option following receipt of any disclosure deemed necessary or desirable by the Committee.

(c) Upon the Company’s determination that the Option has been validly exercised as to any of the Shares, the Company shall issue certificates in the Participant’s name for such Shares. Such certificates will be held by the Company on behalf of the Participant until such time as the Shares represented by such certificates are transferred as permitted by the Stockholders Agreement.

(d) In the event of the Participant’s death or Disability, the Option shall remain exercisable by the Participant’s executor or administrator, or the person or persons to whom the Participant’s rights under this Agreement shall pass by will or by the laws of descent and distribution as the case may be, for the period set forth in Section 2(d) (and the term “Participant” shall be deemed to include such heir or legatee). Any such heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(e) In consideration of the grant of this Option, the Participant agrees that, as a condition to the exercise of any option to purchase Shares (whether this Option or any other option), the Participant shall, with respect to such Shares, have become a party to the Stockholders Agreement.

4. No Right to Continued Employment. The granting of the Option evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to continue the Employment of the Participant and shall not lessen or affect the Company’s or its Affiliates’ right to terminate the Employment of such Participant.

5. Legend on Certificates. The certificates representing the Shares purchased by exercise of the Option shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.



6. Transferability. Unless otherwise determined by the Committee, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Participant's lifetime, the Option is exercisable only by the Participant.

7. Withholding. The Participant shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under, or with respect to, the Option and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Participant shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder.

8. Securities Laws. Upon the acquisition of any Shares pursuant to the exercise of the Option, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Participant's legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be binding upon the Participant's heirs, executors, administrators and successors.

10. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Participant, the Participant's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

11. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party hereto at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, without regard to principles of conflicts of laws.

13. Option Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Option is subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan, as applicable, will govern and prevail.

14. Accredited Investor Status Representation of Participant. Please check the box next to any of the following statements that apply:

- ☐ Your individual net worth, or joint net worth with your spouse, as of the date hereof, exceeds \$1,000,000;
- ☐ You had individual income in excess of \$200,000 in each of the two most recent years, or joint income with your spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year; or
- ☐ None of the statements above apply.

15. Adoption of Stockholders Agreement.

(a) The parties hereto agree that, upon the grant of the Option hereunder, the Participant shall be made a party to the Management Stockholders Agreement among PVF LLC (formerly known as McJ Holding LLC), the Company, and the other parties thereto (the “Stockholders Agreement”) as an “Executive” (as defined in the Stockholders Agreement) with the rights and obligations of holders of “Stock” (as defined in the Stockholders Agreement) and the Participant hereby agrees to become a party to the Stockholders Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Stockholders Agreement that are applicable to an Executive with such rights and obligations. Execution and delivery of this Agreement by the Participant shall also constitute execution and delivery by the Participant of the Stockholders Agreement, without further action of any party. A copy of the Stockholders Agreement is attached hereto as Exhibit A. In addition to the representations and warranties in the Stockholders Agreement that Participant makes as an Executive, the Participant represents and warrants to the Company that (i) the Participant has carefully reviewed the Stockholders Agreement and has also reviewed all other documents the Participant deems necessary or desirable in order for the Participant to become a party to the Stockholders Agreement (by executing this Agreement); (ii) the Participant has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Stockholders Agreement and the terms and conditions thereof that the Participant deems necessary; and (iii) this Agreement (and by executing this Agreement, the Stockholders Agreement) has been duly executed and delivered by Participant and constitutes a valid and binding agreement of Participant enforceable against the Participant in accordance with its terms and the terms of the Stockholders Agreement.

(b) The Company, PVF Holdings LLC and the Participant hereby agree that effective upon the consummation of a Qualified IPO (as defined in the Stockholders Agreement) of the Company, the Participant shall no longer be a party to the Stockholders Agreement and the

Stockholders Agreement shall automatically terminate, without further action of any party, with respect to the Option granted to the Participant hereunder and any shares received by the Participant upon the exercise of the Option; *provided* that no such termination shall relieve any party thereto (including the Participant) of any liability or damages to any other party thereto resulting from a breach of the Stockholders Agreement prior to such termination.

16. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the Date of Grant.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Andrew R. Lane

Name: Andrew R. Lane

Title: CEO

PVF HOLDINGS LLC (for purposes of Section 15  
only)

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Sr. Vice President, General Counsel & Corporate  
Secretary

PARTICIPANT

By: /s/ Leonard M. Anthony

Name: Leonard M. Anthony

[Signature Page —Len Anthony Option Agreement]

**AMENDMENT TO  
MCJUNKIN RED MAN HOLDING CORPORATION  
NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this “Agreement”), is made effective as of September 10, 2009, by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the “Company”), PVF Holdings LLC, a Delaware limited liability company, and Len Anthony (“Participant”).

WHEREAS, on October 3, 2008, the Participant was granted an option to purchase 34.0438 shares of common stock of the Company, with an exercise price of \$8,812.18 per share (the “Stock Option”), pursuant to the Nonqualified Stock Option Agreement entered into by and between the Company, PVF Holdings LLC and the Participant, dated as of October 3, 2008 (the “Stock Option Agreement”);

WHEREAS, in connection with the 500 for 1 stock split effected by the Company on October 16, 2008, the Stock Option was adjusted to reflect an option to purchase of 17,021 shares of common stock of the Company, with an exercise price of \$17.63; and

WHEREAS, the parties now desire to amend the Stock Option Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Option Price. The Option Price shall hereby be reduced from \$17.63 to \$12.50, which the Company and the Participant agree is not less than the Fair Market Value of the Company’s common stock as of the date of this Agreement.
2. Confirmation of Stock Option Agreement. In all other respects the Stock Option Agreement shall remain in effect and is hereby confirmed by the parties.

[signature page follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date hereof.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General Counsel and Corporate Secretary

PVF HOLDINGS LLC

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General Counsel and Corporate Secretary

LEN ANTHONY

/s/ Leonard M. Anthony

**MCJUNKIN RED MAN HOLDING CORPORATION**  
**RESTRICTED STOCK AWARD AGREEMENT**

THIS RESTRICTED STOCK AWARD AGREEMENT (this “Agreement”), made as of September 10, 2009 (the “Grant Date”), between McJunkin Red Man Holding Corporation, a Delaware corporation (the “Company”), PVF Holdings LLC, a Delaware limited liability company (solely for purposes of Section 20 hereof) (“PVF LLC”), and Len Anthony (the “Grantee”).

WHEREAS, the Company has adopted the McJ Holding Corporation 2007 Restricted Stock Plan (the “Plan”), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Plan; and

WHEREAS, the Committee has determined to grant to the Grantee such award of restricted common stock of the Company as provided herein (the “Restricted Stock”).

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Restricted Stock.

The Company hereby grants to the Grantee an award of 7,300 shares of Restricted Stock (the “Award”). The shares of Restricted Stock granted pursuant to the Award shall be issued in the form of book-entry shares in the name of the Grantee as soon as reasonably practicable after the Grant Date and shall be subject to the execution and return of this Agreement by the Grantee (or the Grantee’s estate, if applicable) to the Company as provided in Section 8 hereof.

2. Restrictions on Transfer.

The shares of Restricted Stock issued under this Agreement may not be sold, transferred, assigned or otherwise disposed of, may not be pledged or otherwise hypothecated, and shall be subject to the terms of the Stockholders Agreement.

3. Lapse of Restrictions Generally.

Except as provided in Sections 4 and 5 hereof, 100% of the number of shares of Restricted Stock issued hereunder shall vest, and the restrictions with respect to such Restricted Stock shall lapse, on the fifth (5<sup>th</sup>) anniversary of the Grant Date, subject to the Grantee’s continued service.

4. Accelerated Vesting.

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In the event of a Transaction, or upon the termination of the Grantee's service due to the Grantee's death or Disability, at any time on or after the Grant Date, all shares of Restricted Stock which have not become vested in accordance with Section 3 hereof shall vest, and the restrictions and conditions applicable to such Restricted Stock shall be deemed to have lapsed immediately prior to the occurrence such event.

5. Forfeiture of Restricted Stock.

Any and all shares of Restricted Stock (whether or not vested) shall be forfeited and shall revert to the Company upon the termination by the Company or any of its subsidiaries of the Grantee's service for Cause. Any and all shares of restricted stock which have not vested pursuant to Sections 3 or 4 hereof shall be forfeited and shall revert to the Company upon the termination of the Grantee's service to the Company for any reason other than by the Company or any of its subsidiaries for Cause.

6. Delivery of Restricted Stock.

Certificates or evidence of book-entry shares with respect to shares of Restricted Stock in respect of which the restrictions have lapsed pursuant to Section 3 or 4 hereof shall be delivered to the Grantee as soon as practicable following the date on which the restrictions on such Restricted Stock have lapsed, free of all restrictions hereunder. Any certificates for shares of Restricted Stock shall be held by the Company on behalf of the Grantee until such time as the shares represented by such certificates are transferred as permitted by the Stockholders Agreement.

7. Stockholders Agreement.

In consideration of the Award, the Grantee agrees that the Grantee shall become a party to the Stockholders Agreement.

8. Execution of Agreements.

The shares of Restricted Stock granted to the Grantee pursuant to the Award shall be subject to the Grantee's execution and return of (i) this Agreement and (ii) the Stockholders Agreement.

9. No Right to Continued Service.

Nothing in this Agreement shall confer upon the Grantee any right to continuance of service as a Board member.

10. Withholding of Taxes.



Prior to the delivery to the Grantee (or the Grantee's estate, if applicable) of evidence of book-entry shares with respect to shares of Restricted Stock in respect of which all restrictions have lapsed, the Grantee (or the Grantee's estate) shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of such Restricted Stock, or any payment or transfer under, or with respect to, such Restricted Stock, and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes. The Grantee shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder.

11. Modification of Agreement.

This Agreement may be modified, amended, suspended or terminated, and any terms or conditions may be waived, but only by a written instrument executed by the parties hereto.

12. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

13. Governing Law.

The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York, without giving effect to the conflicts of laws principles thereof.

14. Successors in Interest.

This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Grantee's legal representatives. All obligations imposed upon the Grantee and all rights granted to the Company under this Agreement shall be binding upon the Grantee's heirs, executors, administrators and successors.

15. No Liability.

No member of the Board shall be liable for any action or determination made in good faith with respect to this Award or this Agreement.

16. Resolution of Disputes.

Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final, binding and conclusive on the Grantee, the Grantee's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

17. Entire Agreement.

This Agreement and the terms and conditions of the Stockholders Agreement constitute the entire understanding between the Grantee and the Company and its subsidiaries with respect to the Award, and supersede all other agreements, whether written or oral, with respect to the Award.

18. Headings.

The headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

19. Accredited Investor Status Representation of Grantee.

Please check the box next to any of the following statements that apply:

- ☒ Your individual net worth, or joint net worth with your spouse, as of the date hereof, exceeds \$1,000,000;
- ☒ You had individual income in excess of \$200,000 in each of the two most recent years, or joint income with your spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year; or
- ☐ None of the statements above apply.

20. Adoption of Stockholders Agreement.

The parties hereto agree that, upon the grant of the Restricted Stock hereunder, the Grantee shall be made a party to the Management Stockholders Agreement among PVF LLC (formerly known as McJ Holding LLC), the Company, and the other parties thereto (the "Stockholders Agreement"), as an "Executive" (as defined in the Stockholders Agreement) with the rights and obligations of holders of "Stock" (as defined in the Stockholders Agreement) and the Grantee hereby agrees to become a party to the Stockholders Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Stockholders Agreement that are applicable to an Executive with such rights and obligations. Execution and delivery of this Agreement by the Grantee shall also constitute execution and delivery by the Grantee of the Stockholders Agreement, without further action of any party. A copy of the Stockholders Agreement is

attached hereto as Exhibit A. In addition to the representations and warranties in the Stockholders Agreement that Grantee makes as an Executive, the Grantee represents and warrants to the Company that (a) the Grantee has carefully reviewed the Stockholders Agreement and has also reviewed all other documents the Grantee deems necessary or desirable in order for the Grantee to become a party to the Stockholders Agreement (by executing this Agreement); (b) the Grantee has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Stockholders Agreement and the terms and conditions thereof that the Grantee deems necessary; and (c) this Agreement (and by executing this Agreement, the Stockholders Agreement) has been duly executed and delivered by Grantee and constitutes a valid and binding agreement of Grantee enforceable against the Grantee in accordance with its terms and the terms of the Stockholders Agreement.

21. Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the Grant Date.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake  
Name: Stephen W. Lake  
Title: Executive Vice-President, General Counsel and Corporate Secretary

PVF HOLDINGS LLC (for purposes of Section 20 only)

By: /s/ Stephen W. Lake  
Name: Stephen W. Lake  
Title: Executive Vice-President, General Counsel and Corporate Secretary

GRANTEE

By: /s/ Leonard M. Anthony  
Name: Len Anthony

**MCJUNKIN RED MAN HOLDING CORPORATION**  
**SUBSCRIPTION AGREEMENT**

SUBSCRIPTION AGREEMENT (this "Agreement") dated as of October 30, 2009 by and among McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), John Perkins (the "Subscriber") and, for purposes of Section 7 only, PVF Holdings LLC ("PVF").

RECITALS

WHEREAS, in exchange for the Cash Consideration (as defined below), the Subscriber desires to purchase from the Company, and the Company desires to issue to the Subscriber, the Purchased Shares (as defined below).

NOW THEREFORE, in consideration of the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Company and the Subscriber hereby agree as set forth below.

Section 1. Agreement to Sell and Purchase Securities. Subject to the terms and provisions set forth in this Agreement, (a) Subscriber agrees to purchase 43,706 shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock"), at a purchase price of \$11.44 per share, for an aggregate purchase price of \$500,000 (the "Cash Consideration") and (b) in consideration for the Cash Consideration, the Company agrees to issue, sell and deliver to the Subscriber 43,706 shares of Common Stock (the "Purchased Shares").

Section 2. Closing. The delivery of the Purchased Shares to the Subscriber shall take place at a closing (the "Closing") on such date as the Company and the Subscriber shall mutually agree. The Subscriber shall deliver the Cash Consideration to the Company by wire transfer of immediately available funds or by such other form of payment acceptable to the Company so that at the Closing, the Company can deliver the Purchased Shares against receipt of cleared funds. The time and date upon which the Closing occurs is herein called the "Closing Date."

Section 3. Acceptance. This Agreement is subject to the acceptance of the Company. The Company reserves the right to accept or reject the subscription of Purchased Shares or any portion thereof. Upon such acceptance, this Agreement shall become a binding agreement between the Company, the Subscriber, and for purposes of Section 7 only, PVF.

Section 4. Representations and Warranties of the Subscriber. The Subscriber represents, warrants and agrees that:

(a) The Subscriber has all requisite power and authority to execute and deliver this Agreement and any and all instruments necessary or appropriate in order to effectuate fully the terms and conditions of this Agreement and to perform and consummate his obligations hereunder. This Agreement has been duly and validly executed and delivered by the Subscriber and constitutes a valid and legally binding

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obligation of the Subscriber, enforceable against the Subscriber in accordance with its terms and conditions, except as enforceability thereof may be limited by any applicable bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by general principles of equity.

(b) The execution, delivery and performance of this Agreement by the Subscriber does not (i) violate, conflict with, or constitute a breach of or default under any agreement to which the Subscriber is a party or which he is bound or (y) violate any law, regulation, order, writ, judgment, injunction or decree applicable to the Subscriber. No consent or approval of, or filing with, any governmental or regulatory body is required to be obtained or made by the Subscriber in connection with the execution and delivery of this Agreement.

(c) The Subscriber is acquiring the Purchased Shares for his own account, for investment and not with a view to the sale or distribution thereof, nor with any present intention of distributing or selling the same. The Purchased Shares have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, consequently, the materials relating to the offer have not been subject to review and comment by the staff of the Securities and Exchange Commission or any other governmental authority. Furthermore, there is not now and there may never be any public market for the Purchased Shares. Rule 144 promulgated under the Securities Act is not presently available with respect to the sale of any Purchased Shares.

(d) The Subscriber is an "accredited investor," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and, in connection with the execution of this Agreement, the Subscriber agrees to deliver such certificates to that effect as the board of directors of the Company may request.

(e) The Subscriber has had an opportunity to ask questions and receive answers concerning the terms and conditions of the offering of the Purchased Shares and has had full access to such other information concerning the Company as he has requested. The Subscriber's knowledge and experience in financial and business matters is such that he is capable of evaluating the merits and risk of the investment in the Purchased Shares. The Subscriber has carefully reviewed the terms and provisions of this Agreement and has evaluated the restrictions and obligations contained herein. In furtherance of the foregoing, the Subscriber represents and warrants that (i) no representation or warranty, express or implied, whether written or oral, as to the financial condition, results of operations, prospects, properties or business of the Company or as to the desirability or value of an investment in the Company has been made to the Subscriber by or on behalf of the Company, (ii) the Subscriber has relied upon his own independent appraisal and investigation, and the advice of his own counsel, tax advisors and other advisors, regarding the risks of an investment in the Company and (iii) the Subscriber will continue to bear sole responsibility for making his own independent evaluation and monitoring of the risks of his investment in the Company.

(f) The Subscriber's financial situation is such that the Subscriber can afford to bear the economic risk of holding the Purchased Shares for an indefinite period

and the Subscriber can afford to suffer the complete loss of his investment in the Purchased Shares.

(g) The Subscriber is not subscribing for the Purchased Shares as a result of or subsequent to any advertisement, article, notice or other communication published in any newspapers, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of a subscription by a person or entity not previously known to the Subscriber in connection with investments in securities generally.

(h) The Subscriber understands and acknowledges that (i) he is being issued the Purchased Shares as part of a written compensatory contract pursuant to Rule 701 of the Securities Act for services to the Company and its affiliates, and (ii) he or she would not be issued the Purchased Shares if he or she were not an employee or director of the Company or one of its affiliates.

(i) The Subscriber hereby acknowledges that any investment gain attributable to ownership of the Purchased Shares will not be taken into consideration for any compensation purpose.

Section 5. Survival. All of the representations, warranties and agreements of the Subscriber set forth herein shall survive the execution and delivery of this Agreement.

Section 6. Subscriber's Employment. Nothing in this Agreement shall confer upon the Subscriber any right, following appointment of the Subscriber to the board of directors of the Company, to continue to serve as a director of the Company or any of its affiliates or interfere in any way with the right of the Company or any of its affiliates, as the case may be, in their sole discretion, to terminate, following appointment of the Subscriber to the board of directors of the Company, the Subscriber's service as director or to increase or decrease the Subscriber's compensation at any time.

#### Section 7. Stockholders Agreement

(a) The Subscriber hereby agrees to become a party to the Management Stockholders Agreement by and among PVF, the Company and the Executives named therein, dated as of March 27, 2007, as amended, attached hereto as Exhibit A (the "Stockholders Agreement"). Except as otherwise expressly set forth in this Section 7, the Subscriber hereby agrees to be bound by, and subject to, all of the representations, warranties, covenants, terms and conditions set forth in the Stockholders Agreement that are applicable to an Executive (as defined in the Stockholders Agreement). Execution and delivery of this Agreement by the Subscriber shall also constitute execution and delivery by him of the Stockholders Agreement, without further action of any party.

(b) The Company, PVF and the Subscriber hereby agree that effective upon the consummation of a Qualified IPO (as defined in the Stockholders Agreement)

of the Company, the Subscriber shall no longer be a party to the Stockholders Agreement and the Stockholders Agreement shall automatically terminate, without further action of any party, with respect to the Subscriber and the Purchased Shares; *provided* that no such termination shall relieve any party thereto (including the Subscriber) of any liability or damages to any other party thereto resulting from a breach of the Stockholders Agreement prior to such termination.

Section 8. Governing Law; Waiver of Jury Trial. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without reference to the conflict of laws principles thereof. The parties hereby irrevocably submit to the personal jurisdiction of the courts of the State of Delaware located in the County of New Castle and the Federal courts of the United States of America located in the County of New Castle solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Delaware State or Federal court located in the County of New Castle. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and, to the extent permitted by law, over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in this Agreement or in such other manner as may be permitted by law shall be valid and sufficient service thereof. *Each of the parties irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any and all rights to trial by jury in connection with any litigation arising out of or relating to this Agreement or the transactions contemplated hereby.*

Section 9. Assignment; Binding Effect; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by the Subscriber (whether by operation of law or otherwise) without the prior written consent of the Company. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Each of the Company's affiliates is a third party beneficiary under this Agreement. Notwithstanding anything contained in this Agreement to the contrary, nothing in this Agreement (other than as set forth in the immediately preceding sentence), express or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 10. Entire Agreement. This Agreement and the Stockholders Agreement constitute the entire agreement among the parties with respect to the subject



matter hereof and supersede all prior agreements and understandings (oral and written) among the parties with respect thereto.

Section 11. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or otherwise affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 12. Revocability. This Agreement may not be withdrawn or revoked by the Subscriber in whole or in part without the prior written consent of the Company.

Section 13. Notices. All notices, requests, demands, claims and other communications provided for under the terms of this Agreement shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be sent by (i) personal delivery (including receipted courier service) or overnight delivery service, (ii) facsimile during normal business hours, with confirmation of receipt, to the number indicated, (iii) reputable commercial overnight delivery service courier or (iv) registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

If to the Company:   McJunkin Red Man Holding Corporation  
                              8023 E. 63rd Place  
                              Tulsa, OK 74133  
                              Attention: General Counsel  
                              Facsimile:

with a copy to:       GS Capital Partners  
                              85 Broad Street  
                              New York, NY 10004  
                              Attention: Jack Daly  
                              Facsimile: 212-357-5505

and

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, NY 10004  
Attention: Robert C. Schwenkel, Esq.  
Facsimile: 212-859-4000

If to the Subscriber: John Perkins to his principal residence as reflected in the records of the Company.

All such notices, requests, consents and other communications shall be deemed to have been given when received. Either party may change its facsimile number or its address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other parties hereto notice in the manner then set forth.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

**SUBSCRIBER**

/s/ John Perkins

**John Perkins**

**MCJUNKIN RED MAN HOLDING CORPORATION**

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive VP & General Counsel

For purposes of Section 7 only:

**PVF HOLDINGS LLC**

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive VP & General Counsel

[Signature Page to Subscription Agreement]

**MCJUNKIN RED MAN HOLDING CORPORATION**  
**NONQUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (this "Agreement"), is made effective as of December 3, 2009 (the "Date of Grant"), between McJunkin Red Man Holding Corporation, a Delaware corporation (the "Company"), PVF Holdings LLC, a Delaware limited liability company ("PVF Holdings LLC") (solely for purposes of Section 15 hereof), and John A. Perkins (the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the McJ Holding Corporation 2007 Stock Option Plan (the "Plan"), which Plan is incorporated herein by reference and made a part of this Agreement. Capitalized terms not otherwise defined herein shall have the meanings given thereto in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant an Option to the Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the Participant's services and of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant of the Option. The Company hereby grants to the Participant the right and option (the "Option") to purchase, on the terms and conditions hereinafter set forth, all or any part of an aggregate of 8,741 Shares, subject to adjustment as set forth in the Plan. The Option Price shall be \$11.44 USD, which the Company and the Participant agree is not less than the Fair Market Value of the Shares as of the date hereof.

2. Vesting; Period of Exercise.

(a) Subject to the earlier termination or cancellation of the Option as set forth herein, the Option shall vest and become exercisable as follows:

(i) Prior to the second (2<sup>nd</sup>) anniversary of the Date of Grant, no portion of the Option shall vest or be exercisable;

(ii) On and after the second (2<sup>nd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-fourth (1/4) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary;

(iii) On and after the third (3<sup>rd</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one-half (1/2) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary;

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(iv) On and after the fourth (4<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of three-fourths (3/4) of the Shares originally subject to the Option, provided that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary; and

(v) On and after the fifth (5<sup>th</sup>) anniversary of the Date of Grant, the Option shall vest and be exercisable with respect to an aggregate of one hundred percent of the Shares originally subject to the Option provided, that the Participant's Employment with the Company or any of its Affiliates has not terminated as of such anniversary.

(vi) Notwithstanding the foregoing, in the event of (x) the Participant's death or Disability or (y) the occurrence of a Transaction, the Option shall, to the extent not then vested, automatically become fully vested and exercisable.

The portion of the Option which has become vested and exercisable as described herein is hereinafter referred to as the "Vested Portion."

(b) If the Participant's Employment is terminated by the Company or an Affiliate for Cause, the Option shall, whether or not vested, be automatically canceled without payment of consideration therefor.

(c) If the Participant's Employment with the Company or any of its Affiliates terminates for any reason other than (x) Cause or (y) the Participant's death or Disability, the Option shall, to the extent not previously vested, be automatically canceled by the Company without payment of consideration therefor, and the Vested Portion of the Option shall remain exercisable for the period set forth in Section 2(d).

(d) Subject to the provisions of the Plan and this Agreement, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten-year anniversary of the Date of Grant and (ii) 90 days following the date of the Participant's termination of Employment (other than a termination of Employment due to the Participant's death or Disability).

(e) Notwithstanding the foregoing, upon termination of Employment due to the Participant's death or Disability, the Participant may exercise all or any part of the Vested Portion of the Option at any time prior to the earliest to occur of (i) the ten-year anniversary of the Date of Grant and (ii) twenty-four months following such termination of Employment.

### 3. Method of Exercise.

(a) The Vested Portion of the Option may be exercised by delivering to the Company at its principal office written notice of intent so to exercise. Such notice shall specify the number of Shares for which the Option is being exercised (the "Purchased Shares") and shall be accompanied by payment in full of the Option Price in cash or by check or wire transfer; provided, however, that with the written consent of the Committee (which consent may be withheld for any or no reason), payment of such aggregate exercise price may instead be made, in whole or in part, by (A) the delivery to the Company of a certificate or certificates

representing Shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price, duly endorsed or accompanied by a duly executed stock power, which delivery effectively transfers to the Company good and valid title to such shares, free and clear of any pledge, commitment, lien, claim or other encumbrance (such shares to be valued on the basis of the aggregate Fair Market Value thereof on the date of such exercise), or (B) by a reduction in the number of Purchased Shares to be issued upon such exercise having a Fair Market Value on the date of exercise equal to the aggregate exercise price in respect of the Purchased Shares, provided that the Company is not then prohibited from purchasing or acquiring such Shares. The Participant shall not have any rights to dividends or other rights of a stockholder with respect to Shares subject to the Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee or pursuant to the Plan or this Agreement.

(b) Notwithstanding any other provision of the Plan or this Agreement to the contrary, the Option may not be exercised prior to the completion of any registration or qualification of the Option or the Shares under applicable state and federal securities or other laws, or under any ruling or regulation of any governmental body or national securities exchange (collectively, the "Legal Requirements") that the Committee shall in its sole discretion determine to be necessary or advisable, unless an exemption to such registration or qualification is available and satisfied. The Committee may establish additional procedures as it deems necessary or desirable in connection with the exercise of the Option or the issuance of any Shares upon such exercise to comply with any Legal Requirements. Such procedures may include but are not limited to the establishment of limited periods during which the Option may be exercised or that following receipt of the notice of exercise and prior to the completion of the exercise, the Participant will be required to affirm the exercise of the Option following receipt of any disclosure deemed necessary or desirable by the Committee.

(c) Upon the Company's determination that the Option has been validly exercised as to any of the Shares, the Company shall issue certificates in the Participant's name for such Shares. Such certificates will be held by the Company on behalf of the Participant until such time as the Shares represented by such certificates are transferred as permitted by the Stockholders Agreement.

(d) In the event of the Participant's death or Disability, the Option shall remain exercisable by the Participant's executor or administrator, or the person or persons to whom the Participant's rights under this Agreement shall pass by will or by the laws of descent and distribution as the case may be, for the period set forth in Section 2(e) (and the term "Participant" shall be deemed to include such heir or legatee). Any such heir or legatee of the Participant shall take rights herein granted subject to the terms and conditions hereof.

(e) In consideration of the grant of this Option, the Participant agrees that, as a condition to the exercise of any option to purchase Shares (whether this Option or any other option), the Participant shall, with respect to such Shares, have become a party to the Stockholders Agreement.

4. No Right to Continued Employment. The granting of the Option evidenced hereby and this Agreement shall impose no obligation on the Company or any Affiliate to

continue the Employment of the Participant and shall not lessen or affect the Company's or its Affiliates' right to terminate the Employment of such Participant.

5. Legend on Certificates. The certificates representing the Shares purchased by exercise of the Option shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

6. Transferability. Unless otherwise determined by the Committee, the Option may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided, that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance. No such permitted transfer of the Option to heirs or legatees of the Participant shall be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof. During the Participant's lifetime, the Option is exercisable only by the Participant.

7. Withholding. The Participant shall be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Option, its exercise or any payment or transfer under, or with respect to, the Option and to take such other action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes (including any Employee National Insurance contributions). The Participant shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder (other than with respect to any Secondary (Employer) National Insurance).

8. Securities Laws. Upon the acquisition of any Shares pursuant to the exercise of the Option, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

9. Successors in Interest. This Agreement shall inure to the benefit of and be binding upon any successor to the Company. This Agreement shall inure to the benefit of the Participant's legal representatives. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be binding upon the Participant's heirs, executors, administrators and successors.

10. Resolution of Disputes. Any dispute or disagreement which may arise under, or as a result of, or in any way relate to, the interpretation, construction or application of this Agreement shall be determined by the Board. Any determination made hereunder shall be final,

binding and conclusive on the Participant, the Participant's heirs, executors, administrators and successors, and the Company and its subsidiaries for all purposes.

11. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party hereto at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the state of New York, without regard to principles of conflicts of laws.

13. Option Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Option is subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan, as applicable, will govern and prevail.

14. Accredited Investor Status Representation of Participant. Please check the box next to any of the following statements that apply:

- ☒ Your individual net worth, or joint net worth with your spouse, as of the date hereof, exceeds \$1,000,000;
- ☐ You had individual income in excess of \$200,000 in each of the two most recent years, or joint income with your spouse in excess of \$300,000 in each of those years, and have a reasonable expectation of reaching the same income level in the current year; or
- ☐ None of the statements above apply.

15. Adoption of Stockholders Agreement. The parties hereto agree that, upon the grant of the Option hereunder, the Participant shall be made a party to the Management Stockholders Agreement among PVF LLC (formerly known as McJ Holding LLC), the Company, and the other parties thereto (the "Stockholders Agreement") as an "Executive" (as defined in the Stockholders Agreement) with the rights and obligations of holders of "Stock" (as defined in the Stockholders Agreement) and the Participant hereby agrees to become a party to the Stockholders Agreement and to be bound by, and subject to, all of the representations, covenants, terms and conditions of the Stockholders Agreement that are applicable to an Executive with such rights and obligations. Execution and delivery of this Agreement by the Participant shall also constitute execution and delivery by the Participant of the Stockholders Agreement, without further action of any party. A copy of the Stockholders Agreement is attached hereto as Exhibit A. In addition to the representations and warranties in the Stockholders Agreement that Participant makes as an Executive, the Participant represents and warrants to the Company that (a) the Participant has carefully reviewed the Stockholders Agreement and has also reviewed all other documents the Participant deems necessary or



desirable in order for the Participant to become a party to the Stockholders Agreement (by executing this Agreement); (b) the Participant has been granted the opportunity to ask questions of, and receive answers from, representatives of the Company concerning the Stockholders Agreement and the terms and conditions thereof that the Participant deems necessary; and (c) this Agreement (and by executing this Agreement, the Stockholders Agreement) has been duly executed and delivered by Participant and constitutes a valid and binding agreement of Participant enforceable against the Participant in accordance with its terms and the terms of the Stockholders Agreement.

16. Complete Agreement. The Plan and this Agreement shall constitute the entire agreement between the parties with respect to the Option.

17. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the Date of Grant.

MCJUNKIN RED MAN HOLDING CORPORATION

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General Counsel  
and Corporate Secretary

PVF HOLDINGS LLC (for purposes of Section 15 only)

By: /s/ Stephen W. Lake

Name: Stephen W. Lake

Title: Executive Vice President, General Counsel  
and Corporate Secretary

PARTICIPANT

By: /s/ John A. Perkins

Name: John A. Perkins

## INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“Agreement”) is made as of August 11, 2010 by and between McJunkin Red Man Holding Corporation, a Delaware corporation (the “Company”), and Peter C. Boylan, III (“Indemnitee”).

### RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by applicable law;

WHEREAS, the Company’s Certificate of Incorporation (the “Charter”) and Bylaws (the “Bylaws”) require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the “DGCL”);

WHEREAS, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Company and Indemnitee recognize the continued difficulty in obtaining liability insurance for the Company’s directors, officers, employees, agents and fiduciaries, the significant and continual increases in the cost of such insurance and the general trend of insurance companies to reduce the scope of coverage of such insurance;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and scope of coverage of liability insurance provide increasing challenges for the Company;

WHEREAS, Indemnitee does not regard the protection currently provided by applicable law, the Company’s governing documents and available insurance as adequate under the present circumstances, and the Indemnitee and certain other directors, officers, employees, agents and fiduciaries of the Company may not be willing to continue to serve in such capacities without additional protection;

WHEREAS, the Board of Directors of the Company (the “Board”) has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

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WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnatee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnatee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnatee agrees to serve as a director of the Company. Indemnatee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnatee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnatee. The foregoing notwithstanding and subject to Section 16 of this Agreement, this Agreement shall continue in force after Indemnatee has ceased to serve as a director of the Company and will continue to provide coverage, to the extent provided for in this Agreement, for matters that occurred while Indemnatee served as a director of the Company.

## Section 2. Definitions

As used in this Agreement:

(a) “Corporate Status” describes the status of a person who is or was a director, officer, employee, agent or consultant of the Company or of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company as a director, officer, employee, agent, consultant or fiduciary.

(b) “Enterprise” shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnatee is or was serving at the request of the Company as a director, officer, employee, agent, consultant or fiduciary.

(c) “Expenses” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnatee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium,

security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) Expenses incurred by Indemnatee in connection with the interpretation, enforcement or defense of Indemnatee's rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnatee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnatee's counsel as being reasonable shall be presumed conclusively to be reasonable. Expenses, however, shall not include amounts paid in settlement by Indemnatee or the amount of judgments or fines against Indemnatee.

(d) "Independent Counsel" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past two years has been, retained to represent: (i) the Company or Indemnatee in any matter material to either such party (other than with respect to matters concerning the Indemnatee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnatee in an action to determine Indemnatee's rights under this Agreement.

(e) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative legislative, or investigative (formal or informal) nature, including any and all appeals therefrom, in which Indemnatee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnatee is or was a director, consultant or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director, consultant or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, consultant, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement. If the Indemnatee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall be considered a Proceeding under this paragraph.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnatee in accordance with the provisions of this Section 3 if Indemnatee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor (which is covered by Section 4 of this Agreement). Pursuant to this Section 3, Indemnatee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnatee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnatee acted in good faith and in a

manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that his conduct was unlawful. Indemnitee shall not enter into any settlement in connection with a Proceeding without ten (10) days prior notice to the Company.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court or such other court shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the extent that Indemnitee is a party to and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against (a) all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter and (b) any claim, issue or matter related to any such successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter. Nothing in this Section 5 is intended to limit Indemnitee's rights provided for in Sections 3 and 4.

Section 6. Indemnification For Expenses of a Witness. To the extent that Indemnitee is, by reason of his Corporate Status, a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. Nothing in this Section 6 is intended to limit Indemnitee's rights provided for in Sections 3 and 4.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification.

(a) Notwithstanding any provisions of Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or is threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with such Proceeding.

(b) For purposes of Section 8(a), the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, but not be limited to:

- i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL or such provision thereof; and
- ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its directors.

Section 9. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement to make any indemnity:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for any disgorgement of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company under Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law;

(c) for claims initiated or brought by Indemnitee against the Company or its directors, officers, employees or other indemnitees, except (i) with respect to actions or proceedings brought to establish or enforce a right to receive Expenses or indemnification under this Agreement or any other agreement or insurance policy or under the Charter or the Bylaws now or hereafter in effect relating to indemnification, (ii) if the Board has approved the initiation or bringing of such claim, or (iii) as otherwise required under Delaware law; or

(d) for which payment is prohibited by applicable law.

Section 10. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary, the Company shall advance, to the extent not prohibited by applicable law, all Expenses incurred by or on behalf of Indemnitee (or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee within three (3) months) in connection with any Proceeding, and such advancement shall be made within twenty (20) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to

expenditures made that would cause Indemnatee to waive any privilege accorded by applicable law shall not be included with the invoice) from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnatee's ability to repay expenses and without regard to Indemnatee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnatee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnatee undertakes to the fullest extent required by applicable law to repay the amounts advanced (without interest) if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnatee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 10 shall not apply to any claim made by Indemnatee for which indemnity is excluded pursuant to Section 9. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding.

Section 11. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification or advancement of Expenses under this Agreement, Indemnatee shall submit to the Company a written request therefor. The omission by Indemnatee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnatee hereunder, under the Charter, the Bylaws, any resolution of the Board providing for indemnification or otherwise, and any delay in so notifying the Company shall not constitute a waiver by Indemnatee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnatee has requested indemnification.

(b) The Company will be entitled to participate in any Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnatee for indemnification pursuant to Section 11(a), a determination, if required by applicable law, with respect to Indemnatee's entitlement thereto shall be made in the specific case by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee and, if it is so determined that Indemnatee is entitled to indemnification, payment to Indemnatee shall be made within ten (10) days after such determination. Indemnatee shall cooperate with the Independent Counsel making such determination with respect to Indemnatee's entitlement to indemnification, including providing to such counsel upon reasonable advance request any reasonable documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnatee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnatee in so cooperating with the Independent Counsel shall be deemed "Expenses" hereunder and shall be borne by the Company (irrespective of the determination as to Indemnatee's entitlement to



indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) The Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. The Company may, within ten (10) days after such written notice of Indemnitee's selection shall have been given, deliver to the Indemnitee a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding no Independent Counsel shall have been selected and not objected to, the Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing). The Company agrees to pay the reasonable fees and expenses of the Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

### Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the Independent Counsel making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by the Independent Counsel of any determination contrary to that presumption. Neither the failure of the Company or of Independent Counsel to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company or by Independent Counsel that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself

adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or the Board or counsel selected by any committee of the Board or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, investment banker or other expert selected with reasonable care by the Company or the Board or any committee of the Board. The provisions of this Section 13(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, consultant, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

#### Section 14. Remedies of Indemnitee.

(a) Subject to Section 14(e), in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification and/or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial

proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14, the Company shall have the burden of proving Indemnatee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnatee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by applicable law, the Indemnatee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnatee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnatee hereunder. To the fullest extent permitted by applicable law, the Company shall indemnify Indemnatee against any and all Expenses and, if requested by Indemnatee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance such Expenses to Indemnatee, which are incurred by Indemnatee in connection with any action brought by Indemnatee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnatee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be, in the suit for which indemnification or advances is being sought.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnatee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnatee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnatee under this Agreement in respect of any action taken or omitted by such Indemnatee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Charter, the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnatee shall enjoy by this

Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, consultants, officers, employees, or agents of the Company or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, consultant, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, consultant, officer, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 16. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director of the Company or (b) one (1) year after the final termination of any Proceeding then pending on such ten (10) year anniversary in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or

otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by applicable law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Charter, the Bylaws, any resolution of the Board providing for indemnification and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 19. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 20. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 21. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnatee, at the address indicated on the signature page of this Agreement, or such other address as Indemnatee shall provide to the Company.

(b) If to the Company to:

McJunkin Red Man Holding Corporation  
8023 East 63<sup>rd</sup> Place  
Tulsa, Oklahoma 74133  
Attn: Executive Vice President and General Counsel  
Facsimile: (866) 815-5063

or to any other address as may have been furnished to Indemnatee by the Company.

Section 22. Contribution. To the fullest extent permitted by applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnatee for any reason whatsoever, the Company, in lieu of indemnifying Indemnatee, shall contribute to the amount incurred by Indemnatee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnatee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnatee in connection with such event(s) and/or transaction(s).

Section 23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnatee pursuant to Section 14(a) of this Agreement, the Company and Indemnatee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the

laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Miscellaneous. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

*[signature page follows]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

COMPANY:

McJunkin Red Man Holding Corporation

By: /s/ Andrew Lane

Name: Andrew Lane

Title: Chairman, President and Chief Executive Officer

INDEMNITEE:

By: /s/ Peter C. Boylan, III

Name: Peter C. Boylan, III



**McJunkin Red Man Holding Corporation**  
**Ratio of Earnings to Fixed Charges**  
**(in thousands)**

	Predecessor		Successor			
	Year Ended December 31, 2006	One Month Ended January 2007	Eleven Months Ended December 31, 2007	Year Ended December 31,		
				2008	2009(1)	2010(2)
<b>Earnings</b>						
Pretax income (loss) from continuing operations	\$ 117.9	\$ 11.2	\$ 82.0	\$ 406.7	\$ (278.6)	\$ (75.2)
Fixed Charges	3.2	0.1	62.1	85.2	117.0	140.3
Earnings	\$ 121.1	\$ 11.3	\$ 144.1	\$ 491.9	\$ (161.6)	\$ 65.0
<b>Fixed charges:</b>						
Interest expense (3)	\$ 2.8	\$ 0.1	\$ 61.7	\$ 84.5	\$ 116.5	\$ 139.6
Interest component of rental expense	0.4	—	0.4	0.7	0.5	0.7
Total fixed charges	3.2	0.1	62.1	85.2	117.0	140.3
Ratio of earning to fixed charges (4)	38.2x	107.7x	2.3x	5.8x	—	—

- (1) Earnings were insufficient to cover fixed charges by \$279 million for the year ended December 31, 2009.
- (2) Earnings were insufficient to cover fixed charges by \$75 million for the year ended December 31, 2010.
- (3) Interest expense includes original issue discount and amortization charges associated with debt issuance costs.
- (4) Certain ratios may not recompute due to rounding differences.

**List of Subsidiaries of McJunkin Red Man Holding Corporation**

McJunkin Red Man Corporation  
Greenbrier Petroleum Corporation  
Hagan Oilfield Supply Ltd  
Heaton Valves Limited  
McJunkin — Nigeria Limited  
McJunkin — Puerto Rico Corporation  
McJunkin — West Africa Corporation  
McJunkin de Angola, LDA  
McJunkin Red Man Asia Pacific Limited  
McJunkin Red Man Canada Ltd  
McJunkin Red Man de Mexico, S. de R.L. de C.V.  
McJunkin Red Man Development Corporation  
McJunkin Red Man International Corp.  
McJunkin Red Man International Services Corp.  
McJunkin Red Man Servicios, S. de R.L. de C.V.  
McJunkin Red Man UK Ltd  
McJunkin Venezuela  
Mega Production Testing Inc.  
Midfield Holdings (Alberta) Ltd  
Midfield Supply ULC  
Midway-Tristate Corporation  
Milton Oil & Gas Company  
MRC Management Company  
MRC Transmark (Dragon) Limited  
MRC Transmark B.V.  
MRC Transmark France EURL  
MRC Transmark Group B.V.  
MRC Transmark Holdings UK Ltd.  
MRC Transmark International B.V.  
MRC Transmark Italy srl  
MRC Transmark Kazakhstan  
MRC Transmark Leymas Valve. Co., Ltd.  
MRC Transmark Limited (UK)  
MRC Transmark Limited (New Zealand)

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MRC Transmark NV  
MRC Transmark Pte Ltd.  
MRC Transmark Pty Ltd (Aus.)  
MRM Oklahoma Management LLC  
Pegler Beacon Australia Pty Ltd.  
Pegler Hattersley Holdings Pty. Ltd  
Red Man Distributors LLC  
Red Man Pipe & Supply International Limited  
Ruffner Realty Company  
The South Texas Supply Company, Inc.  
Transmark Fortim Engineering Pte. Ltd.  
Transmark International Limited

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and the use of our report dated March 23, 2011, with respect to the consolidated financial statements of McJunkin Red Man Holding Corporation for the year ended December 31, 2010 included in the Registration Statement (Form S-4 No. 333- ) and related Prospectus of McJunkin Red Man Holding Corporation for the registration of \$1,050,000,000 9.50% Senior Secured Notes due December 15, 2016 filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Charleston, West Virginia  
March 23, 2011

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM T-1

STATEMENT OF ELIGIBILITY UNDER  
THE TRUST INDENTURE ACT OF 1939 OF A  
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility of  
a Trustee Pursuant to Section 305(b)(2)

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**U.S. BANK NATIONAL ASSOCIATION**  
(Exact name of Trustee as specified in its charter)

**31-0841368**

I.R.S. Employer Identification No.

800 Nicollet Mall  
Minneapolis, Minnesota  
(Address of principal executive offices)

55402  
(Zip Code)

Raymond S. Haverstock  
U.S. Bank National Association  
60 Livingston Avenue  
St. Paul, MN 55107  
(651) 495-3909  
(Name, address and telephone number of agent for service)

**McJunkin Red Man Corporation**  
**See Table of Additional Registrant Guarantors**  
(Issuer with respect to the Securities)

Delaware  
(State or other jurisdiction of incorporation or organization)

55-0229830  
(I.R.S. Employer Identification No.)

2 Houston Center  
909 Fannin, Suite 3100  
Houston, Texas  
(Address of Principal Executive Offices)

77010  
(Zip Code)

**9.50% Senior Secured Notes Due 2016**  
**Guarantees of 9.50% Senior Secured Notes Due 2016**  
(Title of the Indenture Securities)

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**TABLE OF ADDITIONAL REGISTRANT GUARANTORS**

<b>Exact Name of Registrant Guarantor as Specified in its Charter (1)</b>	<b>State or Other Jurisdiction of Incorporation or Organization</b>	<b>Primary Standard Industrial Classification Code Number</b>	<b>I.R.S. Employer Identification Number</b>
GREENBRIER PETROLEUM CORPORATION	West Virginia	1311	55-0566559
MCJUNKIN NIGERIA LIMITED	Delaware	1311	55-0758030
MCJUNKIN-PUERTO RICO CORPORATION	Delaware	1311	27-0094172
MCJUNKIN RED MAN DEVELOPMENT CORPORATION	Delaware	1311	55-0825430
MCJUNKIN RED MAN HOLDING CORPORATION	Delaware	1311	20-5956993
MCJUNKIN-WEST AFRICA CORPORATION	Delaware	1311	20-4303835
MIDWAY-TRISTATE CORPORATION	New York	1311	13-3503059
MILTON OIL & GAS COMPANY	West Virginia	1311	55-0547779
MRC MANAGEMENT COMPANY	Delaware	1311	26-1570465
RUFFNER REALTY COMPANY	West Virginia	1311	55-0547777
THE SOUTH TEXAS SUPPLY COMPANY, INC.	Texas	1311	74-2804317

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(1) The address for each of the additional registrant guarantors is c/o McJunkin Red Man Corporation, 2 Houston Center, 909 Fannin, Suite 3100, Houston, Texas 77010.

**FORM T-1**

**Item 1. GENERAL INFORMATION.** Furnish the following information as to the Trustee.

- a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency  
Washington, D.C.

- b) *Whether it is authorized to exercise corporate trust powers.*

Yes

**Item 2. AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

**Items 3-15** *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

**Item 16. LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.\*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.\*\*
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of December 31, 2010 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

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\* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

\*\* Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

#### **SIGNATURE**

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of St. Paul, State of Minnesota on the 21st of March, 2011.

By: /s/ Raymond S. Haverstock

Raymond S. Haverstock

Vice President



**LETTER OF TRANSMITTAL  
FOR TENDER OF  
ALL OUTSTANDING  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
IN EXCHANGE FOR  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
OF  
MCJUNKIN RED MAN CORPORATION**

**THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON           , 2011 (THE “EXPIRATION DATE”), UNLESS THE OFFER IS EXTENDED BY MCJUNKIN RED MAN CORPORATION IN ITS SOLE DISCRETION. TENDERS OF OUTSTANDING NOTES MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.**

*Exchange Agent:*

**U.S. BANK NATIONAL ASSOCIATION**

*By Registered Mail, Overnight Carrier or Hand Delivery:*

**U.S. Bank National Association  
Corporate Trust Services  
Attn: Specialized Finance  
60 Livingston Avenue  
St. Paul, Minnesota 55107-2292**

**Confirm by Telephone: (800) 934-6802**

**Delivery by Facsimile: (651) 495-8158**

**DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.**

By execution hereof, the undersigned acknowledges receipt of the Prospectus dated           , 2011 (the “Prospectus”) of McJunkin Red Man Corporation (the “Company”) which, together with this Letter of Transmittal (the “Letter of Transmittal”), constitute the Company’s offer (the “Exchange Offer”) to exchange up to \$1,050,000,000 principal amount of its 9.50% Senior Secured Notes due December 15, 2016 (the “Exchange Notes”), which have been registered under the Securities Act of 1933, as amended (the “Securities Act”), for up to \$1,050,000,000 principal amount of its issued and outstanding 9.50% Senior Secured Notes due December 15, 2016 (the “Outstanding Notes”). The terms of the Exchange Notes are substantially identical to the terms of the Outstanding Notes for which they may be exchanged pursuant to the Exchange Offer, except that the transfer restrictions, registration rights and additional interest provisions relating to the Outstanding Notes will not apply to the Exchange Notes.

This Letter of Transmittal is to be used by Holders (as defined below) if: (i) certificates representing Outstanding Notes are to be physically delivered to the Exchange Agent herewith by Holders; (ii) tender of Outstanding Notes is to be made by book-entry transfer to the Exchange Agent’s account at The Depository Trust Company (“DTC”), Euroclear Bank S.A./N.V., as operator of the Euroclear system (“Euroclear”), or Clearstream Banking S.A. (“Clearstream”) by any financial institution that is a participant in DTC, Euroclear or Clearstream, as applicable, and whose name appears on a security position listing as the owner of Outstanding Notes (such participants, acting on behalf of Holders, are referred to herein, together with such Holders, as “Acting Holder”); or (iii) tender of Outstanding Notes is to be made according to the guaranteed delivery procedures.

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DELIVERY OF DOCUMENTS TO DTC, EUROCLEAR OR CLEARSTREAM DOES NOT CONSTITUTE DELIVERY TO THE EXCHANGE AGENT.

If delivery of the Outstanding Notes is to be made by book-entry transfer to the account maintained by the Exchange Agent at DTC, Euroclear or Clearstream as set forth in (ii) in the immediately preceding paragraph, this Letter of Transmittal need not be manually executed; provided, however, that tenders of Outstanding Notes must be effected in accordance with the procedures mandated by DTC's Automated Tender Offer Program ("ATOP") or by Euroclear or Clearstream, as the case may be. To tender Outstanding Notes in this manner, the electronic instructions sent to DTC, Euroclear or Clearstream and transmitted to the Exchange Agent must contain the character by which the participant acknowledges its receipt of and agrees to be bound by this Letter of Transmittal.

Unless the context requires otherwise, the term "Holder" for purposes of this Letter of Transmittal means: (i) any person in whose name Outstanding Notes are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered Holder or (ii) any participant in DTC, Euroclear or Clearstream whose Outstanding Notes are held of record by DTC, Euroclear or Clearstream who desires to deliver such Outstanding Notes by book-entry transfer at DTC, Euroclear or Clearstream.

The undersigned has completed, executed and delivered this Letter of Transmittal to indicate the action the undersigned desires to take with respect to the Exchange Offer.

The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance or for additional copies of the Prospectus, this Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to the Exchange Agent.

**HOLDERS WHO WISH TO ACCEPT THE EXCHANGE OFFER AND TENDER THEIR OUTSTANDING NOTES MUST COMPLETE THIS LETTER OF TRANSMITTAL IN ITS ENTIRETY.**

List below the Outstanding Notes to which this Letter of Transmittal relates. If the space provided below is inadequate, the Certificate Numbers and Principal Amounts should be listed on a separate signed schedule affixed hereto. Tenders of Outstanding Notes will be accepted only in authorized denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

DESCRIPTION OF OUTSTANDING NOTES			
Name(s) and Address(es) of Registered Holder(s) (Please Fill in, if Blank, Exactly as Name(s) Appear(s) on Certificate(s))	Certificate or Registration Numbers(s) of Outstanding Notes*	Aggregate Principal Amount Represented by Outstanding Notes	Aggregate Principal Amount of Outstanding Notes Being Tendered (if less than all)**
		<b>Total Principal Amount of Outstanding Notes</b>	<b>\$</b>

\* Need not be completed by Holders tendering by book-entry transfer.

\*\* Unless otherwise indicated in this column, the holder will be deemed to have tendered all Outstanding Notes held by the Registered Holder(s) listed in the previous column. See instruction 2.

☐ **CHECK HERE IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED BY DTC, EUROCLEAR OR CLEARSTREAM TO THE EXCHANGE AGENT'S ACCOUNT AT DTC, EUROCLEAR OR CLEARSTREAM AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: \_\_\_\_\_

DTC, Euroclear or Clearstream Book-Entry Account: \_\_\_\_\_

Transaction Code No.: \_\_\_\_\_

Holders who wish to tender their Outstanding Notes and (i) whose Outstanding Notes are not immediately available, or (ii) who cannot deliver their Outstanding Notes, the Letter of Transmittal or any other required documents to the Exchange Agent prior to the Expiration Date, or cannot complete the procedure for book-entry transfer on a timely basis, may effect a tender according to the guaranteed delivery procedures and must also complete the Notice of Guaranteed Delivery.

☐ **CHECK HERE IF TENDERED OUTSTANDING NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY DELIVERED TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:**

Name(s) of Holder(s) of Outstanding Notes: \_\_\_\_\_

Window Ticket No. (If Any): \_\_\_\_\_

Date of Execution of Notice of Guaranteed Delivery: \_\_\_\_\_

Name of Eligible Institution that Guaranteed Delivery: \_\_\_\_\_

DTC, Euroclear or Clearstream Book-Entry Account No.: \_\_\_\_\_

If Delivered by Book-Entry Transfer: \_\_\_\_\_

Name of Tendering Institution: \_\_\_\_\_

Transaction Code: \_\_\_\_\_

☐ **CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the above-described aggregate principal amount of Outstanding Notes. Subject to, and effective upon, the acceptance for exchange of the Outstanding Notes tendered herewith, the undersigned hereby exchanges, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Outstanding Notes. The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that said Exchange Agent also acts as the agent of the Company and as Trustee under the Indenture for the Outstanding Notes and the Exchange Notes) to cause the Outstanding Notes to be assigned, transferred and exchanged. The undersigned represents and warrants that it has full power and authority to tender, exchange, assign and transfer the Outstanding Notes and to acquire Exchange Notes issuable upon the exchange of such tendered Outstanding Notes, and that, when the same are accepted for exchange, the Company will acquire good and unencumbered title to the tendered Outstanding Notes, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim. The undersigned also warrants that it will, upon request, execute and deliver any additional documents deemed by the Exchange Agent or the Company to be necessary or desirable to complete the exchange, assignment and transfer of tendered Outstanding Notes.

The Exchange Offer is subject to certain conditions as set forth in the Prospectus under the caption “The Exchange Offer — Conditions to the Exchange Offer.” The undersigned recognizes that as a result of these conditions (which may be waived, in whole or in part, by the Company) as more particularly set forth in the Prospectus, the Company may not be required to exchange any of the Outstanding Notes tendered hereby and, in such event, the Outstanding Notes not exchanged will be returned to the undersigned at the address shown below the signature of the undersigned.

By tendering, each Holder of Outstanding Notes represents to the Company that (i) the Exchange Notes acquired pursuant to the Exchange Offer are being acquired in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is such Holder, (ii) at the time of the commencement of the Exchange Offer neither the Holder of Outstanding Notes nor, to the knowledge of such Holder, any such other person receiving Exchange Notes from such Holder is engaged in or intends to engage in, or has an arrangement or understanding with any person to participate in, a distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued in the Exchange Offer in violation of the provisions of the Securities Act, (iii) neither the Holder nor, to the knowledge of such Holder, any such other person receiving Exchange Notes from such Holder is an “affiliate” of the Company within the meaning of Rule 405 under the Securities Act, or if the Holder or such other person is an “affiliate”, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable and (iv) if the Holder or such other person is a broker-dealer that holds Notes that were acquired for its own account as a result of market-making or other trading activities (other than Notes acquired directly from the Company or any of its affiliates), such Holder or other person will deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Notes received by it in the Exchange Offer. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes, a broker-dealer is not deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For purposes of the Exchange Offer, the Company shall be deemed to have accepted validly tendered Outstanding Notes when, as and if the Company has given oral or written notice thereof to the Exchange Agent, with written confirmation of any oral notice to be given promptly thereafter, and complied with the applicable provisions of the Registration Rights Agreement. If any tendered Outstanding Notes are not accepted for exchange pursuant to the Exchange Offer for any reason or if Outstanding Notes are submitted for a greater aggregate principal amount than the Holder desires to exchange, such unaccepted or non-exchanged Outstanding Notes will be returned without expense to the tendering Holder thereof (or, in the case of Outstanding Notes tendered by book-entry transfer into the Exchange Agent’s account at the Book-Entry Transfer Facility pursuant to customary book-entry transfer procedures, such non-exchanged Notes will be credited to an account maintained with such Book-Entry Transfer Facility) promptly after the expiration or termination of the Exchange Offer.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death, incapacity or dissolution of the undersigned and every obligation under this Letter of Transmittal shall be binding upon the undersigned’s heirs, personal representatives, successors and assigns.

The undersigned understands that tenders of Outstanding Notes pursuant to the instructions hereto will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Exchange Offer.

Unless otherwise indicated under “Special Issuance Instructions,” please issue the certificates representing the Exchange Notes issued in exchange for the Outstanding Notes accepted for exchange and return any Outstanding Notes not tendered or not exchanged, in the name(s) of the undersigned (or in either such event in the case of Outstanding Notes tendered by DTC, Euroclear or Clearstream, by credit to the respective account at DTC, Euroclear or Clearstream). Similarly, unless otherwise indicated under “Special Delivery Instructions,” please send the certificates representing the Exchange Notes issued in exchange for the Outstanding Notes accepted for exchange and any certificates for Outstanding Notes not tendered or not exchanged (and accompanying documents as appropriate) to the undersigned at the address shown below the undersigned’s signatures, unless, in either event, tender is being made through DTC, Euroclear or Clearstream. In the event that both “Special Issuance Instructions” and “Special Delivery Instructions” are completed, please issue the certificates representing the Exchange Notes issued in exchange for the Outstanding Notes accepted for exchange and return any Outstanding Notes not tendered or not exchanged in the name(s) of, and send said certificates to, the person(s) so indicated. The undersigned recognizes that the Company has no obligation pursuant to the “Special Issuance Instructions” and “Special Delivery Instructions” to transfer any Outstanding Notes from the name of the registered holder(s) thereof if the Company does not accept for exchange any of the Outstanding Notes so tendered.

**PLEASE SIGN HERE**

**(TO BE COMPLETED BY ALL TENDERING HOLDERS OF OUTSTANDING NOTES REGARDLESS  
OF WHETHER OUTSTANDING NOTES ARE BEING PHYSICALLY DELIVERED HEREWITH)**

This Letter of Transmittal must be signed by the Holder(s) of Outstanding Notes exactly as their name(s) appear(s) on certificate(s) for Outstanding Notes or, if tendered by a participant in DTC, Euroclear or Clearstream, exactly as such participant's name appears on a security position listing as the owner of Outstanding Notes, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to the Company of such person's authority to so act. See Instruction 3 herein. If the signature appearing below is not of the registered Holder(s) of the Outstanding Notes, then the registered Holder(s) must sign a valid proxy.

X

Date:

X

Date:

**Signature(s) of Registered Holder(s) or Authorized Signatory**

Names:

(Please Print)

Address:

(Including ZIP Code)

Capacity(ies):

Area Code and  
Telephone No.:

Social Security No(s):

**PLEASE COMPLETE FORM W-9 HEREIN**

**SIGNATURE GUARANTEE (SEE INSTRUCTION 3 HEREIN)  
CERTAIN SIGNATURES MUST BE GUARANTEED BY AN ELIGIBLE INSTITUTION**

(Name of Eligible Institution Guaranteeing Signatures)

(Address (including zip code) and Telephone Number (including area code) of Firm)

(Authorized Signature)

(Printed Name)

(Title)

Dated: , 2011

**SPECIAL ISSUANCE INSTRUCTIONS**  
**(SEE INSTRUCTION 4 HEREIN)**

To be completed ONLY if certificates for Outstanding Notes in a principal amount not tendered or exchanged are to be issued in the name of, or certificates for the Exchange Notes issued pursuant to the Exchange Offer are to be issued to the order of, someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal or issued to an address different from that shown in the chart entitled "Description of Outstanding Notes" within this Letter of Transmittal, or if Outstanding Notes tendered by book-entry transfer that are not accepted are maintained at DTC, Euroclear or Clearstream other than the account indicated above.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

(Please Print)

Zip Code: \_\_\_\_\_

Taxpayer Identification or Social Security  
Number: \_\_\_\_\_

(See Form W-9 herein)

**SPECIAL DELIVERY INSTRUCTIONS**  
**(SEE INSTRUCTION 4 HEREIN)**

To be completed ONLY if certificates for Outstanding Notes in a principal amount not tendered or exchanged or the Exchange Notes issued pursuant to the Exchange Offer are to be sent to someone other than the person or person(s) whose signature(s) appear(s) within this Letter of Transmittal or to an address different from that shown in the chart entitled "Description of Outstanding Notes" within this Letter of Transmittal or to be credited to an account maintained at DTC, Euroclear or Clearstream other than the account indicated above.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

(Please Print)

Zip Code: \_\_\_\_\_

Taxpayer Identification or Social Security  
Number: \_\_\_\_\_

(See Form W-9 herein)

## INSTRUCTIONS

### FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. *DELIVERY OF THIS LETTER OF TRANSMITTAL AND CERTIFICATES.* The certificates for the tendered Outstanding Notes (or a confirmation of a book-entry into the Exchange Agent's account at DTC, Euroclear or Clearstream of all Outstanding Notes delivered electronically), as well as a properly completed and duly executed copy of this Letter of Transmittal or a facsimile hereof and any other documents required by this Letter of Transmittal must be received by the Exchange Agent at its address set forth herein prior to 5:00 P.M., New York City time, on the Expiration Date. The Company may extend the Expiration Date in its sole discretion by a public announcement given no later than 9:00 A.M., New York City time, on the next business day following the previously scheduled Expiration Date. The method of delivery of the tendered Outstanding Notes, this Letter of Transmittal and all other required documents to the Exchange Agent is at the election and risk of the Holder and, except as otherwise provided below, the delivery will be deemed made only when actually received by the Exchange Agent. If such delivery is by mail, the Company recommends registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to assure timely delivery. No Letter of Transmittal or Outstanding Notes should be sent to the Company.

Holders who wish to tender their Outstanding Notes and (i) whose Outstanding Notes are not immediately available or (ii) who cannot deliver their Outstanding Notes, this Letter of Transmittal or any other documents required hereby to the Exchange Agent prior to the Exchange Date, or who cannot complete the procedure for book-entry transfer on a timely basis must tender their Outstanding Notes and follow the guaranteed delivery procedures set forth in the Prospectus. Pursuant to such procedures: (i) such tender must be made by or through an Eligible Institution (as defined below); (ii) prior to the Expiration Date, the Exchange Agent must have received from the Eligible Institution a properly completed and duly executed Notice of Guaranteed Delivery (by mail, hand delivery, overnight courier or facsimile transmission) setting forth the name and address of the Holder of the Outstanding Notes, the certificate number or numbers of such Outstanding Notes and the principal amount of Outstanding Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange trading days after the Expiration Date, this Letter of Transmittal (or copy thereof) (or electronic instructions containing the character by which the participant acknowledges its receipt of and agrees to be bound by this Letter of Transmittal) together with the certificate(s) representing the Outstanding Notes (or a confirmation of electronic mail delivery of book-entry delivery into the Exchange Agent's account at DTC, Euroclear or Clearstream) and any of the required documents will be deposited by the Eligible Institution with the Exchange Agent; and (iii) such properly completed and executed Letter of Transmittal (or copy thereof) (or electronic instructions containing the character by which the participant acknowledges its receipt of and agrees to be bound by this Letter of Transmittal), as well as all other documents required by this Letter of Transmittal, and the certificate(s) representing all tendered Outstanding Notes in proper form for transfer (or a confirmation of electronic mail delivery of book-entry delivery into the Exchange Agent's account at DTC, Euroclear or Clearstream), must be received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date. Any Holder of Outstanding Notes who wishes to tender these Outstanding Notes pursuant to the guaranteed delivery procedures described above must ensure that the Exchange Agent receives the Notice of Guaranteed Delivery prior to 5:00 P.M., New York City time, on the Expiration Date.

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered Outstanding Notes will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Outstanding Notes not properly tendered or any Outstanding Notes the Company's acceptance of which would, in the opinion of the Company or the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any defects, irregularities or conditions of tender as to particular Outstanding Notes based on the specific facts or circumstances. Notwithstanding the foregoing, the Company does not expect to treat any Holder of Outstanding Notes differently to the extent they present the same facts or circumstances. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in this Letter of Transmittal) either before or after the Expiration Date will be in its sole discretion and will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within such time as the Company shall determine. Although the Company intends to notify Holders of defects or irregularities with respect to tenders of Outstanding Notes, neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Notes, nor shall any of them incur any liability for failure to give such notification. Tenders of Outstanding Notes will not be deemed to have been made until such defects or irregularities have been



cured or waived and will be returned without cost by the Exchange Agent to the tendering Holders of Outstanding Notes, unless otherwise provided in this Letter of Transmittal, promptly after the expiration or termination of the Exchange Offer.

**2. PARTIAL TENDERS; WITHDRAWALS.** If less than all Outstanding Notes are tendered, the tendering Holder should fill in the number of Outstanding Notes tendered in the fourth column of the chart entitled “Description of Outstanding Notes.” All Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If not all Outstanding Notes are tendered, Outstanding Notes for the principal amount of Outstanding Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated. If not all Outstanding Notes are tendered, a certificate or certificates representing Exchange Notes issued in exchange of any Outstanding Notes tendered and accepted will be sent to the Holder at his or her registered address, unless a different address is provided in the appropriate box in this Letter of Transmittal or unless tender is made through DTC, Euroclear or Clearstream, promptly after the Outstanding Notes are accepted for exchange.

**3. SIGNATURE ON THE LETTER OF TRANSMITTAL; BOND POWER AND ENDORSEMENTS; GUARANTEE OF SIGNATURES.** If this Letter of Transmittal (or copy hereof) is signed by the registered Holder of the Outstanding Notes tendered hereby, the signature must correspond with the name as written on the face of the Outstanding Notes without alteration, enlargement or any change whatsoever.

If this Letter of Transmittal (or copy hereof) is signed by the registered Holder of Outstanding Notes tendered and the certificate(s) for Exchange Notes issued in exchange therefor is to be issued (or any untendered number of Outstanding Notes is to be reissued) to the registered Holder, such Holder need not and should not endorse any tendered Outstanding Note, nor provide a separate bond power. In any other case, such Holder must either properly endorse the Outstanding Notes tendered or transmit a properly completed separate bond power with this Letter of Transmittal, with the signature on the endorsement or bond power guaranteed by an Eligible Institution.

If this Letter of Transmittal (or copy hereof) is signed by a person other than the registered Holder of Outstanding Notes listed therein, such Outstanding Notes must be endorsed or accompanied by properly completed bond powers which authorized such person to tender the Outstanding Notes on behalf of the registered Holder, in either case signed as the name of the registered Holder appears on the Outstanding Notes.

If this Letter of Transmittal (or copy hereof) or any Outstanding Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, or officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and unless waived by the Company, evidence satisfactory to the Company of their authority to so act must be submitted with this Letter of Transmittal.

Endorsements on Outstanding Notes or signatures on bond powers required by this Instruction 3 must be guaranteed by an Eligible Institution.

Signatures on this Letter of Transmittal (or copy hereof) or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, a commercial bank or trust company having an office or correspondent in the United States or an “eligible guarantor institution” within the meaning of Rule 17Ad-15 under the Exchange Act (an “Eligible Institution”) unless the Outstanding Notes tendered pursuant thereto are tendered (i) by a registered Holder (including any participant in DTC, Euroclear or Clearstream whose name appears on a security position listing as the owner of Outstanding Notes) who has not completed the box set forth herein entitled “Special Issuance Instructions” or “Special Delivery Instructions” of this Letter of Transmittal or (ii) for the account of an Eligible Institution.

**4. SPECIAL ISSUANCE AND DELIVERY INSTRUCTIONS.** Tendering Holders should include, in the applicable spaces, the name and address to which Exchange Notes or substitute Outstanding Notes for the aggregate principal amount not tendered or exchanged are to be sent, if different from the name and address of the person signing this Letter of Transmittal (or in the case of tender of the Outstanding Notes through DTC, Euroclear or Clearstream, if different from the account maintained at DTC, Euroclear or Clearstream indicated above). In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated.

**5. TRANSFER TAXES.** Holders who tender their Outstanding Notes for Exchange Notes will not be obligated to pay any transfer taxes in connection with the exchange. If, however, certificates representing Exchange Notes, or Outstanding Notes for principal amounts not tendered or accepted for exchange, are to be delivered to, or are to be issued in the name of, any person other than the registered Holder of the Outstanding Notes tendered hereby, or if a transfer tax is imposed for any reason other

than the exchange of Outstanding Notes pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered Holder or any other person) will be payable by the tendering Holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering Holder.

Except as provided in this Instruction 5, it will not be necessary for transfer tax stamps to be affixed to the Outstanding Notes listed in this Letter of Transmittal.

6. **WAIVER OF CONDITIONS.** The Company reserves the absolute right to amend, waive or modify, in whole or in part, any of the conditions to the Exchange Offer set forth in the Prospectus. Notwithstanding the foregoing, in the event of a material change in the Exchange Offer, including the Company's waiver of a material condition, the Company will extend the Exchange Offer period if necessary so that at least five business days remain in the Exchange Offer following notice of the material change.

7. **MUTILATED, LOST, STOLEN OR DESTROYED NOTES.** Any Holder whose Outstanding Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

8. **REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter of Transmittal, may be directed to the Exchange Agent at the address and telephone number set forth above. In addition, all questions relating to the Exchange Offer, as well as requests for assistance or additional copies of the Prospectus and this Letter of Transmittal, may be directed to the Exchange Agent at the address specified in the Prospectus.

9. **IRREGULARITIES.** All questions as to the validity, form, eligibility (including time of receipt) and acceptance of Letters of Transmittal or Outstanding Notes will be determined by the Company, in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any or all Letters of Transmittal or tenders that are not in proper form or the acceptance of which would, in the opinion of the Company or the Company's counsel, be unlawful. The Company also reserves the right to waive any defaults, irregularities or conditions of tender as to the particular Outstanding Notes covered by any Letter of Transmittal or tendered pursuant to such Letter of Transmittal based on the specific facts or circumstances. Notwithstanding the foregoing, the Company does not expect to treat any Holder of Outstanding Notes differently to the extent they present the same facts or circumstances. None of the Company, the Exchange Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. The Company's interpretation of the terms and conditions of the Exchange Offer either before or after the Expiration Date shall be final and binding.

10. **NO CONDITIONAL TENDERS.** No alternative, conditional, irregular or contingent tenders will be accepted unless consented to by the Company. All tendering holders of Outstanding Notes, by execution of this Letter of Transmittal, shall waive any right to receive notice of the acceptance of their Outstanding Notes for exchange.

11. **DEFINITIONS.** Capitalized terms used in this Letter of Transmittal and not otherwise defined have the meanings given in the Prospectus.

**IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE THEREOF (TOGETHER WITH CERTIFICATES FOR OUTSTANDING NOTES AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO THE EXPIRATION DATE.**

**IMPORTANT: THIS LETTER OF TRANSMITTAL (TOGETHER WITH CERTIFICATES FOR OUTSTANDING NOTES AND ALL OTHER REQUIRED DOCUMENTS) OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE EXCHANGE AGENT ON OR PRIOR TO 5:00 P.M., NEW YORK CITY TIME ON THE EXPIRATION DATE.**

**(DO NOT WRITE IN THE SPACE BELOW)**

Certificate Surrendered	Outstanding Notes Tendered	Outstanding Notes Accepted

Delivery Prepared by:

Checked by:

Date:

**NOTICE OF GUARANTEED DELIVERY  
FOR TENDER OF  
ALL OUTSTANDING  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
IN EXCHANGE FOR  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
OF  
MCJUNKIN RED MAN CORPORATION**

Registered holders of outstanding 9.50% Senior Secured Notes due December 15, 2016 (the “Outstanding Notes”) of McJunkin Red Man Corporation (the “Company”) who wish to tender their Outstanding Notes in exchange for a like principal amount of 9.50% Senior Secured Notes due December 15, 2016 (the “Exchange Notes”) of the Company, which have been registered under the Securities Act of 1933, as amended (the “Securities Act”) and whose Outstanding Notes are not immediately available or who cannot deliver their Outstanding Notes and Letter of Transmittal (and any other documents required by the Letter of Transmittal) to U.S. Bank National Association (the “Exchange Agent”), prior to the Expiration Date, may use this Notice of Guaranteed Delivery or one substantially equivalent hereto. This Notice of Guaranteed Delivery may be delivered by hand or sent by facsimile transmission (receipt confirmed by telephone and an original delivered by guaranteed overnight delivery) or mail to the Exchange Agent. See “The Exchange Offer — Guaranteed Delivery Procedures” in the Prospectus.

**THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 2011 (THE “EXPIRATION DATE”), UNLESS THE OFFER IS EXTENDED BY MCJUNKIN RED MAN CORPORATION IN ITS SOLE DISCRETION. TENDERS OF OUTSTANDING NOTES MAY BE WITHDRAWN AT ANY TIME PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE EXPIRATION DATE.**

*Exchange Agent:*  
**U.S. BANK NATIONAL ASSOCIATION**  
*By Registered Mail, Overnight Carrier or Hand Delivery:*  
**U.S. Bank National Association  
Corporate Trust Services  
Attn: Specialized Finance Department  
60 Livingston Avenue  
St. Paul, Minnesota 55107-2292  
Confirm by Telephone: (800) 934-6802  
Delivery by Facsimile: (651) 495-8158**

**FOR ANY QUESTIONS REGARDING THIS NOTICE OF GUARANTEED DELIVERY OR FOR ANY ADDITIONAL INFORMATION, YOU MAY CONTACT THE EXCHANGE AGENT BY TELEPHONE AT (800) 934-6802, OR BY FACSIMILE AT (651) 495-8158.**

**DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE TRANSMISSION TO A NUMBER OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.**

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an Eligible Institution, such signature guarantee must appear in the applicable space provided on the Letter of Transmittal for Guarantee of Signatures.

Ladies & Gentlemen:

The undersigned hereby tender(s) to the Company, upon the terms and subject to the conditions set forth in the Prospectus and the accompanying Letter of Transmittal, receipt of which is hereby acknowledged, the aggregate principal amount of Outstanding Notes set forth below pursuant to the guaranteed delivery procedures set forth in the Prospectus.

The undersigned understand(s) that tenders of Outstanding Notes will be accepted only in authorized denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The undersigned understand(s) that tenders of Outstanding Notes pursuant to the Exchange Offer may not be withdrawn after 5:00 p.m., New York City time on the Expiration Date. Tenders of Outstanding Notes may also be withdrawn if the Exchange Offer is terminated without any such Outstanding Notes being purchased thereunder or as otherwise provided in the Prospectus.

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

**PLEASE SIGN AND COMPLETE**

Signature(s) of Registered Holder(s) or  
Authorized Signatory:

Name(s) of Registered Holder(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Principal Amount of Outstanding Notes Tendered:

Address:

\_\_\_\_\_

Area Code and Telephone No.:

Certificate No(s). of Outstanding Notes (if available):

If Outstanding Notes will be delivered by book-entry transfer at The Depository Trust Company ("DTC"), Euroclear Bank S.A./N.V., as operator of the Euroclear system ("Euroclear"), or Clearstream Banking S.A. ("Clearstream"), insert DTC, Euroclear or Clearstream Account No.:

Date:

\_\_\_\_\_

This Notice of Guaranteed Delivery must be signed by the registered holder(s) of Outstanding Notes exactly as its (their) name(s) appear on certificates for Outstanding Notes or on a security position listing as the owner of Outstanding Notes, or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must provide the following information.

**PLEASE PRINT NAME(S) AND ADDRESS(ES)**

Name(s): \_\_\_\_\_

Capacity: \_\_\_\_\_

Address(es): \_\_\_\_\_

**DO NOT SEND OUTSTANDING NOTES WITH THIS FORM. OUTSTANDING NOTES SHOULD BE SENT TO THE EXCHANGE AGENT TOGETHER WITH A PROPERLY COMPLETED AND DULY EXECUTED LETTER OF TRANSMITTAL.**

**GUARANTEE OF DELIVERY  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)**

The undersigned, a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority or a commercial bank or trust company having an office or a correspondent in the United States or an "eligible guarantor institution" as defined by Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") hereby (a) represents that each holder of Outstanding Notes on whose behalf this tender is being made "own(s)" the Outstanding Notes covered hereby within the meaning of Rule 14e-4 under the Exchange Act, (b) represents that such tender of Outstanding Notes complies with such Rule 14e-4, and (c) guarantees that, within three New York Stock Exchange trading days from the date of this Notice of Guaranteed Delivery, a properly completed and duly executed Letter of Transmittal, together with certificates representing the Outstanding Notes covered hereby in proper form for transfer and required documents will be deposited by the undersigned with the Exchange Agent.

**THE UNDERSIGNED ACKNOWLEDGES THAT IT MUST DELIVER THE LETTER OF TRANSMITTAL AND OUTSTANDING NOTES TENDERED HEREBY TO THE EXCHANGE AGENT WITHIN THE TIME SET FORTH ABOVE AND THAT FAILURE TO DO SO COULD RESULT IN FINANCIAL LOSS TO THE UNDERSIGNED.**

Name of Firm: \_\_\_\_\_ Authorized Signature \_\_\_\_\_

Address: \_\_\_\_\_ Name: \_\_\_\_\_

Title: \_\_\_\_\_

Area Code and Telephone No. \_\_\_\_\_ Date: \_\_\_\_\_

**INSTRUCTION TO REGISTERED HOLDER FROM BENEFICIAL OWNER  
OF  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
OF  
MCJUNKIN RED MAN CORPORATION**

To Registered Holder:

The undersigned hereby acknowledges receipt of the Prospectus dated \_\_\_\_\_, 2011 (the "Prospectus") of McJunkin Red Man Corporation (the "Company"), and the accompanying Letter of Transmittal (the "Letter of Transmittal"), which constitute the Company's offer (the "Exchange Offer") to exchange (1) up to \$1,050,000,000 principal amount of its new 9.50% Senior Secured Notes due December 15, 2016 (the "Exchange Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for up to \$1,050,000,000 principal amount of its issued and outstanding 9.50% Senior Secured Notes due December 15, 2016 (the "Outstanding Notes"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus.

This will instruct you, the registered holder, as to the action to be taken by you relating to the Exchange Offer with respect to the Outstanding Notes held by you for the account of the undersigned.

The aggregate face amount of the Outstanding Notes held by you for the account of the undersigned is (fill in amount):

\$ \_\_\_\_\_ of 9.50% Senior Secured Notes due December 15, 2016

With respect to the Exchange Offer, the undersigned hereby instructs you (check appropriate box):

☐ To TENDER the following Outstanding Notes held by you for the account of the undersigned (insert principal amount of Outstanding Notes to be tendered (if any)):

\$ \_\_\_\_\_ of 9.50% Senior Secured Notes due December 15, 2016.

☐ NOT to TENDER any Outstanding Notes held by you for the account of the undersigned.

If the undersigned instructs you to tender Outstanding Notes held by you for the account of the undersigned, it is understood that you are authorized to make, on behalf of the undersigned (and the undersigned, by its signature below, hereby makes to you), the representations and warranties contained in the Letter of Transmittal that are to be made with respect to the undersigned as a beneficial owner, including but not limited to the representations, that (i) the Exchange Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is such beneficial owner, (ii) the undersigned or any such other person is engaged in and does not intend to engaged in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer, and (iii) neither the undersigned nor any such other person is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act, or, if the undersigned or any such other person is such an "affiliate," that the undersigned or any such other person will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. If the undersigned is a broker-dealer (whether or not it is also an "affiliate" of the Company or any of the guarantors within the meaning of Rule 405 under the Securities Act) that will receive Exchange Notes for its own account in exchange for Outstanding Notes, it represents that the Outstanding Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes issued in the Exchange Offer. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes, a broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

---

SIGN HERE

Name of beneficial owner(s) (please print):

---

Signature(s):

---

Address:

---

Telephone Number:

---

Taxpayer identification or Social Security Number:

---

Date:

---

**TENDER FOR  
ALL OUTSTANDING  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
IN EXCHANGE FOR  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
OF  
MCJUNKIN RED MAN CORPORATION**

To Our Clients:

We are enclosing herewith a Prospectus, dated \_\_\_\_\_, 2011, of McJunkin Red Man Corporation (the "Company") and a related Letter of Transmittal (which together constitute the "Exchange Offer") relating to the offer by the Company, to exchange up to \$1,050,000,000 principal amount of its 9.50% Senior Secured Notes due December 15, 2016 (the "Exchange Notes"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for up to \$1,050,000,000 principal amount of its issued and outstanding 9.50% Senior Secured Notes due December 15, 2016 (the "Outstanding Notes") upon the terms and subject to the conditions set forth in the Exchange Offer.

**PLEASE NOTE THAT THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON \_\_\_\_\_, 2011, UNLESS EXTENDED BY THE COMPANY IN ITS SOLE DISCRETION.**

**THE EXCHANGE OFFER IS NOT CONDITIONED UPON ANY MINIMUM NUMBER OF OUTSTANDING NOTES BEING TENDERED.**

We are the holder of record of Outstanding Notes held by us for your account. A tender of such Outstanding Notes can be made only by us as the record holder and pursuant to your instructions. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender Outstanding Notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the Outstanding Notes held by us for your account pursuant to the terms and conditions of the Exchange Offer. Please so instruct us by completing, executing and returning to us the enclosed Instruction to Registered Holder from Beneficial Owner enclosed herewith. We urge you to read carefully the Prospectus and the Letter of Transmittal before instructing us to tender your Outstanding Notes. We also request that you confirm with such instruction form that we may on your behalf make the representations contained in the Letter of Transmittal.

Pursuant to the Letter of Transmittal, each holder of Outstanding Notes will represent to the Company that (i) the Exchange Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is such holder, (ii) the holder of Outstanding Notes or any such other person is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer, and (iii) neither the holder nor any such other person is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act, or, if such holder or any such other person is such an "affiliate," that such holder or any such other person will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. If the tendering holder is a broker-dealer (whether or not it is also an "affiliate" of the Company or any of the guarantors within the meaning of Rule 405 under the Securities Act) that will receive Exchange Notes for its own account in exchange for Outstanding Notes, it represents that the Outstanding Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes issued in the Exchange Offer. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes, a broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Very truly yours,



**TENDER FOR  
ALL OUTSTANDING  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
IN EXCHANGE FOR  
9.50% SENIOR SECURED NOTES DUE DECEMBER 15, 2016  
OF  
MCJUNKIN RED MAN CORPORATION**

To Registered Holders:

We are enclosing herewith the material listed below relating to the offer (the “Exchange Offer”) by McJunkin Red Man Corporation (the “Company”) to exchange up to \$1,050,000,000 principal amount of its 9.50% Senior Secured Notes due December 15, 2016 (the “Exchange Notes”), which have been registered under the Securities Act of 1933, as amended (the “Securities Act”), for up to \$1,050,000,000 principal amount of its issued and outstanding 9.50% Senior Secured Notes due December 15, 2016 (the “Outstanding Notes”), upon the terms and subject to the conditions set forth in the Prospectus, dated , 2011, and the related Letter of Transmittal.

Enclosed herewith are copies of the following documents:

1. Prospectus dated , 2011;
2. Letter of Transmittal;
3. Notice of Guaranteed Delivery;
4. Instruction to Registered Holder from Beneficial Owner; and
5. Letter which may be sent to your clients for whose account you hold Outstanding Notes in your name or in the name of your nominee, to accompany the instruction form referred to above, for obtaining such clients’ instruction with regard to the Exchange Offer.

WE URGE YOU TO CONTACT YOUR CLIENTS PROMPTLY. PLEASE NOTE THAT THE EXCHANGE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2011, UNLESS EXTENDED.

The Exchange Offer is not conditioned upon any minimum number of Outstanding Notes being tendered.

Pursuant to the Letter of Transmittal, each holder of Outstanding Notes will represent to the Company that (i) the Exchange Notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is such holder, (ii) the holder of Outstanding Notes or any such other person is not engaged in and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer, and (iii) neither the holder nor any such other person is an “affiliate” of the Company within the meaning of Rule 405 under the Securities Act, or, if such holder or any such other person is such an “affiliate,” that such holder or any such other person will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable. If the tendering holder is a broker-dealer (whether or not it is also an “affiliate” of the Company within the meaning of Rule 405 under the Securities Act) that will receive Exchange Notes for its own account in exchange for Outstanding Notes, it represents that the Outstanding Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes issued in the Exchange Offer. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes, a broker-dealer is not deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

The enclosed Instruction to Registered Holder from Beneficial Owner contains an authorization by the beneficial owner of the Outstanding Notes for you to make the foregoing representations.

The Company will not pay any fee or commission to any broker or dealer or to any other persons (other than the exchange agent for the Exchange Offer) in connection with the solicitation of tenders of Outstanding Notes pursuant to the Exchange

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Offer. Holders who tender their Outstanding Notes for Exchange Notes will not be obligated to pay any transfer taxes in connection with the exchange, except as otherwise provided in Instruction 5 of the enclosed Letter of Transmittal.

Any inquiries you may have with respect to the Exchange Offer may be addressed to, and additional copies of the enclosed materials may be obtained from, the Exchange Agent, U.S. Bank National Association, in the manner set forth below.

U.S. Bank National Association  
Corporate Trust Administration  
Attn: Specialized Finance Department  
St. Paul, Minnesota 55107-2292

Confirm by Telephone: (800) 934-6802  
Delivery by Facsimile: (651) 495-8158

Very truly yours,

McJunkin Red Man Corporation

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU THE AGENT OF THE COMPANY OR THE EXCHANGE AGENT OR AUTHORIZE YOU TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON THEIR BEHALF IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.